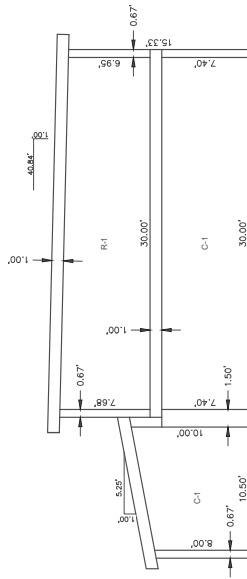


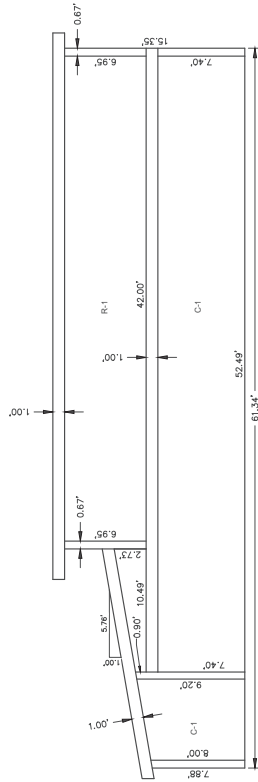
CONDOMINIUM PLAT & MAP

SKY HAUS LOFTS ON MAIN

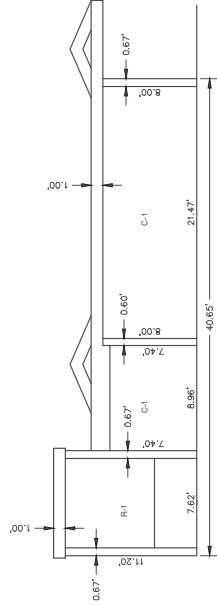
A Condominium Plat of Lots 1-2, Block 2, Plus the West 37½ Feet of Second Avenue, King Solomon Addition to Frisco Townsite Section 35, Township 5 South, Range 78 West of the Sixth Principal Meridian Town of Frisco, County of Summit, State of Colorado



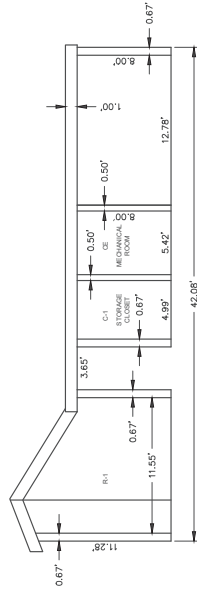
SECTION A-A



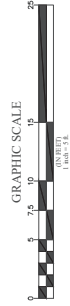
SECTION B-B



SECTION C-C



SECTION D-D



CONDOMINIUM PLAT & MAP SKY HAUS LOFTS ON MAIN Town of Frisco, County of Summit, State of Colorado	
PREPARED BY: FST	DATE: 01/29/2024
CHECKED BY: TSM	DRAWING NO.: 21112
DATE: 01/29/2024	SHEET: 3 OF 3

MARC IN ENGINEERING LLC

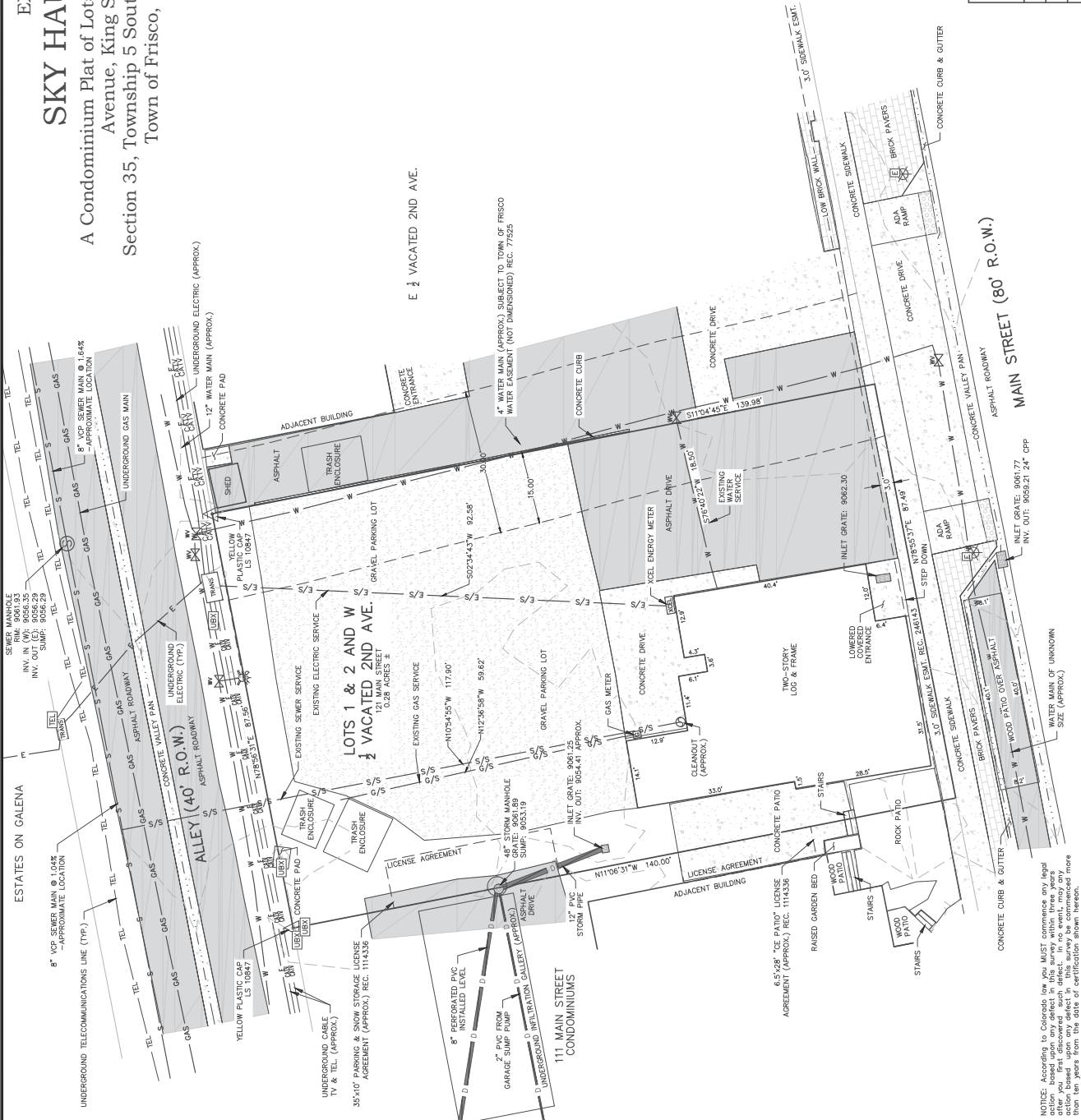
130 SKI HILL ROAD, #235
P.O. BOX 8008
BRECKENRIDGE, CO 80424
(970) 771-3459

NOTICE: Any rights in Colorado that are NOT shown on this plat are hereby acknowledged. In no event, may any action be taken based upon any defect in this survey within three years after you first discovered such defect. In no event, may any action be taken based upon any defect in this survey within more than ten years from the date of certification shown herein.

EXISTING UTILITY MAP

SKY HAUS LOFTS ON MAIN

A Condominium Plat of Lots 1-2, Block 2, Plus the West 37½ Feet of Second Avenue, King Solomon Addition to Frisco Townsite Section 35, Township 5 South, Range 78 West of the Sixth Principal Meridian Town of Frisco, County of Summit, State of Colorado



- LEGEND**
- ASPHALT
 - GRAVEL
 - BRICK
 - CONCRETE
 - DECORATIVE ROCK
 - RAISED TRACTION DOMES
 - FIRE HYDRANT
 - WATER VALVE
 - GAS VALVE
 - LIGHT POLE
 - TELECOMMUNICATIONS PEGS
 - UTILITY POLE
 - ELECTRIC BOX
 - FOUND MONUMENT, AS DESCRIBED

NOTES:

- 1) Utilities are shown approximately and should be field verified by Contractor prior to excavation.
- 2) This is not a monumented survey, Land Survey Plat, or Improvement Survey plat. All easement lines shown herein should be considered approximate.



CONDOMINIUM PLAT & MAP	
SKY HAUS LOFTS ON MAIN	
Town of Frisco, County of Summit, State of Colorado	
DRAWN BY: DWS	DATE: 03.21.24
CHECKED BY: TSM	DRAWING NO.: EX-UTILITY
JOB NO.: 21112	SHEET: 1 OF 1

MARC IN ENGINEERING LLC
 130 SKI HILL ROAD, #235
 P.O. BOX 8008
 BRECKENRIDGE, CO 80424
 (970) 771-3459

NOTICE: According to Colorado law you MUST commence any legal action based upon any defect in this survey within three years after the date of certification shown hereon. If you do not commence any legal action based upon any defect in this survey within three years after the date of certification shown hereon, you shall be deemed to have accepted the survey and all defects in this survey shall be deemed to have been waived.

DECLARATION

FOR

SKY HAUS LOFTS ON MAIN

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[TOC and Pagination to be corrected in final declaration draft]

DECLARATION FOR SKY HAUS LOFTS ON MAIN

THIS DECLARATION FOR SKY HAUS LOFTS ON MAIN is made by Baseline Capital Investment, LLLP, a Colorado limited liability limited partnership (“Declarant”).

RECITALS

A. Declarant owns the real property in Summit County, Colorado described in Exhibit A (the “Property”), upon which Declarant establishes Sky Haus Lofts on Main, a planned community (the “Community” or “Project”) as defined by the Colorado Common Interest Ownership Act (the “Act”).

B. Declarant has caused Sky Haus Lofts Owners Association, a Colorado nonprofit corporation (the “Association”), to be incorporated under the laws of the State of Colorado as a common interest community owners association to govern and operate the Community as provided in this Declaration.

C. This Declaration is executed (i) in furtherance of a common and general plan for the development of the Community; (ii) to protect and enhance the quality, value, aesthetics, desirability, and attractiveness of the Community; (iii) to further a plan for the improvement, sale, and ownership of the Units to the end that a harmonious and attractive development of the Property may be accomplished, and the health, comfort, safety, convenience, and general welfare of Declarant and the Owners may be promoted and safeguarded; (iv) to set forth the responsibilities and authority of the Association to govern and manage the Community; (v) to define certain duties, powers, and rights of the Owners; and (vi) to define certain duties, powers, and rights of Declarant.

ARTICLE 1

DECLARATION AND SUBMISSION

1.1. Submission of Property. All of the Property shall be held, sold, and conveyed subject to the easements, restrictions, covenants, and conditions in this Declaration including, without limitation, the Development Rights and Special Declarant Rights set forth in Article 8 below. Declarant further declares that this Declaration is made for the purpose of protecting the value and desirability of the Community and the Act will apply to provide a uniform framework to create and operate this Community.

1.2. Covenants Running with the Real Estate. The benefits, burdens, and all other provisions contained in this Declaration shall be covenants running with and binding upon the Property.

1.3. Binding Upon and Inure to the Successors. The benefits, burdens, and all other provisions contained in this Declaration shall be binding upon and inure to the benefit of Declarant, the Association, all Owners, and their respective heirs, executors, administrators, personal representatives, successors, and assignees. Any right or any interest reserved or contained in this Declaration to or for the benefit of Declarant may be transferred or assigned by Declarant, either separately or with one or more of such rights or interests, to any person, corporation, partnership, association, or other entity, in accordance with the provisions of the Act.

ARTICLE 2

DEFINITIONS

2.1. Act. The Act is the Colorado Common Interest Ownership Act, C.R.S., §§ 38-33.3-101 *et seq.*, as it may be amended from time to time.

2.2. Agency. Agency means and collectively refers to, the Federal National Mortgage Association (FNMA), the Government National Mortgage Association (GNMA), the Federal Home Loan Mortgage Corporation (FHLMC), the Department of Housing and Urban Development (HUD), the Department

of Veterans Affairs (VA), the Colorado Housing and Finance Authority (CHFA) or any other governmental or quasi-governmental agency or any other public, quasi-public or private entity which performs (or may perform in the future) functions similar to those currently performed by any of such entities.

2.3. Allocated Interests. The Allocated Interests are the Common Expense liability, and votes in the Association, allocated to Units in the Common Interest Community. The Allocated Interests are described in § 3.4 and Exhibit B of this Declaration.

2.4. Assessment. Assessment shall include all Common Expense Assessments, Residential Common Expenses, and Commercial Common Expenses and any other expense levied to a Unit pursuant to this Declaration or the Act, including interest, late fees, attorney fees, fines, and costs.

2.5. Association. The Association is Sky Haus Lofts Owners Association, a Colorado non-profit corporation, which is designated as the Association of Unit Owners pursuant to C.R.S., § 38-33.3-301.

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

2.7. Commercial Unit. Commercial Unit means those Units designated for commercial use on the Map, to be owned in fee-simple interest, as further set forth in this Declaration.

2.8. Commercial Expenses. Commercial Expenses shall mean expenditures made or liabilities incurred by or on behalf of the Association with respect to the Commercial Units and the Commercial Limited Common Elements appurtenant to Commercial Units, together with any allocations to reserves. Commercial Expenses shall be assessed in accordance with the Declaration and shall be approved in a budget adopted by the Commercial Owners.

2.9. Commercial Limited Common Element. Commercial Limited Common Elements or “CLCE” shall mean those portions of the Common Elements appurtenant to Commercial Units only, as set forth on the Map and as may be defined herein.

2.10. Common Elements. The Common Elements (“CE”) are each portion of the Common Interest Community other than a Unit. Common Elements include the Limited Common Elements (“LCE”), Commercial Limited Common Elements and Residential Limited Common Elements. The Common Elements are owned by the Association. The Common Elements are all portions of the Community except the Units.

2.11. Common Expenses. The Common Expenses are the expenses or financial liabilities for the operation of the Common Interest Community. Common Expense Assessments are the funds required to be paid by each Unit Owner in payment of such Owner’s Common Expense liability. These expenses include:

- A. expenses of administration, maintenance, construction, improvement, repair, or replacement of the Common Elements;
- B. expenses declared to be Common Expenses by the Governing Documents or by the Act;
- C. expenses agreed upon as Common Expenses by the Association; and
- D. reasonable reserves established by the Association, whether held in trust or by the Association, for repair, replacement, or addition to the Common Elements or any other real or personal property acquired or held by the Association.

In addition, the costs and expenses imposed on the Association, benefiting fewer than all the Units, shall be a Common Expense but, except as otherwise stated herein, assessed exclusively against those Units benefited.

2.12. Community. The Community is the Property and all Improvements subject to this Declaration.

2.13. Declarant. The Declarant is Baseline Capital Investment, LLLP, a Colorado limited liability limited partnership.

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

2.15. Development Rights. Development Rights are the rights reserved by the Declarant under Article 8 of this Declaration.

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

2.17. Eligible Mortgagee. An Eligible Mortgagee is a holder of a first security interest in a Unit (a "First Mortgagee") that has submitted a written request to the Association for notification of actions as provided in Article 13.

2.18. Executive Board. The Executive Board, or Board, manages the business affairs and exercises all powers and duties of the Association in conformance with this Declaration and the Act.

2.19. Expansion Area. The Expansion Area is the real property identified in Exhibit C where additional Units, Common Elements and Limited Common Elements may be added to the Community by exercise of the Development Rights.

2.20. Governing Documents. The Governing Documents are this Declaration and the Map and the Articles of Incorporation, the Bylaws, and the Rules of the Association as they may be amended from time to time. Any exhibit, schedule, or certification accompanying a Governing Document is a part of that document.

2.21. Guest. Guest means (a) any person who resides with an Owner within the Community; (b) a guest or invitee of an Owner; (c) an occupant or tenant of a Unit within the Community, and any members of the household, invitee or cohabitant of any such person; (d) a contract purchaser; or (e) an employee, customer or client of an Owner or tenant.

2.22. Improvements. Improvements are any structure, equipment, fixture, or facilities existing, or to be constructed on, the Property, including, but not limited to, buildings, landscaping, paving, utility wires, pipes, and light poles.

2.23. Limited Common Elements. The Limited Common Elements are the portion of the Common Elements allocated for the exclusive use of one or more, but fewer than all, of the Residential or Commercial Units by the Declaration, the Map, or by operation of C.R.S., §§ 38-33.3-202(1)(b) and (1)(d). The Limited Common Elements in the Community are described in Article 5 of this Declaration.

2.24. Managing Agent. A Managing Agent is a person employed or engaged to perform management services for the Community and the Association.

2.25. Map. Map means the Condominium Map for Sky Haus Lofts on Main, which is that part of this Declaration that is a land survey plat and depicts the Community in three dimensions and is recorded in the Summit County records, as it may be amended from time to time.

2.26. Member. “Member” means any Owner as a participant in the Association, or a Director on the Executive Board, as the context requires.

2.27. Property. Property is the land and all Improvements, easements, rights, and appurtenances that have been submitted to the provisions of the Act by this Declaration, as described in Exhibits A and A-1.

2.28. Residential Expenses. Residential Expenses shall mean expenditures made or liabilities incurred by or on behalf of the Association with respect to the Residential Units and the Residential Limited Common Elements appurtenant to Residential Units, as set forth on the Map or as may be defined herein.

2.29. Residential Limited Common Elements. Residential Limited Common Elements or “RLCE” shall mean those portions of the Common Elements appurtenant only to Residential Units, as set forth on the Map or as may be defined herein.

2.30. Residential Owner. Residential Owner shall mean any Owner of a Residential Unit.

2.31. Rules. The Rules are the regulations for the use of Common Elements and for the conduct of persons within the Community, as may be adopted by the Executive Board from time to time pursuant to this Declaration.

2.32. Special Declarant Rights. Special Declarant Rights are the rights reserved for the benefit of the Declarant under Article 8 of this Declaration.

2.33. Unit. A Unit is a physical portion of the Community designated for separate occupancy and fee simple ownership, the boundaries of which are described on the Map and in §4.3 of this Declaration.

2.34. Unit Owner or Owner. The Unit Owner or Owner is the Declarant or any other Person who owns a Unit. Unit Owner does not include a Person having only a Security Interest or any other interest in a Unit solely as security for an obligation. The Declarant is the initial owner of each Unit created and defined by this Declaration and the Map.

ARTICLE 3 **MEMBERSHIP & VOTING RIGHTS; ASSOCIATION OPERATIONS**

3.1. The Association. Every Owner of a Unit shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Unit.

3.2. Transfer of Membership. An Owner shall not transfer, pledge or alienate his membership in the Association in any way, except upon the sale or encumbrance of his Unit and then only to the purchaser or Mortgagee of his Unit.

3.3. Classes of Membership and Voting Rights. Every person who is an Owner shall be a Member of the Association and membership shall be appurtenant to and may not be separated from ownership of a Unit. The Association shall have 2 classes of membership in the Association, one for Residential Owners and one for Commercial Owners, as further set forth in the Bylaws.

Members shall be entitled to vote in Association matters pursuant to this Declaration, the Act and the Bylaws. Voting shall be by class on any matters affecting exclusively the Residential Units and Residential Limited Common Elements or affecting on the Commercial Units and Commercial Limited Common Elements. When more than one person holds an interest in any Unit, all such persons shall be members. The vote for such Unit shall be exercised by one person or alternative persons (who may be a tenant

of the Owners) appointed by proxy in accordance with the Bylaws. The vote allocated to the Unit shall be suspended in the event more than one person or entity seeks to exercise the right to vote on any one matter.

3.4. Allocation of Interests. The table showing Unit numbers and their Allocated Interests is attached as Exhibit B. These interests have been allocated in accordance with the formulas set out in this Article. The same formulas are to be used in reallocating interests if Units are added to the Common Interest Community.

A. Liability for the Common Expenses. The share of liability for Common Expenses allocated to each Unit has been determined by dividing square feet as in each Unit as shown on the Map by the total number square feet in all Units, and in accordance with the Assessment percentages set forth in Exhibit B. The share of liability for Residential Common Expenses allocated to each Residential Unit has been determined by dividing square feet as in each Residential Unit as shown on the Map by the total number square feet in all Residential Units, and in accordance with the Assessment percentages set forth in Exhibit B. The share of liability for Commercial Common Expenses allocated to each Commercial Unit has been determined by dividing the number of square feet in each Commercial Unit by the total number square feet in all Commercial Units. Nothing contained in this Subsection shall prohibit certain Common Expenses from being apportioned to particular Units under other provisions of this Declaration.

B. Votes. Each Residential Unit and Commercial Unit is allocated one vote.

3.5. Authority of the Association. The business affairs of the Community shall be managed by the Association. The Association shall be governed by the Act, this Declaration, the Map, its Articles of Incorporation and Bylaws, and any Rules adopted by the Executive Board. All corporate or other powers of the Association, unless otherwise specified or expressly reserved to the Members in the Governing Documents, shall be exercised by or under the authority of the Executive Board, and the business and affairs of the Association shall be managed under the direction of the Executive Board. The Executive Board may, by written resolution, delegate authority to a manager or managing agent for the Association, provided no such delegation shall relieve the Executive Board of final responsibility. The Association may exercise any right or privilege and shall perform all duties and obligations expressly granted or reasonably necessary or implied in the Governing Documents to effect such right or privilege or to satisfy such duty or obligation.

3.6. Managing Agent. The Association may employ or contract for the services of a Managing Agent to whom the Executive Board may delegate certain powers, functions, or duties of the Association, as provided in the Bylaws of the Association. Any agreement for management of the Community shall be in writing having a term of not more than three years and be subject to cancellation by the Executive Board, with or without cause on 30 days' notice without any fee. The Executive Board shall not be liable for any omission or improper exercise by a Managing Agent of any duty, power, or function so delegated by written instrument executed by or on behalf of the Executive Board.

3.7. Indemnification. To the full extent permitted by law, each officer, director or committee member of the Association and other volunteer appointed by the Executive Board shall be indemnified by the Association against all expenses and liabilities including attorney fees, reasonably incurred by or imposed upon them in any proceeding to which they may be a party, or in which they may become involved, by reason of being or having been an officer, director, committee member or other volunteer of the Association, or any settlements thereof, whether or not they are an officer, director, committee member or other volunteer appointed by the Executive Board at the time such expenses are incurred, pursuant to the indemnification provisions set forth in the Bylaws and Colorado law.

3.8. Implied Rights and Obligations. The Association may exercise any right or privilege expressly granted to the Association in the Governing Documents, and every other right or privilege reasonably implied from the existence of any right or privilege given to the Association under the Governing Documents or reasonably necessary to effect any such right or privilege. The Association shall perform all of the duties and obligations expressly imposed upon it by the Governing Documents, and every other duty

or obligation implied by the express provisions of the Governing Documents or necessary to reasonably satisfy any such duty or obligation.

3.9. Education and Training. As a Common Expense, the Association shall, in accordance with the Act, provide education and training opportunities for Owners, including providing funding and permitting use of facilities for such purposes. The Association shall provide education and training activities as a tool for fostering Owner awareness of governance, operations and concerns of the Community and of the Association. Appropriate educational topics include dispute or conflict resolution, issues involving the Governing Documents, and education or topics benefitting or contributing to operation or governance of the Community and the rights and responsibilities of Owners and the Association. The Association may also fund and support education and training for officers and Directors.

3.10. Association Ownership of Common Elements. In consideration for the obligations of maintenance and repair of the Association as set forth in this Declaration, the Declarant sells and conveys the Common Elements to the Association, reserving to the Declarant all Special Declarant Rights.

3.11. Period of Declarant's Control. During the period of Declarant's control, Declarant and any successor of Declarant who takes title to all or part of the Property for the purpose of development and sale of the Property and who is designated as Successor Declarant in a recorded instrument executed by Declarant, will have exclusive power to appoint and remove Directors and officers of the Association subject to the limitations in the Act. This period of Declarant's control will terminate no later than sixty (60) days after conveyance of 75% of the Units that may be created to Owners other than Declarant, two (2) years after the last conveyance of a Unit by the Declarant in the ordinary course of business, or two (2) years after any right to add new Units was last exercised, whichever occurs first. Declarant may voluntarily surrender the right to appoint and remove officers and members of the Executive Board before termination of the period of Declarant's control, but, in that event, the Declarant may require for the duration of the period of Declarant's control, that specified actions of the Association or the Executive Board, as described in a recorded instrument by the Declarant, be approved by the Declarant before they become effective.

3.12. Compliance with Governing Documents. All Unit Owners, Guests, Declarant and, to the extent they own Units, mortgagees shall comply with the Governing Documents and shall be subject to all rights and duties under these documents. The acceptance of a deed or the exercise of any incident of ownership or the entering into of a lease or the occupancy of a Unit constitutes agreement that the provisions of the Governing Documents are accepted and ratified by that Unit Owner, tenant, mortgagee, or occupant. All provisions recorded in the Records are covenants running with the land and shall bind any Persons having at any time any interest or estate in any Unit.

ARTICLE 4 **UNIT AND BOUNDARY DESCRIPTIONS**

4.1. Maximum Number of Units. The Community initially contains one (1) Residential Unit and one (1) Commercial Unit. The Declarant reserves the right to add five (5) Residential Units and one (1) Commercial Unit to the Project. The maximum number of Units in the Project is eight (8).

4.2. Description of a Unit. Every deed, lease, mortgage, will, or other instrument shall legally describe a Unit by its identifying Unit number together with a reference to the Map and this Declaration, in the following form:

Unit _____, SKY HAUS LOFTS ON MAIN CONDOMINIUMS, according to the Condominium Map, recorded _____, at Reception No. _____, and subject to the Declaration recorded _____, at Reception No. _____, Summit County, Colorado.

Every such description shall be good and sufficient for all purposes to sell, convey, transfer, encumber, or otherwise affect not only the Unit but also any appurtenant easements, the Limited Common Elements appurtenant to such Unit, and such Unit's Allocated Interest. The reference to the Map and Declaration in any instrument shall be deemed to include any and all supplements or amendments to the Map and/or Declaration, without specific reference thereto.

4.3. Boundaries. The boundaries of the Unit shall be the unfinished interior surfaces of the perimeter walls (or the demising walls, if two or more Units adjoin each other), unfinished interior surfaces of floors (or the lowermost floors of Units containing more than one level), unfinished interior surfaces of ceilings (or the uppermost ceilings of the Units containing more than one level), and, to the extent any wall constituting a boundary of the Unit is penetrated by a door or a window, then the boundary of the Unit at such door or window shall be deemed to be a continuation of the plane of the unfinished interior surface of the wall. In the case of walls, floors and ceilings that are designated as boundaries of a Unit, all lath, furring, wallboard, plasterboard, plaster, paneling, tiles, wallboard paint and finished flooring and any other materials constituting any part of the finished surfaces thereof are a part of the Unit, and all other portions of the walls, floors or ceilings are a part of the Common Elements.

A. Inclusions. Each Unit will include the spaces and Improvements lying within the boundaries described in the paragraph above, and will also include the interior walls, spaces and the Improvements within those spaces containing any space heating, water heating, or air conditioning apparatus; electrical, telephone, television, cable, broadband, or networking receptacles, switches, wiring, pipes, ducts, or conduits; smoke detectors or sprinkler systems; or light fixtures or boxes as are serving that Unit exclusively. The surface of the foregoing items will be the boundaries of that Unit, whether or not those items are contiguous to the Unit.

B. Exclusions. The following are excluded from each Unit: all chutes, pipes, flues, ducts, wires, conduits, and other facilities running through or within any interior wall or partition for the purpose of furnishing utility and similar services to other Units or Common Elements or both.

4.4. Inconsistency with Map. If the Unit definition in § 4.3 is inconsistent with the Map, then the Map will control. In addition, to the extent permitted by the Act, the existing physical boundaries of a Unit or the physical boundaries of a Unit that is hereafter reconstructed in substantial accord with the description contained in this Declaration will be considered the legal boundaries of the Unit (rather than the boundaries specified in the description that appears in this Declaration), even if there has been vertical or lateral movement of the building or there is a minor variance between such boundaries and those in the description in this Declaration. However, this provision will not absolve a Unit Owner from liability if such Unit Owner has failed to adhere to any plats or plans or is determined to be guilty of any willful misconduct.

4.5. Additions, Alterations, and Improvements by Unit Owners.

A. No Unit Owner may make any structural addition, alteration, or Improvement in or to the Community without the prior written consent of the Executive Board in accordance with Subsection (C) below.

B. Subject to A. above, Unit Owners:

i. may make any other Improvements or alterations to the interior of their Units that do not impair the structural integrity or mechanical systems or lessen the support of any portion of the Common Interest Community;

ii. may not change the appearance of the Common Elements, the exterior appearance of a Unit, or any other portion of the Community without permission of the Association; and

iii. after acquiring an adjoining Unit, may remove or alter any intervening partition or create apertures in this partition, even if the partition is in whole or in part a Common Element, if those acts do not impair the structural integrity or mechanical systems or lessen the support of any portion of the Community. Removal of partitions or creation of apertures under this Subsection is not an alteration of boundaries or a combination of Units. If a part of an adjoining Unit is acquired, boundaries will be relocated in accordance with § 4.8.

C. A Unit Owner may submit a written request to the Executive Board for approval of anything prohibited under (A) or (B) (ii) above. Failure to answer the request shall not constitute consent by the Executive Board to the proposed action. The Executive Board shall review requests in accordance with the provisions of its rules.

D. Any applications to any department or governmental authority for a permit to make any addition, alteration, or Improvement in or to any Unit shall be executed by the Association only. This execution will not, however, create any liability on the part of the Association or any of its members to any contractor, subcontractor, or materialman on account of the addition, alteration, or Improvement or to any person because of any claim for injury to person or damage to property arising from the permit.

E. All additions, alterations, and Improvements to the Units and Common Elements shall not, except pursuant to prior approval by the Executive Board, cause any increase in the premiums of any insurance policies carried by the Association or by the owners of any Units other than those affected by such change. The provisions of this Section shall not apply to the Declarant in the exercise of any Special Declarant Right.

4.6. Common Element Changes by Executive Board. The Executive Board may make any additions, alterations, or Improvements to the Common Elements which, in its judgment, it deems necessary and in the best interest of the Community.

4.7. Association Approval of LCE Improvements. Unit Owners may make exterior Improvements within or as a part of Limited Common Element patios or decks, including painting, staining, addition of architectural detailing, changing of doors and windows, planting of gardens, installation of signs or other architectural concepts, provided the Improvements are undertaken with the permission of the Executive Board or an architectural review committee established by the Executive Board for such purpose and as provided in the Rules. Complete plans for any Improvements prepared by an architect shall first be submitted and reviewed by the Executive Board or committee for consistency with Improvements originally constructed by the Declarant and consistency with the style and character of the community. It is the intent to provide for limited individualization of the appearance of the Limited Common Elements while retaining the common architectural style and character. The applicant will pay for the cost of preparation of the application, the cost of professional review, if required by the reviewing entity, and all costs of permits and fees.

4.8. Application and Amendment of Boundaries. Subject to approval of any structural changes and required permits pursuant to § 4.5 and the provisions of the Act, the boundaries between adjoining Units may be relocated by an amendment to the Declaration upon application to the Association by the Owners of the Units affected by the relocation. A relocation of boundaries shall be effective after necessary amendments to the Declaration and Map are executed pursuant to § 4.9.

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

ARTICLE 5
LIMITED COMMON ELEMENTS

5.1. Limited Common Element Improvements. The following portions of the Common Elements are Limited Common Elements assigned to the Units as stated:

A. The parking spaces and storage areas labeled as Limited Common Elements on the Map, the use of which is limited to the Unit designated on the Map.

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

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

D. Name plates, signs and exterior lighting affixed to the building will be Limited Common Elements allocated to the Units served.

5.2. Reallocation. Storage areas or parking spaces assigned as Limited Common Element may be reallocated by an amendment to this Declaration executed by the affected Unit Owners in conformance with the Act; provided, however, that such reassignment shall at all times be voluntary and this Section shall not be interpreted to afford to any Unit Owner the right to compel the reassignment of any storage area or parking spaces.

ARTICLE 6
MAINTENANCE OF THE PROPERTY

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

A. Association Discretion. The Association may, in its sole discretion, assume the obligation to maintain or repair of additional property, either real or personal, within or without the Community. If the maintenance obligation to be assumed currently lies with the Owners or other entities, the Association may assume the Owner's maintenance obligation if approved by a majority vote of the Owners or which is included in any budget approved by the Owners.

B. Damage to Unit by the Association. The Association shall repair incidental damage to any Unit resulting from performance of work which is the responsibility of the Association. Such repair and subsequent cleaning shall be performed based on a reasonableness standard.

C. Liability of the Association. The Association shall not be liable for injury or damage to person or property caused by or resulting from any water, rain, snow or ice which may leak or flow from any portion of the Common Elements or from any device, pipe, drain, conduit, appliance or equipment which the association is responsible to maintain hereunder, except:

a. for injuries or damages arising after the Owner of a Unit has put the Association on written notice of a specific leak or flow from any portion of the Common Elements or

device, pipe, drain, conduit, appliance or equipment for which the Association has a maintenance responsibility; and

b. only if the Association has failed to exercise due care to correct the leak or flow within a reasonable time thereafter or in the event the Association failed to maintain any Common Elements in accordance with the maintenance plans and schedules adopted by the Association or in accordance with commonly accepted maintenance standards; and

c. for damage caused by the negligent maintenance of a Common Element that directly attributes to the need for repair.

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

A. Owners must perform promptly at the Owner's expense all maintenance and repair work within the Owner's Unit if failure to do so would affect the Common Elements or other Units.

B. Owners are responsible for all expense of the repairs of internal systems in the Unit such as water, light, gas, power, sewage, telephones, sanitary installations, electrical fixtures and all other accessories, equipment and fixtures within the Unit, and for any damages to the Common Elements, such as broken exterior window glass, arising from Owner's negligence.

C. Each Owner has the responsibility to:

i. promptly report to the Association or its Managing Agent any defect or need for repairs, for which the Association is responsible;

ii. each Owner shall have the responsibility to perform his or her maintenance responsibility in such manner so as not to unreasonably disturb or put at risk other persons in Units, other Units, or the Common Elements; and

iii. pay for the cost of repairing, replacing or cleaning up any item which is the responsibility of the Owner but which responsibility such Owner fails or refuses to discharge (which the Association shall have the right, but not the obligation, to do); and

iv. to pay for the cost of repairing, replacing or cleaning up any item which, although the responsibility of the Association, is necessitated by reason of the willful or negligent act of the Owner, his or her Guests, and the cost thereof shall be reimbursed to the Association or will be added to and become part of the Owner's next Assessment.

6.3. Limited Common Elements. Each Unit Owner shall be responsible for removing snow, leaves, and debris from all patios and decks that are Limited Common Elements appurtenant to such Owner's Unit and keeping such LCE in a clean condition. Exterior windows, doors and decks, which are Limited Common Elements of a Unit will be maintained by the Owner. Patios, HVAC equipment, trash and recycling containers which are allocated as a CLCE to any Commercial Unit shall be maintained and repaired by such Unit Owner(s). Maintenance of any LCE may be assumed by the Association as provided in §6.1.

6.4. Common Element Sidewalks, Drives and Parking Area. The Association is responsible for maintenance of the Common Element drainage system, sidewalks, and parking spaces included in the project and referenced on the Map.

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

6.6. Repairs Resulting From Negligence. Each Unit Owner will reimburse the Association for any damages to any other Unit or to the Common Elements caused intentionally, negligently, or by such Unit Owner's failure to properly maintain, repair, or make replacements to such Owner's Unit or to the Limited Common Elements for which such Unit Owner is responsible under § 6.3. The Association will be responsible for damage to Units that is caused by the Association intentionally, negligently, or by the Association's failure to maintain, repair, or make replacements to the Common Elements.

ARTICLE 7 ASSESSMENTS

7.1. Obligation. Owners, by accepting a deed to a Unit, are deemed to covenant to pay the Association Assessments including (1) the Periodic Assessments imposed by the Executive Board as necessary to meet the Common Expenses of maintenance, operation, and management of the Common Elements and to perform the functions of the Association; (2) Special Assessments for capital improvements and other purposes as stated in this Declaration, if permitted by law; and (3) Individual Purpose Assessments which may be assessed against a Unit for the Owner's failure to perform an obligation under the Governing Documents or because the Association has incurred an expense on behalf of the Owner under the Governing Documents.

No Owner may exempt himself or herself from liability for assessments by non-use of Common Elements, abandonment of his or her Units, or any other means. The obligation to pay Assessments is a separate and independent covenant on the part of each Owner. No diminution or abatement of Assessments or set-off shall be claimed or allowed for any alleged failure of the Association or Board to take some action or perform some function required of it, or for inconvenience or discomfort arising from the making of repairs or improvements, or from any other action it takes.

7.2. Purpose of Assessments. The Assessments shall be used exclusively to promote the health, safety and welfare of the Owners and occupants of the Property and for the improvement and maintenance of the Common Elements all as more fully set forth in this Declaration and on the Plat.

7.3. Budget. The Executive Board will adopt a budget with Assessments sufficient to pay all Common Expenses and adequate reserves on an annual basis before the commencement of each calendar year. Within ninety (90) days after adoption of any proposed budget, the Executive Board will mail, by ordinary first-class mail, or otherwise deliver a summary of the budget to all the Owners and will set a date for a meeting of the Owners to consider ratification of the budget. The budget proposed by the Executive Board will be deemed approved by the Owners unless at that meeting a majority of all Owners vote to veto the budget. In the event that the proposed budget is vetoed, the periodic budget last prepared by the Executive Board not vetoed by the Owners must be continued until such time as the Owners ratify a subsequent budget proposed by the Executive Board is not vetoed.

7.4. Working Capital Account. The Association or Declarant shall require each buyer of a Unit to make a non-refundable payment to the Association in an amount equal to three times the monthly installment of the Periodic Assessment for the Unit, which sum shall be and held without interest by the Association to meet unforeseen expenditures, acquire additional services or equipment for the Owners or as a maintenance reserve. A Working Capital Account contribution shall be collected and transferred to

the Association at the time of closing of each sale or re-sale of a Unit and shall be maintained for the use and benefit of the Association. Such payment shall not relieve an Owner from making regular payments of assessments as the same become due. Upon the transfer of a Unit, an Owner shall not be entitled to a credit from the transferee for any unused portion of the Working Capital Account. Declarant may not use any of the Working Capital Account to defray any of its expenses, construction costs or to make up budget deficits.

7.5. Periodic Assessments. Periodic Assessments for Common Expenses made shall be based upon the estimated cash requirements as the Executive Board shall from time to time determine to be paid by all of the Owners. Periodic Assessments shall be payable on a prorated basis each month in advance and shall be due on the first day of each month, or such other periods as the Executive Board may determine. The omission or failure of the Association to fix the periodic Assessments for any assessment period shall not be deemed a waiver, modification, or release of the Owners from their obligation to pay the same. The Association shall have the right, but not the obligation, to make prorated refunds of any Periodic Assessments in excess of the actual expenses incurred in any fiscal year. Until the Association makes an Assessment, Declarant shall pay all Common Expenses.

7.6. Apportionment of Periodic Assessments. Each Owner shall be responsible for that Owner's share of the Common Expenses which will be divided among the Units according to formula in § 3.4A and allocated according to the resulting percentage of Common Expense liability in Exhibit B, except as provided in § 7.9.

7.7. Supplementary Assessments. If the Executive Board determines, at any time or from time to time, that the amount of the annual assessments is not adequate to pay for the costs and expenses of fulfilling the Association's obligations hereunder, one or more supplementary assessments may be made for the purpose of providing the additional funds required. To determine the amount required to be raised by each supplementary assessment, the Executive Board shall revise the budget, a summary of which shall be furnished to each Owner and shall set a date for a meeting of the Owners to consider the ratification of such budget. Upon request, the Executive Board will deliver a summary of the revised budget to any Mortgagee. Based on such revised budget, the Executive Board may make a supplementary assessment for such fiscal year against each Unit.

7.8. Special Assessments. In addition to the Periodic Assessments authorized by this Article, the Association may levy in any fiscal year one or more Special Assessments payable over such a period as the Association may determine, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of improvements within the Common Elements or for any other expense incurred or to be incurred as provided in this Declaration. This Section shall not be construed as an independent source of authority for the Association to incur expense but shall be construed to prescribe the manner of assessing expenses authorized by other sections of this Declaration, and in acting under this Section, the Association shall make specific references to this Section. Any amounts assessed pursuant to this Section shall be assessed to Owners as provided in this Article, subject to the requirements that any extraordinary maintenance, repair or restoration work on fewer than all of the Units shall be borne by the Owners of those affected Units only; and any extraordinary insurance costs incurred as a result of the value of a particular Owner's residence or the actions of a particular Owner (or his agents, servants, guest, tenants or invitees) shall be borne by that Owner.

7.9. Individual Purpose Assessments. The Association shall have the right to add to any Owner's Assessment as provided in this Article the following:

A. Those amounts expended by the Association for the benefit of any individual Unit or any occupant thereof, including but not limited to: Unit insurance; improvement, repair, replacement and maintenance specific to a Unit, including but not limited to the costs of providing electricity to an electric vehicle charging station installed by an Owner; eradication and treatment of bed bugs; or improvement,

repair, replacement and maintenance caused by the negligent or willful acts of any Owner or the Owner's Guests;

B. Any extraordinary maintenance, repair or restoration work on, or Common Expense benefitting fewer than all of the Units or Limited Common Elements shall be borne by the Owners of those affected Units only;

C. Any extraordinary insurance costs incurred as a result of the value of a particular Owner's Unit or the actions of an Owner or the Owner's Guests;

D. Any Common Expense caused by the misconduct or negligence of any Owner or the Owner's Guests shall be assessed solely against such Owner's Unit and all fines and costs assessed against an Owner pursuant to the Governing Documents; and

E. Any Common Expense incurred or billed to the Association on a per Unit basis may be allocated to each Unit in accordance with such Unit cost and any other expenditures or charges which the Board, in its sole discretion, chooses to allocate to a Unit and are reasonably determined to be allocable to a particular Unit.

7.10. Effect of Nonpayment; Assessment Lien. Any Assessment installment, whether pertaining to any Periodic, Special, or Default Assessment, which is not paid within thirty (30) days after its due date shall be delinquent. If an Assessment installment becomes delinquent, the Association, in its sole discretion, may take any or all of the following actions:

A. Assess a late charge for each delinquency in such amount as the Association deems appropriate.

B. Assess an interest charge from the date of delinquency at the yearly rate of eight percent (8%) per annum or such higher amount allowed by law to accrue from the due date;

C. Suspend the voting rights of the Owner or the right to use any Common Element during any period of delinquency;

D. Accelerate all remaining Assessment installments so that unpaid Assessments for the remainder of the fiscal year shall be due and payable at once;

E. File a statement of lien with respect to the Unit and proceed with foreclosure as set forth below. All sums collected on a delinquent account referred to an attorney shall be remitted to the Association's attorney until the account is brought current;

F. Bring an action at law against any Owner personally obligated to pay the delinquent Assessments; and

G. All payments received on an account of any Owner or the Owner's Unit shall be applied first to the payment of any delinquent assessments, then to all legal fees and costs (including attorney fees), expenses of enforcement and collection, late fees, returned check fees, lien fees and other costs owing or incurred with respect to such Owner pursuant to the governing documents.

Assessments chargeable to any Unit shall constitute a lien on such Unit, including any improvements on the Unit. To evidence the lien created under this Section, the Association may, but is not required to, prepare a written notice setting forth (i) the address of the Association, (ii) the amount of such unpaid indebtedness, (iii) the amount of accrued penalty on the indebtedness, (iv) the name of the Owner of the Unit, and (v) a description of the Unit. The notice shall be signed and acknowledged by the President or a Vice-President of the Association or by the Association's Managing Agent or attorney, and the Association

shall serve the notice upon the Owner by mail to the address of the Unit or to such other address as the Association may have in its files for such Owner. The Association may record the same in the office of the Clerk and Recorder of Summit County, Colorado. The Association may institute foreclosure proceedings against the defaulting Owner's Unit in the manner for foreclosing a mortgage on real property under Colorado law. In the events of any such foreclosure, the Owner shall be liable for the amount of unpaid Assessments, any penalties and interest thereon, the cost and expenses of such proceedings, the cost and expenses for filing the notice of the claim and lien, and all reasonable attorney's fees incurred in connection with the enforcement of the lien. The Association shall have the power to bid on a Unit at foreclosure sale and to acquire and hold, lease, mortgage, and convey the same.

7.11. Personal Obligation. The amount of any Assessment chargeable against any Unit shall be a personal and individual debt of the Owner of same. No Owner may exempt himself from liability for the Assessment by abandonment of his Unit or by waiver of the use or enjoyment of all or any part of the Common Elements. Suit to recover a money judgment for unpaid Assessments, any penalties and interest, thereon, the cost and expenses of such proceedings, and all reasonable attorneys' fees in connection therewith shall be maintainable without foreclosing or waiving the Assessment lien provided in this Declaration.

7.12. Successor's Liability for Assessment. In addition to the personal obligation of each Owner to pay all Assessments and the Association's perpetual lien for such for such Assessments, all successors to the fee simple title of a Unit, except as provided in the Section named Subordination of Lien below, shall be jointly and severally liable with the prior Owner or Owners thereof for any and all unpaid Assessments, interest, late charges, costs, expenses and attorney's fees against such Unit without prejudice to such successor's right to recover from any prior Owner any amounts paid by such successor. This liability of a successor shall not be personal and shall terminate upon termination of such successor's fee simple interest in the Unit. In addition, such successor shall be entitled to rely on the statement of status of Assessments by or on behalf of the Association as set forth below.

7.13. Subordination of Lien. The lien of the Assessments provided for in this Declaration shall be subordinate to (i) the lien of real estate taxes and special governmental assessments, (ii) liens and encumbrances recorded prior to the recordation of the Declaration, and (iii) liens for all sums unpaid for a First Mortgage of record, recorded before the date on which the assessment sought to be enforced became delinquent, except that the Association claims the priority for its assessment lien as granted in the Act. The lien of the Assessments shall be superior to and prior to any homestead exemption provided now or in the future by the laws of the State of Colorado. A seller's transfer of any Unit shall not affect the Association's lien except that sale or transfer of any Unit pursuant to foreclosure of any First Mortgage, or any proceeding in lieu thereof, or cancellation or forfeiture shall only extinguish the Association's liens as provided in the Act. The amount of such extinguished lien may be reallocated and assessed to all Units as a Common Expenses at the direction of the Executive Board. No sale or transfer shall relieve the purchaser or transferee of a Unit from liability for, or the Unit from the lien of any Assessments made after the sale or transfer.

7.14. Notice to Mortgagee. The Association may report to any Mortgagee any unpaid Assessments remaining unpaid for longer than sixty (60) days after the same shall have become due, if such Mortgagee first shall have furnished to the Association written notice of the Mortgage and a request for notice of unpaid Assessments. Any Mortgagee holding a lien on a Unit may pay any unpaid Assessment payable with respect to such Unit, together with any and all costs and expenses incurred with respect to the lien, and upon such payment that Mortgagee shall have a lien on the Unit for the amounts paid with the same priority as the lien of the Mortgage.

7.15. Statement of Status of Assessment Payment. The Association shall furnish to an Owner or such Owner's designee or to a holder of a security interest or its designee upon written request, delivered personally or by certified mail, first-class postage prepaid, return receipt, to the Association's registered agent, a statement setting forth the amount of unpaid assessments currently levied against such Owner's Unit.

ARTICLE 8
DEVELOPMENT RIGHTS AND OTHER SPECIAL DECLARANT RIGHTS

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

- A. the right by amendment to this Declaration and the Map to create Units, Common Elements, and Limited Common Elements on the Expansion Area or additional real estate as provided by CCIOA;
- B. the right to withdraw the Expansion Area from the Community;
- C. the right to subdivide Units or convert Units into Common Elements.

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

- A. the Development Rights may be exercised at any time, but not more than twenty (20) years after the recording of the initial Declaration;
- B. not more than five (5) additional Residential Units and one (1) additional Commercial Unit may be created by exercise of the Development Rights.

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

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

- A. to complete any Improvements indicated on the Map;
- B. to exercise a Development Right reserved in the Declaration;
- C. to maintain sales offices, management offices, signs advertising the Community, and models;
- D. to use easements through the Common Elements and Units for the purpose of making Improvements within the Community; and
- E. to appoint or remove an officer of the Association or an Executive Board Member during a period of Declarant control as provided in § 8.9.

8.5. Models, Sales Offices, and Management Offices. As long as the Declarant is a Unit Owner, the Declarant, its duly authorized agents, representatives, and employees may maintain any Unit owned by the Declarant or any portion of the Common Elements as a model Unit, sales office, or management office. In addition, during periods of construction, Declarant may maintain a construction trailer on the Common Elements.

8.6. Construction; Declarant's Easement. The Declarant reserves the right to perform warranty work, repairs, and construction work in Units and Common Elements, to store materials in secure areas, and to control, and have the right of access to, work and repairs until completion. All work may be

performed by the Declarant without the consent or approval of the Executive Board. The Declarant has an easement through the Common Elements as may be reasonably necessary for the purpose of discharging the Declarant's obligations or exercising Special Declarant Rights, whether arising under the Act or reserved in this Declaration. This easement includes the right to convey access, utility, and drainage easements to utility providers, the Town of Frisco, or the State of Colorado.

8.7. Signs and Marketing. The Declarant reserves the right to post and maintain signs and displays in Units owned by Declarant and in the Common Elements in order to promote sales of Units. Declarant also reserves the right to conduct general sales activities in a manner that will not unreasonably disturb the rights of Unit Owners.

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

8.9. Declarant Control of the Association.

A. Subject to Subsection 8.9(B), there shall be a period of Declarant control of the Association as referenced above in §3.4.

B. Not later than 60 days after conveyance to Unit Owners other than a Declarant of 25 percent of the Units that may be created, at least one Member and not less than 25 percent of the Members of the Executive Board shall be elected by Unit Owners other than the Declarant. Not later than 60 days after conveyance to Unit Owners other than a Declarant of 50 percent of the Units that may be created, not less than one-third of the Members of the Executive Board must be elected by Unit Owners other than the Declarant.

C. Not later than the termination of any period of Declarant control, the Unit Owners shall elect an Executive Board of at least three Members, at least a majority of whom shall be Unit Owners. If any Unit is owned by a partnership, limited liability company, corporation, or similar entity, any officer, partner, manager, member, or employee of that Unit Owner shall be eligible to serve as a Member of the Executive Board and shall be deemed to be a Unit Owner for the purposes of the preceding sentence. The Executive Board shall elect the officers. The Executive Board Members and officers shall take office upon election.

D. Notwithstanding any provision of this Declaration or the Bylaws to the contrary, following notice under the Act, the Unit Owners, by a vote of 67 percent of all Unit Owners present and entitled to vote at a meeting of the Unit Owners at which a quorum is present, may remove a Member of the Executive Board, with or without cause, other than a member appointed by the Declarant.

8.10. Limitations on Special Declarant Rights. Unless terminated earlier by an amendment to this Declaration executed by the Declarant, any Special Declarant Right may be exercised by the Declarant until twenty (20) years have elapsed after recording of this Declaration. Earlier termination of certain rights may occur by statute.

8.11. Interference with Special Declarant Rights. Neither the Association nor any Unit Owner may take any action or adopt any Rule that will interfere with or diminish any Special Declarant Right without the prior written consent of the Declarant.

8.12. Amendment of the Declaration. If Declarant elects to create Units, Common Elements, or Limited Common Elements on the Expansion Area, or any part thereof, at such time the Expansion Area is submitted to the Project by recording an amendment to the Map, the Declaration will be automatically amended so that Periodic Assessments will be divided among all Units submitted to the Declaration as provided in Exhibit B.

8.13. Amendment of the Map. Declarant will, contemporaneously with the exercise of Development Rights file an Amendment of the Map showing the location of the additional Units, Common Elements or Limited Common Elements. The Amendment to the Map will substantially conform to the requirements contained in this Declaration.

8.14. Interpretation. Recording of amendments to the Declaration and Map in the office of the Clerk and Recorder of Summit County will automatically: (i) Vest in each existing Owner any additional rights or interest appurtenant to his/her Unit; and (ii) Vest in each existing Mortgagee a perfected security interest in the additional rights or interest appurtenant to the encumbered Unit.

Upon the recording of an Amendment to the Map, the definitions used in this Declaration will automatically be extended to encompass and to refer to the Property, as improved. All conveyances of Units after such amendment will be effective to transfer rights in the Common Elements and Limited Common Elements as improved, whether or not reference is made to any Amendment to the Declaration or Plat. Reference to the Declaration and Map in any instrument will be deemed to include all Amendments to the Declaration and Plat without specific reference thereto.

8.15. Reservation of Withdrawal Rights. Declarant reserves the right for itself and any Successor Declarant at any time and from time to time to withdraw from provisions of this Declaration all or any portion of the Expansion Area, provided however that no portion of the Expansion Area may be withdrawn after any Unit in such portion has been conveyed by Declarant to a purchaser.

8.16. Reciprocal Easements. If property is withdrawn from the Property (“Withdrawn Property”):

A. the Unit Owner(s) of the Property and Withdrawn Property will have whatever easements are necessary, if any, for access, utility service, repair, maintenance and emergencies over and across the Property; and

B. the Owner(s) in the Expansion Area will have whatever easements are necessary or desirable, if any, for access, utility service, repair, maintenance and emergencies over and across the Property and Withdrawn Property.

C. Declarant will prepare and record in the office of the Clerk and Recorder of Summit County whatever documents are necessary to evidence such easements and will amend the Subdivision Plat to include reference to the recorded easement(s). Preparation and recordation by Declarant of an easement pursuant to this Section will conclusively determine the existence, location and extent of the reciprocal easements that are necessary or desirable as contemplated by this Section.

8.17. Additional Covenants and Easements. Declarant may subject any portion of the Project to additional covenants and easements, including covenants obligating the Association to maintain and insure such property and authorizing the Association to recover its costs through Assessments. Such additional covenants and easements may be set forth either in a Supplemental Declaration subjecting such property to this Declaration or in a separate declaration referencing property previously subjected to this Declaration. If someone other than Declarant owns the property, then the consent of the Owner(s) shall be necessary and shall be evidenced by their execution of the Supplemental Declaration. Any such Supplemental Declaration may supplement, create exceptions to, or otherwise modify the terms of this Declaration as it applies to the subject property in order to reflect the different character and intended use of such property.

8.18. Exclusive Rights to Use Name of Development. No Person shall use the name “Sky Haus Lofts, Sky Haus Lofts on Main” or any derivative of such name or logo or depiction in any printed or promotional material without Declarant’s prior written consent. However, Owners may use the name “Sky

Haus Lofts” in printed or promotional matter where such term is used solely to specify that particular property is located within the Community and the Association shall be entitled to use the name “Sky Haus Lofts on Main or Sky Haus Lofts” and logo for any purposes which do not interfere with Declarant’s Special Declarant Rights.

ARTICLE 9 **INITIAL PROTECTIVE COVENANTS**

9.1. Plan of Development; Applicability; Effect. Declarant has established a general plan of development for the Property in order to protect the Owners’ collective interests and the aesthetics and environment within the Project. In furtherance of that general plan, the Governing Documents establish affirmative and negative Covenants, easements, and restrictions on the Property, subject to certain rights vested in the Executive Board and the Owners to enable them to respond to changes in circumstances, conditions, needs and desires within the Project.

9.2. Owners Acknowledgment. All Owners, tenants, guests and invitees of Units are given notice that use of their Unit is limited by provisions of each of the Governing Documents as they may be amended, expanded and otherwise modified from time to time. Each Owner, by acceptance of a deed, acknowledges and agrees that the use and enjoyment and marketability of his or her Unit can be affected by this provision and that all Covenants applicable to the Project may change from time to time.

9.3. Rights of Owners. The Executive Board shall not adopt any Rule or Regulation in violation of the following provisions:

A. Equal Treatment. Similarly situated Owners and occupants shall be treated similarly.

B. Speech. The rights of Owners to display political signs and symbols in or on their Units of the kinds normally displayed in Units located in a residential project shall not be abridged, except that the Association may adopt reasonable time, place, and manner restrictions for the purpose of minimizing damage and disturbance to other Owners and related users.

C. Religious and Holiday Displays. The rights of Owners to display religious and holiday signs, symbols, and decorations on Units of the kinds normally displayed in Units located in a residential project shall not be abridged, except that the Association may adopt reasonable time, place, and manner restrictions for the purpose of minimizing damage or disturbance to other Owners and occupants.

D. Activities within Units. No rule shall interfere with the activities carried on within the confines of a Units, except that the Association may prohibit activities not normally associated with property restricted to residential use, and it may restrict or prohibit any activities that create monetary costs for the Association or other Owners, that create a danger to the health or safety of occupants of other Units, that generate excessive noise, odors or traffic, that create unsightly conditions visible outside the Units, that block the views from other Units, or that create an unreasonable source of annoyance.

E. Pets. The Rules may regulate, permit additional pets or prohibit the kind and number of such pets from time to time. However, no Rule may take retrospective effect so as to prohibit an Owner from keeping any domestic pet which was permitted under the Governing Documents when acquired.

F. Reasonable Rights to Develop. No Rule by the Association or Executive Board shall impede the Declarant’s right to develop in accordance with the provisions of this Declaration.

9.4. Initial Use Restrictions. The following restrictions apply within the Project unless expressly authorized (and in such cases, subject to such conditions as may be imposed) by a resolution unananimously adopted by the Executive Board:

A. Occupancy Restrictions. Subject to the Special Declarant Rights reserved under Article 8, the following occupancy restrictions apply to the Units and to the Common Elements:

i. Residential Units shall be used for residential purposes only as allowed by local zoning ordinances and subject to Rules adopted by the Association. An Owner may use his or her Unit for a professional or home occupation, as long as the applicable zoning ordinances permit such use, there is no external evidence thereof, and no unreasonable inconvenience to other residents of the Community is created. Residential Unit uses which have any of the following characteristics are not permitted: manufacturing, storage of hazardous materials, increased traffic or parking beyond customary residential use, parking of heavy equipment, commercial rental operations.

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

iii. All fixtures and equipment will be used for the purposes for which they were designed. The Association may restrict any material increase on the floor load unless special arrangements are made and an engineering determination of floor load capacity in the area of the heavy use is approved by the Association. No electrical device creating overloading of standard circuits may be used without permission from the Executive Board. Misuse or abuse of appliances or fixtures within a Unit that affect other Units or the Common Elements is prohibited. Any damage resulting from such misuse shall be the responsibility of the Unit Owner who caused it. Total electrical usage in any Unit shall not exceed the capacity of the circuits as labeled on the circuit breaker boxes.

iv. Commercial Units may be used for retail, restaurant, and other purposes permitted by the town zoning ordinances which do not require on-premise parking.

B. Restrictions on Vehicles.

i. Parking or storing of vehicles within the Property shall be subject to Rules enacted by the Executive Board and provisions of this Declaration.

ii. No portion of the Common Elements shall be used for parking, storage, or display for any type of trailer, ATV, RV, motor home, boat or accessories thereto.

iii. No abandoned or inoperable vehicles of any kind shall be stored or parked on the Project. An "abandoned or inoperable vehicle" includes, but is not limited to any automobile, truck, motorcycle, van, recreational vehicle or other device for carrying passengers, goods or equipment which has not been driven under its own propulsion for a period of two weeks or longer.

iv. Unlicensed motor vehicles such as go-carts, mini-bikes, unlicensed motor bikes, motorized scooters, snowmobiles and all-terrain vehicles shall not be operated on the Common Elements.

v. Any vehicle parked on any portion of the Community in violation of these covenants or the Rules may be towed in conformance with the town ordinances at the expense of the owner of the vehicle, and the Association may pursue any other remedy under the Governing Documents.

C. Nuisances/Compliance with Law. No immoral, improper, offensive, or unlawful use may be made of the Property. Nuisances are prohibited, including any use, activity, or practice which

is the source of disturbance to or unreasonably interferes with the peaceful enjoyment or possession of a Unit or any portion of the Common Elements or any portion of the Community. All valid laws, ordinances and regulations of all governmental bodies having jurisdiction over the Project or a portion thereof shall be observed and may be enforced by the Association as if the same were contained in the Governing Documents. In no event shall the activities of the Declarant which are reasonably necessary to the exercise of the rights granted by this Declaration and the Act be considered a “nuisance.”

D. Compliance with Laws. Subject to the rights of reasonable contest, each Owner shall promptly comply with the provisions of all applicable laws, regulations, ordinances, and other governmental or quasi-governmental regulations with respect to all or any portion of the Property. Further, no Owner shall dispose or allow any person under the Owner’s control or direction to release, discharge or emit from the Property or dispose of any material on the Property that is designated as hazardous or toxic under any federal, state or local law, ordinance or regulation.

E. Noise/Nuisance. No noxious, offensive, dangerous, or unsafe activity shall be conducted in any Unit, nor shall anything be done, either willfully or negligently, that may be or become an annoyance or nuisance to the other Unit Owners or occupants. No Unit Owner or occupant shall make or permit any disturbing noises, lights or odors. However, Owners and Guests acknowledge that the Commercial Units and CLCE may be used for restaurant, entertainment and commercial purposes and normal levels of noise and odors associated with such uses are permitted.

F. Decks and Patios. Lawn furniture and propane gas barbecue grills may be used and stored on decks or patios of Units. Charcoal grills are prohibited. Owners understand their use of the exterior Limited Common Elements can detrimentally affect other Owners. The Executive Board may adopt Rules governing appropriate use and appearance of the decks and patios.

G. Pets. Owners may keep a reasonable number of pets in Units as determined by the Board. Owners of pets on the Property must clean up after their pet and take all steps necessary to control excessive barking or other disturbances caused by their pets.

i. Containment. All pets must be kept primarily in a Unit and may temporarily be kept on the Limited Common Element deck when the Owner is present in the Unit. All pets must be kept on leashes when outside; no pets shall be permitted to run at large at any time.

ii. Pets of Guests/Nuisance. The Board may enact Rules to further restrict numbers or types of pets, pets of Guests and may remove pets creating any nuisance.

H. Signs. Commercial Units signs are permitted in conformance with the town code and any sign plan approved by the Association. Signs, posters, billboards, and flags (including flag poles) may be displayed in accordance with Colorado law. The Association may prohibit signs and flags in Residential Units bearing commercial messages, and may establish reasonable, content-neutral regulations addressing the number, placement, or size of the signs and flags, and other objective factors as permitted by Colorado law.

I. Trash and Recycling. The Association will have the exclusive right to engage trash and recycling services for the Community.

J. Insurance. Nothing shall be done or kept which may result in a material premium increase or cancellation of insurance maintained by the Association.

9.5. Restrictions on Ownership and Leasing of Units.

A. Lease and Fractional Restriction Rationale. Owners hold fee simple titles to their Units but share in use and governance of common elements. Community governance and maintenance of common elements is a shared responsibility. Each owner is vulnerable to diminution in the value and enjoyment of the Unit if:

- i. other Owners do not pay their assessments;
- ii. Owners transfer ownership or leasehold interests in any Unit so as to inhibit loan availability in the community; or
- iii. if Community occupants fail to abide by restrictions governing conduct and shared use of Common Elements.

The restrictions in this Section are intended to promote a cohesive community of Owners for their common welfare. The restrictions in this Section may be amended, supplemented or terminated only by amendment of this Declaration, and not by adoption of a Rule.

B. Leases. The term “lease” shall include any agreement for the use, lease or rental of a Unit. Owners may lease their Units for any length of term subject to the following conditions:

- i. All leases shall be in writing.
- ii. All leases shall provide that the terms of the lease and the tenant’s occupancy of the Units shall be subject in all respects to the provisions of the Governing Documents, as the same may be amended from time to time, and that any failure by such tenant to comply with the provisions of these instruments, in any respect, shall be a default under the lease, and the default may be enforceable by the Executive Board, the Owner/landlord, or both.
- iii. In the event of the failure of the tenant to comply with the terms of this Declaration or any other Association Document, the Owner shall be responsible and liable to the Association as if the Owner was the party that failed to comply with the terms of Association Document, and at the request of the Association, the Owner shall, at the Owner’s sole cost and expense, terminate the Lease and commence eviction proceedings to evict the lessee from the Owner’s Unit.
- iv. The Association may require any Owner who leases a Unit to forward a copy of the lease to the Association within ten (10) days after the execution by Owner and the tenant.

C. Maximum Number of Co-Owners. No Unit may be owned by or leased to more than four Owners. Upon sale each Owner must own at least an undivided $\frac{1}{4}$ interest as tenants in common or as joint tenants. The number of members, partners, shareholders or beneficiaries of any entity which owns a Unit, including partnerships, corporations, limited liability companies, trusts and other business entities, is also limited to no more than four. Any Owner of an ownership or leasehold interest in a Unit, whether as tenant in common, joint tenant or as owner/beneficiary of any entity is considered a Co-Owner. Two or more Co-Owners related by blood or marriage may together own any interest in a Unit and will be considered one Owner.

D. Joint and Several Liability. Each Co-Owner of a Unit will be jointly and severally liable for payment of all Association assessments to such Unit and for any other sums due by any other Co-Owner of such Unit under the Governing Documents.

E. Time Share Estate Limitation. Time share estates as defined in the Condominium Ownership Act, as well as any interval ownership, fractional estate, vacation club or similar arrangement are prohibited.

ARTICLE 10 **EASEMENTS AND LICENSES**

10.1. Owner's Easement of Enjoyment. Every Owner has an easement of enjoyment in and to the Common Elements which shall be appurtenant to and shall pass with the title to every Unit, subject to the provisions contained herein.

10.2. Recorded Easements. The Property shall be subject to all easements as shown on the Map and in Exhibit A-1, and to those easements set forth in this Article. The Community may be subject to other easements or licenses granted by the Declarant pursuant to Article 8 of this Declaration.

10.3. Easement for Ingress and Egress. Declarant grants as an appurtenance of each Unit a non-exclusive easement of ingress and egress across the Expansion Area and the Common Elements as shown on any recorded Map. The specific means of ingress and egress shall be subject to change as the Association shall from time to time deem necessary so long as a reasonable means of access is always provided.

10.4. Utility Easements. There is hereby created a general easement upon, across, over, in and under the Common Elements for ingress and egress and for installation, replacement, repair, and maintenance of all utilities, including, but not limited to, water, sewer, gas, telephone, electrical, and cable communications systems. By virtue of this easement, it shall be expressly permissible and proper for the companies providing such services to install and maintain necessary equipment, wires, circuits and conduits under the Property. Such utilities may temporarily be installed above ground during construction, if approved by Declarant. Any person or utility company disturbing the surface of the Property during installation, maintenance or repair of facilities within an easement will restore the surface to its original grade and re-vegetate or restore the surface to its former condition.

10.5. Easements for Encroachments. If any part of the Common Elements encroaches or shall hereafter encroach upon a Unit, the Association shall have an easement for such encroachment and for the maintenance of those Common Elements. If any part of a Unit encroaches or shall hereafter encroach upon the Common Elements or upon another Unit, the Owner of the encroaching Unit shall and does have an easement for such encroachment and for the maintenance of same. Such encroachments shall not be considered to be encumbrances either on the Common Elements or on a Unit. Encroachments include, but are not limited to, encroachments caused by error in the original construction of the Community, by error in the Map, by settling, rising, or shifting of the earth, or by changes in position caused by authorized repair or reconstruction, or movements of the Community or any part thereof. The easements for such encroachments shall continue for whatever period the encroachment exists. The foregoing notwithstanding, however, nothing contained herein shall entitle the party benefited by such encroachment to maintain such encroachment in the event of reconstruction whereby the encroachment could reasonably be eliminated.

ARTICLE 11 **INSURANCE**

11.1. Authority to Purchase. The Association shall obtain and maintain in effect to the extent reasonably available the insurance set forth in this Declaration and the Act from financially responsible insurance companies authorized to do business in Colorado.

11.2. Notice to Owners. The Executive Board shall promptly furnish to each Owner written notice of the procurement of, subsequent change in, or termination of, insurance coverage obtained on behalf of the Association under this Article.

11.3. General Insurance Provisions. All such insurance coverage obtained by the Executive Board shall be governed by the following provisions.

A. The Association policies provide primary coverage if at the time of any loss there is other insurance obtained by a Unit Owner covering the same risk.

B. 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, or as an item to be paid from working capital reserves established by the Executive Board; or alternatively, the Executive Board may treat the expense as an assessment against an Owner whose Unit is specifically affected by the damage or whose negligence or willful act resulted in damage.

C. Except as otherwise provided in this Declaration, insurance premiums for the insurance coverage provided pursuant to this Article shall be a Common Expense to be paid by regular Assessments levied by the Association.

11.4. Property Insurance on Improvements. The Association shall obtain and maintain in full force and effect property insurance on all Improvements, including the Units, the fixtures installed in a Unit and replacements thereof, and all insurable Common Elements improvements and personal property within the Project, in an amount equal to full replacement value (i.e., 100% of the current “replacement cost” exclusive of land, foundation, excavation, and other items normally excluded from coverage). Unless the Executive Board directs otherwise, property coverage of the Units excludes: all improvements and betterments by Owners to a Unit, the finished interior surfaces of the walls, floors and ceilings of Units, furnishings and all other personal property installed by Owners. Property insurance shall be obtained on a Causes of Loss-Special Form.

11.5. Provisions Common to Property Insurance.

A. In contracting for the property policy or policies of the Executive Board shall make reasonable efforts to secure coverage if the Board deems such coverage advisable, which provides the following:

i. All insurance shall run to the benefit of the Association, the Executive Board, officers, agents and employees of the Association, the Owners and their respective mortgagees, and all other persons entitled to occupy any Unit, as their interests may appear.

ii. The following endorsements (or equivalent): (a) “cost of demolition”; (b) “contingent liability from operation of building laws or codes”; (c) “increased cost of construction”; and (d) “agreed amount” or elimination of co-insurance clause.

iii. A provision that no policy may be canceled, invalidated, or suspended on account of the conduct of any Owner (including such Owner’s tenants, agents, invitees, and Guests), any Director, officer, or employee of the Association or the Managing Agent without prior demand in writing delivered to the Association to cure the defect and the allowance of a reasonable time thereafter within which the defect may be covered by the Association, the Managing Agent, any Owner, or Mortgagee.

B. The Executive Board is authorized to obtain appraisals periodically for the purpose of establishing replacement cost of the Community Improvements to be covered by the Association and the actual cash value of the personal property, and the cost of such appraisals shall be a Common Expense.

C. A duplicate original of the property insurance policy, all renewals thereof, and any sub policies or certificates and endorsements issued thereunder, together with proof of payment of premiums and any notice issued under § 11.5.A. (iv) above, shall be delivered by the insurer to the Association and upon request to any Owner or Mortgagee. The Mortgagee on any Unit shall be entitled to receive notice promptly of any event giving rise to a claim under such policy arising from damage to such Units.

11.6. Liability Insurance.

A. The Executive Board shall obtain and maintain in full force and effect commercial general liability insurance with such limits as the Executive Board may from time to time determine, insuring the Association, each Director, the Managing Agent, and their respective employees and agents. The policy shall cover Declarant as a Unit Owner and Director. The liability policy will cover claims and liabilities arising out of or incident to the ownership existence, management, operations, maintenance or use of the Common Elements. The insurance shall cover claims of one or more insured parties against other insured parties.

B. The Executive Board shall review such limits once every two years, but in no event shall such insurance be less than \$1,000,000 covering all claims for bodily injury or property damage arising out of one occurrence, or the amount required by any Agency such as the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation, whichever is greater. Reasonable amounts of “umbrella” liability insurance in excess of the primary limits may also be obtained.

11.7. Fidelity Insurance. To the extent obtainable at reasonable cost, the Association shall obtain fidelity insurance 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 addition, if responsibility for handling funds is delegated to a Managing Agent, fidelity coverage shall be required for the Managing Agent and its officers, employees, and agents, as applicable. Such fidelity coverage shall name the Association as an obligee and shall be written in an amount equal to at least 25% of the estimated annual operating expenses of the Association, plus reserves.

11.8. Personal Liability Insurance of Officers and Directors. To the extent obtainable at reasonable cost, appropriate personal liability insurance shall be maintained by the Association to protect the officers and directors from personal liability in relation to their duties and responsibilities in acting as such officers and directors on behalf of the Association.

11.9. Worker’s Compensation Insurance. The Executive Board shall obtain worker’s compensation or similar insurance with respect to its employees, if applicable, in the amounts and forms as may now or hereafter be required by law.

11.10. Other Insurance. The Executive Board may obtain insurance against such other risks of as it shall deem appropriate with respect to the Association’s responsibilities and duties, such as flood insurance required by FEMA.

11.11. Provisions Common to Association Insurance. Any insurance coverage obtained by the Association under the provisions of this Article and the Act must provide:

A. The named insured under any such policies 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) who shall have exclusive authority to adjust and 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 each Mortgagee.

B. Each Owner shall be an insured person with respect to liability arising out of the Owner’s membership in the Association.

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

D. The policies shall provide that coverage shall not be prejudiced by (i) any act or neglect of any Owner (including an Owner’s 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;

E. 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 canceled nor may the insurer refuse to renew (including cancellation for non-payment of premium) without at least thirty (30) days’ written notice to the Association, each Owner and any First Mortgagee listed as an insured in the policies; and

F. 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 Managing Agent, and any Owner or their respective agents, employees, or tenants; and of any defenses based upon co-insurance or upon invalidity arising from the acts of the insured.

11.12. Insurance Obtained by Owners. Owners shall obtain and maintain a homeowner’s insurance policy (HO-6 or equivalent) for such Owner’s benefit and at such Owner’s expense to cover any portion of a Unit not insured by the Association.

ARTICLE 12 **DAMAGE OR DESTRUCTION**

12.1. The Role of the Executive Board. Except as provided in that Section named Decision Not to Rebuild Common Elements, in the event of damage to or destruction of all or part of any Common Elements improvement, or other property covered by insurance written in the Association’s name under that Article named Insurance, the Executive Board shall arrange for and supervise the prompt repair and restoration of the damaged property (the property insured by the Association pursuant to that Article named “Insurance” may be referred to as “Association-Insured Property”).

12.2. Estimate of Damages or Destruction. As soon as practicable after an event causing damage to or destruction of any part of the Association-Insured Property, the Executive Board shall, unless such damage or destruction shall be minor, obtain an estimate or estimates that it deems reliable and complete of the cost of repair and reconstruction. “Repair and reconstruction” as used in this Article shall mean restoring the damaged or destroyed improvements to substantially the same condition in which they existed prior to the damage or destruction. Such costs may also include professional fees and premiums for such bonds as the Executive Board determines to be necessary.

12.3. Repair and Reconstruction. As soon as practical after the damage occurs and any required estimates have been obtained, the Association shall diligently pursue to completion the repair and reconstruction of the damaged or destroyed Association-Insured Property. As attorney-in-fact for the Owners, the Association may take any and all necessary or appropriate action to effect repair and reconstruction of any damage to the Association-Insured Property, and no consent or other action by any Owner shall be

necessary. Assessments of the Association shall not be abated during the period of insurance adjustments and repair and reconstruction.

12.4. Funds for Repair and Reconstruction. Proceeds received by the Association from any hazard insurance carried by the Association shall be used to repair, replace and reconstruct the Association-Insured Property. If said proceeds are insufficient to pay the estimated or actual cost of such repair, replacement or reconstruction, or if upon completion of such work the insurance proceeds for the payment of such work are insufficient, the Association may, pursuant to that Article named Assessments, Section named Special Assessments, but subject to applicable law, levy, assess and collect in advance from the Owners, without the necessity of a special vote of the Owners, a Special Assessment sufficient to provide funds to pay such estimated or actual costs of repair and reconstruction. Further levies may be made in like manner if the amounts collected prove insufficient to complete the repair, replacement or reconstruction.

12.5. Disbursement of Funds for Repair and Reconstruction. The insurance proceeds held by the Association and the amounts received from the Special Assessments provided for above, constitute a fund for the payment of the costs of repair and reconstruction after casualty. It shall be deemed that the first money disbursed in payment for the costs of repair and reconstruction shall be made from insurance proceeds, and the balance from the Special Assessments. If there is a balance remaining after payment of all costs of such repair and reconstruction, such balance shall be distributed to the Owners in proportion to the contributions each Owner made as Special Assessments, then in equal shares per Unit, first to the Mortgagees and then to the Owners, as their interests appear.

12.6. Decision Not to Rebuild Common Elements. If at least sixty-seven percent (67%) of the Owners and all directly adversely affected Owners (as determined by the Act) agree in writing not to repair and reconstruct improvements within the Community and if no alternative improvements are authorized, then the damaged property shall be restored to a condition compatible with the remainder of the Community and maintained as a portion of the Common Elements by the Association. Any remaining insurance proceeds shall be distributed in accordance with applicable law.

12.7. Termination. Termination of the Community may be accomplished only in accordance with C.R.S., § 38-33.3-218.

ARTICLE 13 SECURITY INTERESTS AND ELIGIBLE MORTGAGEES

The following provisions are for the benefit of holders, insurers or guarantors of Eligible Mortgagees on Units.

13.1. Title Taken by Lenders. Any Person holding a Security Interest in a Unit who obtains title to the Unit pursuant to remedies exercised in enforcing the Security Interest, including foreclosure or acceptance of a deed in lieu of foreclosure, will be liable for all Assessments due and payable from the date title to the Unit is acquired.

13.2. Distribution of Insurance or Condemnation Proceeds. In the event of a distribution of insurance proceeds or condemnation awards allocable among the Units for losses to, or taking of, all or part of the Common Elements, neither the Owner nor any other person shall take priority in receiving the distribution over the right of any Eligible Mortgagee who is a beneficiary of a Security Interest against the Unit.

13.3. Right to Pay Taxes and Charges. Lenders who hold Security Interests against Units may, jointly or singly, pay taxes or charges which are in default, and which may or have become a lien against any Common Elements, and may pay overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy for such Common Elements, and holders of Security Interests making such payments shall be owed immediate reimbursement therefore from the Association.

13.4. Financial Statement. Upon written request from any Eligible Mortgagee, which has an interest or prospective interest in any Unit or the Project, the Association shall prepare and furnish within ninety days any financial statement of the Association for the immediately preceding fiscal year at the expense of such Mortgagee.

13.5. Notice of Action. Any Eligible Mortgagee and any Agency, which holds, insures or guarantees a first lien Security Interest, upon written request to the Association (which shall include the agency's name and address and the Unit number), will be entitled to timely written notice of:

A. Any proposed amendment of the Governing Documents effecting a change in (i) the boundaries of any Unit or the exclusive easement rights appertaining thereto, (ii) the interest in the Common Elements appurtenant to the Unit (excluding changes resulting from the submission of Expansion Area to the Declaration) or the liability of Assessments relating thereto, (iii) the number of votes in the Association relating to any Unit, or (iv) the purposes to which any Unit or the Common Elements are restricted or any amendment set forth in § 13.6 below;

B. Any proposed termination of the common interest community;

C. Any condemnation loss or any casualty loss which affects a material portion of the Project or which affects any Unit on which there is a first lien Security Interest held, insured or guaranteed by such Agency;

D. Any delinquency in the payment of Assessments owed by the Unit Owner subject to the Mortgage which such delinquency has continued for a period of sixty (60) days;

E. Any lapse, cancellation or material modification of any insurance policy maintained by the Association pursuant to Article 11.

13.6. Amendment of Governing Documents. Approval shall first be obtained of fifty-one percent (51%) of Eligible Mortgagees (which percentage is measured by votes allocated to such Units) if the amendment to the Governing Documents add or delete any material provisions, which establish, provide for, govern or regulate any change governed by Agency regulations, excepting amendments by Declarant in exercising Development Rights or amendments to approved by the Association as provided in Article 4 above.

13.7. Inaction by Lenders or Agency. If this Declaration or any Governing Documents require the approval of any Agency or holder of a Security Interest then, if any lenders or Agency fails to respond to any written proposal for such approval within sixty (60) days after such Person receives proper notice of the proposal (or such longer time as may be set forth in the notice), such Person shall be deemed to have approved such proposal provided that the notice was delivered to the Person by certified or registered mail, return receipt requested.

ARTICLE 14 **DURATION OF COVENANTS AND AMENDMENT**

14.1. Covenants Binding. Each provision of this Declaration and a promise, covenant and undertaking to comply with each such provision (i) shall be deemed incorporated in each deed or other instrument by which any right, title or interest in any of the Property is granted, devised or conveyed; (ii) shall by virtue of acceptance of any right, title or interest in any of the Property by an Owner be deemed accepted, ratified, adopted and declared as a personal covenant of such Owner and shall be binding on such Owner or his or her respective heirs, personal representatives, successors or assigns, to, with and for the benefit of the Declarant and all Owners within the Project; (iii) shall be deemed a covenant, obligation and restriction secured by a lien binding, burdening and encumbering the title to all of such Owner's right, title and interest

to any of the Property, which lien shall be deemed a lien in favor of the Declarant, as its interest may appear, and all Owners within the Subdivision; and (iv) shall run with the land.

14.2. Amendment.

A. Except as otherwise specifically provided elsewhere in this Declaration, or in the Act, this Declaration may be amended only by the affirmative vote or written consent, or any combination thereof, of Owners holding not less than 60% of the votes possible to be cast under this Declaration. Any amendment must be executed by the president of the Association and recorded, and approval of such amendment may be shown by attaching a certificate of the Secretary of the Association to the recorded instrument certifying that signatures of a sufficient number of Owners approving the amendment are on file in the office of the Association. In addition, the approval requirements set forth in Article XIII shall be met, if appropriate.

B. Notwithstanding anything to the contrary contained in this Declaration:

i. The Declarant hereby reserves and is granted the right and power to record technical amendments to this Declaration, the Articles of Incorporation and Bylaws of the Association, at any time for the purpose of correcting spelling, grammar, dates, typographical errors or as may otherwise be necessary to clarify the meaning of any provision of any of such documents without the consent of any of the Owners or Eligible Mortgagees.

ii. The Declarant hereby reserves and is granted the right and power to record special amendments to the Declaration, the Articles and Bylaws of the Association at any time in order to comply with any requirement of any of the Agencies or to induce any of the Agencies to make, purchase, sell, insure or guarantee First Mortgages, to comply with the requirements and powers set forth in the Act, or to conform with any amendments, modifications, revisions or revocations of the Summit County Building Code, without the consent of the Owners or any Eligible Mortgagees.

14.3. When Modifications Permitted. Notwithstanding the provisions of that Section named Amendment above or that Section named Revocation below, no termination, extension, modification, or amendment of this Declaration made prior to the termination of Declarant's control shall be effective unless the prior written approval of Declarant is first obtained.

14.4. Revocation. This Declaration shall not be revoked, nor shall the Project be terminated, except as provided in that Article named Condemnation regarding total condemnation, without the consent of the Owners holding 75% of the votes in the Association and evidenced by a written instrument duly recorded.

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

ARTICLE 15 **DISPUTE RESOLUTION AND LIMITATION ON LITIGATION**

15.1. Agreement to Encourage Resolution of Disputes Without Litigation.

A. Declarant, the Association and its officers, directors, and committee members, Owners, all persons subject to this Declaration and any person not otherwise subject to this Declaration who agrees to submit to this Article (collectively, "Bound Parties"), agree that it is in the best interest of all concerned to encourage the amicable resolution of disputes involving the Project without the emotional and financial costs of litigation. Accordingly, each Bound Party agrees not to file suit in any court with respect to a Claim described in subsection B, unless and until it has first submitted such Claim to the alternative dispute resolution procedures set forth in § 15.2 in good faith effort to resolve such Claim.

B. As used in this Article, the term “Claim” shall refer to any claim, grievance, or dispute arising out of or relating to:

- i. the interpretation, application, or enforcement of the Governing Documents;
- ii. the rights, obligations and duties of any Bound Party under the Governing Documents; or
- iii. the design or construction of improvements within the Project, other than matters of aesthetic judgment under Article IV, which shall not be subject to review;
- iv. any claim asserted by the Association on its own behalf, or on behalf of the Owners of two or more Units, for damages or other relief arising out of any alleged defect in the design or construction of improvements within the Project at any time while this Declaration is in force (“Construction Defect Claims”).

C. The following shall not be considered “Claims” unless all parties to the matter otherwise agree to submit the matter to the procedures set forth in § 15.2:

- i. any suit by the Association to collect assessments or other amounts due from any Owner;
- ii. any suit by the Association to obtain a temporary restraining order (or emergency equitable relief) and such ancillary relief as the Court may deem necessary in order to maintain the status quo or to enforce the provisions of this Declaration upon determination that a violation exists;
- iii. any suit between Owners, which does not include Declarant or the Association as a party, if such suit asserts a Claim which would constitute a cause of action independent of the Governing Documents;
- iv. any suit in which any indispensable party is not a Bound Party; and
- v. any suit as to which any applicable statute of limitations would expire within 180 days of giving the Notice required by § 15.2(a), unless the party or parties against whom the Claim is made agree to toll the statute of limitations as to such Claim for such period as may reasonably be necessary to comply with this Article.

15.2. Dispute Resolution Procedures.

A. Notice. The Bound Party asserting a Claim (“Claimant”) against another Bound Party (“Respondent”) shall give written notice to each Respondent and to the Board stating plainly and concisely:

- i. the nature of the Claim, including the Persons involved and the Respondent’s role in the Claim;
- ii. the legal basis of the Claim (i.e. the specific authority out of which the Claim arises);
- iii. the Claimant’s proposed resolution or remedy; and

iv. the Claimant’s desire to meet with the Respondent to discuss in good faith ways to resolve the Claim.

B. Negotiation. The Claimant and Respondent shall make every reasonable effort to meet in person and confer for the purpose of resolving the Claim by good faith negotiation. If requested in writing, accompanied by a copy of the Notice, the Board may appoint a representative to assist the parties in negotiating a resolution of the Claim.

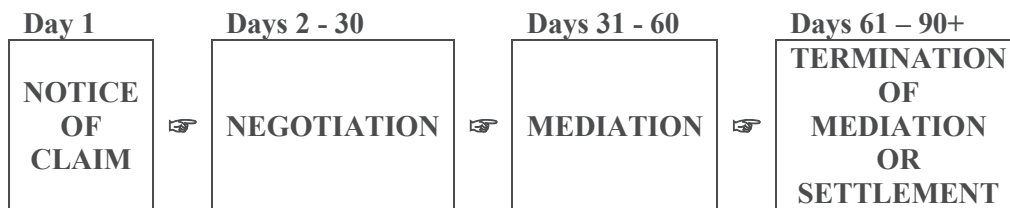
C. Mediation. If the parties have not resolved the Claim through negotiation within 30 days of the date of the notice described in § 15.2.A (or within such other period as the parties may agree upon), the Claimant shall have 30 additional days to submit the Claim to mediation with an entity designated by the Association (if the Association is not a party to the Claim) or to an independent agency providing dispute resolution services in Colorado.

i. If the Claimant does not submit the Claim to mediation within such time, or does not appear for the mediation when scheduled, the Claimant shall be deemed to have waived the Claim, and the Respondent shall be relieved of any and all liability to the Claimant (but not third parties) on account of such Claim.

ii. If the Parties do not settle the Claim within 30 days after submission of the matter to mediation, or within such time as determined reasonable by the mediator, the mediator shall issue a notice of termination of the mediation proceedings indicating that the parties are at an impasse and the date that mediation was terminated.

iii. Each Party shall bear its own costs of the mediation, including attorneys’ fees and each Party shall share equally all fees charged by the mediator.

ALTERNATIVE DISPUTE RESOLUTION PROCESS



D. Settlement. Any settlement of the Claim through negotiation or mediation shall be documented in writing and signed by the parties. If any party thereafter fails to abide by the terms of such agreement, then any other party may file suit or initiate administrative proceedings to enforce such agreement without the need to again comply with the procedures set forth in this Section. In that event, the party taking action to enforce the agreement or award shall, upon prevailing, be entitled to recover from the non-complying party (or if more than one non-complying party, from all such parties in equal proportions) all costs incurred in enforcing such agreement or award, including, without limitation, attorneys’ fees and court costs.

15.3. Construction Defect Action. To the extent of any insurance proceeds realized from the Association’s property insurance the Association waives its claims for damages against any contractor or subcontractor involved in the construction of the Units or the Common Elements. In addition to any requirements for initiating a construction defect action provided in the Governing Documents, the Executive Board shall not initiate a construction defect action as unless it complies with the disclosure and obtains approval from majority vote of the Owners as set forth in C.R.S. § 38-33.3-303.5 of the Act. In addition, the following procedures shall govern all Construction Defect actions whether brought by the Association or by any Owner. If any provisions of this § 15.3 is held invalid by a court of competent jurisdiction such section will be severed and the remaining provisions shall be enforceable.

A. Final and Binding Arbitration of Construction Defect Claims.

i. If the parties do not agree in writing to a settlement of the Construction Defect Claim within 15 days of the Termination of Mediation, any Owner who is the Claimant shall have 15 additional days to submit the Construction Defect Claim to arbitration in accordance with the Construction Industry Arbitration Rules of the American Arbitration Association then in effect. If the Association is the Claimant, the Executive Board shall have 15 days to deliver the meeting notice to Owners to commence the procedures required by the Act to consider whether a construction defect action should be pursued. If not timely submitted to arbitration or if the meeting notice is not timely delivered, or if Claimant fails to appear for the arbitration proceeding, the Construction Defect Claim shall be deemed abandoned, and Respondent shall be released and discharged from any and all liability to Claimant arising out of such Construction Defect Claim; provided, nothing herein shall release or discharge Respondent from any liability to persons other than Claimant.

ii. This § 15.3 is an agreement to arbitrate and is specifically enforceable under the applicable laws of the State of Colorado. Such agreement to arbitrate and all terms relating thereto in this § 15.3 (including, without limitation, restrictions on Claimants rights to damages) shall apply, without limitation, to any “action” as defined in the Colorado Construction Defect Action Reform Act, C.R.S. § 13-20-802.5(1). The arbitration decision and the award, if any (the “Decision”), shall be final and binding, and judgment may be entered upon it in any court of competent jurisdiction to the fullest extent permitted under the laws of the State of Colorado.

B. Allocation of Costs of Resolving Construction Defect Claims. Each party, including, without limitation, any Owner and the Association, shall share equally all fees, expenses and charges payable to the mediator(s) and all fees, expenses and charges payable to the arbitrator(s) and the arbitration firm for conducting the arbitration proceeding. Under no circumstances, however, shall any party be entitled to recover any of its attorneys’ fees, expenses or other mediation or arbitration costs (except to the extent specifically provided under C.R.S. § 38-33.3-123 of the Act), from any other party. BY TAKING TITLE TO A UNIT AND AS A MEMBER OF THE ASSOCIATION, EACH OWNER ACKNOWLEDGES AND AGREES THAT SUCH OWNER AND THE ASSOCIATION HAVE WAIVED AND SHALL BE DEEMED TO HAVE WAIVED THE RIGHT TO ANY AWARD OF ATTORNEYS’ FEES OR EXPENSES (EXCEPT AS SPECIFICALLY PROVIDED UNDER C.R.S. § 38-33.3-123) IN CONNECTION WITH THE ARBITRATION OF A CONSTRUCTION DEFECT CLAIM. The limitation described above on awarding attorneys’ fees and expenses shall not apply to enforcement actions undertaken pursuant to Subsection 15.3.D. below.

C. Limitation on Damages. Claimant shall not be entitled to receive any award of damages in connection with the arbitration of a Construction Defect Claim other than such its actual damages, if any, and the Association and any Owner shall be deemed to have waived their respective rights to receive any damages in a Construction Defect Claim other than actual damages including, without limitation, attorneys’ fees and expenses (except as specifically provided under C.R.S. § 38-33.3-123), special damages, consequential damages, and punitive or exemplary damages. BY TAKING TITLE TO A UNIT AND AS A MEMBER, EACH OWNER KNOWINGLY AND WILLINGLY ACKNOWLEDGES AND AGREES THAT SUCH OWNER AND THE ASSOCIATION HAVE WAIVED AND SHALL BE DEEMED TO HAVE WAIVED, IN CONNECTION WITH THE ARBITRATION OF ANY CONSTRUCTION DEFECT CLAIM UNDER § 15.3, THE RIGHT TO ANY AWARD OF CONSEQUENTIAL, INDIRECT, SPECIAL, PUNITIVE, INCIDENTAL, OR OTHER NON-COMPENSATORY DAMAGES OR SIMILAR DAMAGES, INCLUDING ALL DAMAGES FOR EMOTIONAL DISTRESS, WHETHER FORESEEABLE OR UNFORESEEABLE AND REGARDLESS OF WHETHER SUCH DAMAGES ARE BASED ON (BUT NOT LIMITED TO) CLAIMS ARISING OUT OF BREACH OR FAILURE OF EXPRESS OR IMPLIED WARRANTY OR CONDITION, BREACH OF CONTRACT, VIOLATION OF BUILDING CODES (LOCAL, STATE OR FEDERAL),

CONSTRUCTION OR DESIGN DEFECTS, MISREPRESENTATION OR NEGLIGENCE OR OTHERWISE.

D. Enforcement of Resolution. If any Construction Defect Claim is resolved through arbitration pursuant to Subsection 15.3.A above, and any Bound Party thereafter fails to abide by the terms of such agreement, or if any Bound Party fails to comply with a Decision, then any other party may file suit or initiate proceedings to enforce such agreement or Decision without the need to again comply with the procedures set forth in this Article XV. Notwithstanding the terms of Subsection 15.3.B. above, in such event, the party taking action to enforce the agreement or Decision shall be entitled to recover from the non-complying party (or if more than one non-complying party, from all such parties pro rata) all costs incurred in enforcing such agreement or Decision including, without limitation, attorneys' fees and court costs.

E. Multiple Party Claims. Multiple party disputes or claims not consolidated or administered as a class action pursuant to the following sentence will be arbitrated individually. Only with the written request of all parties involved, but not otherwise, the arbitrator may: (i) consolidate in a single arbitration proceeding any multiple party claims that are substantially identical, and (ii) arbitrate multiple claims as a class action.

F. No Amendment; Enforcement by Declarant. The terms and provisions of this § 15.3 inure to the benefit of Declarant, are enforceable by Declarant, and shall not ever be amended without the written consent of Declarant and without regard to whether Declarant owns any portion of the Real Estate at the time of such amendment. BY TAKING TITLE TO A UNIT, EACH OWNER ACKNOWLEDGES AND AGREES THAT THE TERMS OF THIS § 15.3 ARE A SIGNIFICANT INDUCEMENT TO DECLARANT'S WILLINGNESS TO DEVELOP AND SELL THE UNITS AND THAT IN THE ABSENCE OF THE PROVISIONS CONTAINED IN THIS § 15.3, DECLARANT WOULD HAVE BEEN UNABLE AND UNWILLING TO DEVELOP AND SELL THE UNITS FOR THE PRICES PAID BY THE ORIGINAL PURCHASERS. BY ACCEPTING TITLE TO A UNIT, EACH OWNER ACKNOWLEDGES AND AGREES THAT THE TERMS OF THIS § 15.3 LIMIT HIS OR HER RIGHTS WITH RESPECT TO THE RIGHT AND REMEDIES THAT MAY BE AVAILABLE IN THE EVENT OF A POTENTIAL CONSTRUCTION DEFECT AFFECTING THE CONDOMINIUMS OR ANY PORTION THEREOF, INCLUDING ANY UNIT.

G. This § 15.3 is intended to apply to Construction Defects alleged in reference to construction of any portion of the Project under a contract in which Declarant is a party and shall not be deemed to limit the Association in proceedings against a construction professional for Construction Defects alleged with respect to construction that takes place under a contract between the Association and a construction professional to which Declarant is not a party.

15.4. Initiation of Litigation by Association. In addition to compliance with the foregoing alternative dispute resolution procedure, if applicable, the Association shall not initiate any judicial or administrative proceeding unless first approved by 67% of the Owners, except that no such approval shall be required for actions or proceedings by the Association:

- A. initiated during the period of Declarant control;
- B. initiated to enforce the provisions of the Declaration, including collection of Assessments and foreclosure of liens;
- C. initiated to challenge ad valorem taxation or condemnation proceedings;
- D. initiated against any contractor, vendor, or supplier of goods or services arising out of a contract for services or supplies; or

E. to defend claims filed against the Association or to assert counterclaims in proceedings instituted against it.

15.5. Compliance and Enforcement.

A. Every Owner and occupant of a Unit shall comply with the Governing Documents. The Board may impose sanctions for violation of the Governing Documents after notice and an opportunity for a hearing in accordance with the procedures set forth in the Bylaws. Such sanctions may include, without limitation:

i. imposing reasonable monetary fines which shall constitute a lien upon the violator's Unit. (In the event that any occupant, guest, or invitee of an Owner violates the Governing Documents and a fine is imposed, the fine shall first be assessed against the violator; provided however, if the fine is not paid by the violator within the time period set by the Board, the Owner shall pay the fine upon notice from the Board);

ii. suspending an Owner's right to vote;

iii. suspending any services provided by the Association to an Owner or the Owner's Units if the Owner is more than 30 days delinquent in paying any assessment or other charge owed to the Association;

iv. exercising self-help or taking action to abate any violation of the Governing Documents in a non-emergency situation;

v. requiring an Owner, at its own expense, to remove any structure or improvement in violation of the Governing Documents and to restore the Improvements to its previous condition and, upon failure of the Owner to do so, the Board or its designee shall have the right to enter the property, remove the violation and restore the property to substantially the same condition as previously existed and any such action shall not be deemed a trespass;

vi. without liability to any person, precluding any contractor, subcontractor, agent, employee, or other invitee of an Owner who fails to comply with the terms and provisions of Architectural Guidelines from continuing or performing any further activities in the Project; and

vii. levying Default Assessments to cover costs incurred by the Association to bring a Unit into compliance with the Governing Documents.

B. In addition, the Board may take the following enforcement procedures to ensure compliance with the Governing Documents without the necessity of compliance with the alternative dispute resolution procedures set forth above:

i. exercising self-help in any emergency situation (specifically including, but not limited to, the towing of vehicles that are in violation of parking rules and regulations); or

ii. bringing suit at law or in equity to enjoin any violation or to recover monetary damages or both.

C. In addition to any other enforcement rights, if an Owner fails properly to perform his or her maintenance responsibility, the Association may record a notice of violation or perform such maintenance responsibilities and assess all costs incurred by the Association against the Units and the Owner as a Default Assessment. Except in an emergency situation, the Association shall provide the owner reasonable notice and an opportunity to cure the problem prior to taking such enforcement action.

D. All remedies set forth in the Governing Documents shall be cumulative of any remedies available at law or in equity. In any action to enforce the Governing Documents, if the Association prevails, it shall be entitled to recover all costs, including, without limitation, attorney's fees and court costs, reasonably incurred in such action.

E. The decision to pursue enforcement action in any particular case shall be left to the Board's discretion, except that the Board shall not be arbitrary or capricious in taking enforcement action. Without limiting the generality of the foregoing sentence, the Board may determine that, under the circumstances of a particular case:

- i. the Association's position is not strong enough to justify taking any or further action;
- ii. the covenant, restriction or rule being enforced is, or is likely to be construed as, inconsistent with applicable law;
- iii. although a technical violation may exist or may have occurred, it is not of such a material nature as to be objectionable to a reasonable person or to justify expending the Association's resources; or
- iv. that it is not in the Association's best interests, based upon hardship, expense, or other reasonable criteria, to pursue enforcement action.

Such a decision shall not be construed a waiver of the Association's right to enforce such provision at a later time under other circumstances or preclude the Association from enforcing any other covenant, restriction, or rule.

F. The Association, by contract or other agreement, may enforce applicable county ordinances and permit the Town of Frisco to enforce ordinances within the Community for the benefit of the Association and its Members.

ARTICLE 16 **MISCELLANEOUS PROVISIONS**

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

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

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

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

16.5. Conflict. The Documents are intended to comply with the requirements of the Act. If there is any conflict between the Documents and the provisions of the statutes, the provisions of the statutes shall control. In the event of any conflict between this Declaration and any other Document, this Declaration shall control.

The Declarant has caused this Declaration to be executed this ____ day of _____,
20__.

**Baseline Capital Investment, LLLP,
a Colorado limited liability limited partnership**

By: _____, General Partner

STATE OF COLORADO)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____,
20__, by _____, as General Partner of Baseline Capital Investment, LLLP, a Colorado
limited liability limited partnership.

My Commission expires: _____
[STAMP]

Notary Public

EXHIBIT A TO THE DECLARATION
DESCRIPTION OF PROPERTY

Lots 1 & 2, Block 2, plus 37 ½ feet of Second Avenue adjoining the east boundary of Lot 1, KING SOLOMON ADDITION, according to the plat thereof, Town of Frisco, County of Summit, State of Colorado

EXHIBIT A-1
EASEMENTS

1. All easements referenced in this Declaration and on the Plat and Condominium Map of Sky Haus Lofts on Main recorded _____ at Reception No. _____.
2. Decree establishing water line easement recorded October 08, 1956 at Reception No. 77525 and Easement Deed recorded October 01, 1982 at Reception No. 246143.
3. Easements shown on plat for KING SOLOMON ADDITION recorded MARCH 12, 1907 under Reception No. 26408.

All documents are recorded in the office of the Clerk and Recorder of Summit County, CO.

EXHIBIT B TO THE DECLARATION
ALLOCATED INTERESTS
Common Expense Liability and Votes

<u>EXHIBIT B</u> to the <u>DECLARATION for SKY HAUS LOFTS ON MAIN CONDOMINIUMS</u> Allocation of Common Expense Liability and Votes --Commercial and Residential Units--							
Unit Number	Commercial Square Footage	Commercial Common Expense Liability	Residential Square Footage	Residential Unit Area %	Residential Common Expense Liability	Common Expense Liability	Association Votes
C-1	2,239	100%	N/A	N/A	N/A	62.3%	1
R-1	N/A	N/A	1,356	100%	100%	37.7%	1
Total:	2,239	100%	1,356	100%	100%	100%	2

Common Expense Liability

The formula for the share of Common Expenses allocated to each Unit is set forth in §3.4A and allocated according to the resulting percentage of Common Expense liability, except as follows. Any maintenance, repair or restoration work on, or Common Expense benefitting, fewer than all of the Units or Limited Common Elements shall be assessed to the Units benefited. Insurance cost may be assessed in accordance with risk and utility costs may be assessed in proportion to use. Any Common Expense caused by the misconduct or negligence of any Owner shall be assessed solely against such Owner's Unit. Any Common Expense incurred or billed to the Association on a per Unit basis may be allocated to each Unit in accordance with such Unit cost.

Votes

The Residential and Commercial Unit will each have one vote.

These allocations are subject to change if and when Declarant exercises Declarant's right to create one or more additional Units.

EXHIBIT C TO THE DECLARATION
EXPANSION AREA

Additional Units, Common Elements and Limited Common Elements may be developed by Declarant using Development Rights on the real property described as:

Expansion Area, SKY HAUS LOFTS ON MAIN, according to the Final Plat and Condominium Map recorded _____ at Reception No. _____, County of Summit, State of Colorado;

and on unspecified real estate in accordance with C.R.S. §38-33.3-222 of the Act. The Expansion Area includes all real property surrounding the initial Units and Common Elements, including the air space above the initial building.

**ARTICLES OF INCORPORATION
OF
SKY HAUS LOFTS ON MAIN CONDOMINIUMS**

The undersigned hereby establishes a nonprofit corporation pursuant to the Colorado Revised Nonprofit Corporation Act, *C.R.S. § 7-123-101 et seq.*, as amended (the “Nonprofit Act”) and adopts the following Articles of Incorporation of Sky Haus Lofts On Main Condominiums (the “Articles”).

**ARTICLE I
NAME**

The name of this corporation is Sky Haus Lofts On Main Condominiums (the “Association”).

**ARTICLE II
INITIAL REGISTERED OFFICE AND AGENT**

The Association’s initial registered office and mailing address is 620 Main St. Suite 7, Frisco, CO 80443. The initial registered agent is Richmond Summit Law, LLC.

**ARTICLE III
PURPOSES OF THE ASSOCIATION**

3.1 Purposes. The purposes and objectives for which the Association is formed are as follows:

a. To promote, undertake and advance all lawful activities and objectives for the general benefit, well-being, advancement, improvement and enjoyment of the Association and the Members;

b. To be and constitute the Association to which reference is made in the Declaration for Sky Haus Lofts On Main Condominiums (“Declaration”), to be recorded in the records of the Summit County, Colorado Clerk and Recorder, and to perform all of the Association’s obligations and duties and to exercise all rights and powers of the Association. The capitalized terms used in these Articles have the meanings given to them in the Declaration. In the event of any conflict between the Declaration and these Articles, the Declaration will control.

c. To provide an entity for the furtherance of the Property Owners’ interests.

3.2 Powers. Subject to any specific limitation imposed by these Articles, the Association shall have the following powers:

a. All powers conferred upon nonprofit corporations by the laws of the State of Colorado in effect from time to time, including without limitation the Nonprofit Act.

b. All powers conferred upon owners’ associations pursuant to the Colorado Common Interest Ownership Act (“CCIOA”), C.R.S. § 38-33.3-302.

c. All of the powers necessary or desirable to perform the obligations and duties and exercise the rights and powers of the Association under the Declaration (terms which are defined in the Declaration will have the same meanings herein unless otherwise defined herein), including, without limitation, the following powers:

i. To make and collect Assessments against Owners for the purpose of paying the Association's costs, expenses, or losses resulting from exercising its powers or performing its functions;

ii. To manage, control, operate, maintain, repair, and improve the Common Elements, if any;

iii. To enforce covenants, restrictions and conditions affecting the Property to the extent the Association may be authorized under any such covenants, restrictions, or conditions and to make and enforce rules and regulations for use of the Property;

iv. To engage in activities that foster, promote, and advance the Owners' interests;

v. To buy or otherwise acquire, sell or otherwise dispose of, mortgage or otherwise encumber, exchange, lease, hold, use, operate and otherwise deal with and in, real, personal and mixed property of all kinds, and any right or interest therein, for any Association purpose, subject to the Declaration and Bylaws;

vi. To borrow money and secure the repayment of monies borrowed for any Association purpose, subject to any limitation provided in the Bylaws or in the Declaration;

vii. To enter into, make, perform or enforce any contract, including, without limitation, a management services contract, and to do all other acts necessary, appropriate or advisable in carrying out any Association purpose, with or in association with any person, firm, association, corporation or other entity or agency, public or private;

viii. To adopt, alter, and amend or repeal such Bylaws as may be necessary or desirable for the proper management of the Association's affairs, provided, however, that such Bylaws may not be inconsistent with or contrary to any provisions of these Articles or the Declaration. In the event of any conflict between the Declaration and the Bylaws, the Declaration will control.

The foregoing enumeration of powers will not limit or restrict in any manner the exercise of other and further rights and powers which may now or hereafter be allowed or permitted by law; and the powers specified in this Article III are independent powers, not to be restricted by reference to or inference from the terms of any other paragraph or provisions of this Article III, except for those limitations set forth in paragraph 3.3 below.

3.3 Restrictions Upon Purposes and Powers. The Association's purposes are subject to the following limitations:

a. The Association will be organized and operated exclusively for nonprofit purposes as set forth in the Internal Revenue Code of 1986, as amended, or in any corresponding provision of any future law of the United States of America providing for exemption of similar organizations from income taxation.

b. No part of the Association's net earnings will inure to the benefit of any Member (except that reasonable compensation may be paid for services rendered to or for the Association and affecting one or more of its purposes and objectives, and reimbursement may be made for any expenses incurred for the Association by any officer, Director, Member, agent, or employee, or any person or corporation, pursuant to and upon authorization of the Executive Board).

ARTICLE IV **MEMBERSHIP**

4.1. Qualifications. The Association shall be a membership corporation without certificates or shares of stock. The rights and obligations of membership are set forth in the Declaration and Bylaws. Membership shall terminate automatically without any Association action whenever such entity or individual ceases to own a Unit. Membership termination shall not relieve or release any former Member from any liability or obligation incurred by virtue of, or in any way connected with, Unit ownership, or impair any rights or remedies which the Association or others may have against such former Member arising out of, or in any way connected with, such membership.

4.2 Suspension of Voting Rights. The Association may suspend a Member's voting rights for failure to pay any Assessments or for failure to otherwise comply with the covenants, conditions, restrictions, rules and regulations, or any other Member obligations set forth in the Association Documents, or agreement created pursuant thereto.

4.3 Bylaws. The Bylaws may contain provisions, not inconsistent with the foregoing, setting forth the rights, privileges, duties and responsibilities of the Members.

ARTICLE V **EXECUTIVE BOARD**

The Association's business and affairs shall be conducted, managed, and controlled by an Executive Board or Board.

5.1 Number, Manner of Election. The Board shall consist of the specified number of Directors to be set forth from time to time in the Bylaws. The terms of office of Directors and the manner of their selection or election will be determined according to the Bylaws from time to time in effect. Directors may be removed and vacancies on the Board will be filled as provided in the Bylaws.

5.2 Initial Board. The initial Board shall consist of one Director, and the name and address of the initial Director who shall serve during the Declarant Control Period or until his respective successor is duly elected and qualified, is as follows:

John Poovey, 2412 Patterson Road, Grand Junction CO, 81505

The Declarant shall be entitled to appoint and remove Directors and officers as provided in the Declaration. The Declarant's right to appoint and remove Directors shall terminate on the earlier of those two events set forth in the Declaration: the date terminating Declarant Control Period; or the date on which the Declarant voluntarily relinquishes its rights, evidenced by a notice recorded in the office of the Clerk and Recorder for Summit County, Colorado.

After termination of the Declarant's rights as set forth above, the Declarant and any designated Successor Declarant will be entitled to vote as a Member for each Unit owned.

ARTICLE VI **OFFICERS**

The Board may appoint a President, Vice-President, Secretary, Treasurer, and such other officers as the Executive Board, in accordance with the Bylaws, believes will be in the Association's best interests. The officers shall have such duties as may be prescribed in the Bylaws.

ARTICLE VII **LIMITATION OF LIABILITY AND INDEMNITY**

To the fullest extent permitted by the Nonprofit Act, a Director shall not be liable to the Association or its Members for monetary damages for breach of fiduciary duty as a Director. This provision shall not eliminate or limit a Director's personal liability to the Association or its Members for monetary damages for: (i) any breach of the Director's duty of loyalty to the Association or its Members; (ii) acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law; or (iii) any transaction from which the Director directly or indirectly derives an improper personal benefit. The Association shall have the right to indemnify any person acting in an official capacity for the Association to the fullest extent allowed by Colorado law, except as limited by the Bylaws from time to time in effect.

ARTICLE VIII **AMENDMENTS**

The Association reserves the right to amend, alter, or change any provision contained in these Articles by a vote of at least seventy-five percent (75%) of the votes in the Association present at any regular or special Member meeting at which a quorum is present, provided, however, that no amendment to these Articles shall be contrary to or inconsistent with the provisions of the Declaration.

ARTICLE IX
DISSOLUTION

The Association will not pay dividends. No distribution of the corporate assets to Owners will be made until all corporate debts are paid, and then only upon the affirmative vote of at least seventy-five percent (75%) of the Owners of a termination agreement as provided in CCIOA, C.R.S. §38-33.3-218. Upon such dissolution and distribution, the assets remaining after payment of all debts will be distributed among the Owners as set forth in CCIOA.

ARTICLE X
INCORPORATOR

The name and address of the incorporator of the Association is: Mark Richmond, 620 Main Street, Suite 7, P.O. Box 280, Frisco, Colorado 80443-0280.

ARTICLE XI
INDIVIDUAL FILING ARTICLES

The name of the individual and mailing address of the individual causing this document to be delivered for filing, and to whom the Secretary of State may deliver notice if filing of this document is refused, is Mark Richmond, 620 Main Street, Suite 7, P.O. Box 280, Frisco, Colorado 80443-0280.

**BYLAWS
OF
SKY HAUS LOFTS ON MAIN CONDOMINIUMS**

**ARTICLE I
NAME AND LOCATION**

The name of the corporation is Sky Haus Lofts On Main Condominiums (the “Association”), a Colorado nonprofit corporation, with its mailing address of 2412 Patterson Road, Grand Junction CO, 81505. The Association may also have other offices and may carry on its purposes at such other places within and outside the State of Colorado as the Executive Board (the “Board”) may from time to time determine.

**ARTICLE II
DEFINITIONS, PURPOSES AND ASSENT**

2.1 Definitions. “Declaration” means the Declaration of Covenants, Conditions, and Restrictions for Sky Haus Lofts On Main Condominiums recorded _____ at Reception No. _____ in the Summit County records, and all subsequent amendments. Unless otherwise defined, the capitalized terms used in these Bylaws have the meanings given to them in the Declaration. The Colorado Revised Nonprofit Corporation Act (“CRNCA”), C.R.S. § 7-121-101 et seq., also contains provisions which are referenced in these Bylaws.

2.2 Purposes. The specific purposes for which the Association is formed are (i) to provide for the operation, administration, use and maintenance of the Units and the Common Elements within the Property as more fully described in the Declaration; (ii) to preserve, protect and enhance the values and amenities of such Property; and (iii) to promote the health, safety and welfare of the Owners and users of the Property.

2.3 Assent. All Owners, their Guests, and any other person occupying a Unit or using the facilities of the Property in any manner are subject to the Governing Documents which include the Declaration, the Condominium Map, the Articles of Incorporation for Sky Haus Lofts On Main Condominiums (the “Articles”), these Bylaws and any procedures, rules or policies that the Executive Board (the “Board”) adopts. The acquisition, rental and occupancy of any of the Units in the Project will constitute ratification and acceptance of these Bylaws and an agreement to comply with all Governing Documents.

**ARTICLE III
MEMBERSHIP**

3.1 Membership. Every person who is a record Owner of a Unit is a Member of the Association. There are two classes of Membership: Commercial Owners, and Residential Owners.

3.2 Voting Privileges. Each Residential Unit Owner shall have one vote in the affairs of the Association. The Commercial Unit(s) in each building will together have an equal number of votes as the Residential units in the building and Commercial Unit votes will be allocated according to the share of Commercial Common Expense liability provided in the Declaration at §3.4A and set forth in Exhibit B.

a. Voting shall be by class on any matters affecting exclusively the Residential Units, Residential Limited Common Elements and Residential Expenses or affecting exclusively the Commercial Units, Limited Common Elements and Commercial Expenses. Class voting is required for election of Directors to the Executive Board, votes to consider the portion of the budget pertaining to Residential and Commercial Expenses and any operation, maintenance issues or Rules which affect only to the Residential Units or to the Commercial Units. To protect the valid interests of each class an equal number of Directors will be elected to the Executive Board by each class as provided in Article V below once the period of Declarant control expires.

b. When more than one person holds an interest in any Unit, all such persons are Members. The votes for such Unit will be exercised by one person or alternative persons as the Owners among themselves determine. If more than one of the multiple Owners are present at a meeting in person or by proxy, the votes allocated to their Unit may be cast only in accordance with the agreement of a majority interest of the Owners present or by proxy, and if a majority of the Owners cannot agree, then the Owners of such Unit will not be entitled to vote. Any one of the Co-Owners may cast the votes allocated to that Unit unless any of the other Co-Owners protests promptly to the person presiding over the meeting.

c. Any Owner of a Unit that is leased may assign his voting right to the tenant, provided that the tenant is appointed to vote on behalf of the Owner by proxy and the proxy is furnished to the Secretary of the Association or designee prior to any meeting in which the tenant exercises the voting right.

d. A Member will only be in good standing and entitled to vote at any annual or special meeting if all Assessments levied against the Member's Unit are paid in full and the Member is not in default of any other provision in the Governing Documents.

3.3 Responsibility of Members. Any person on becoming an Owner will automatically become a Member and be subject to and will comply with the Governing Documents. Such Membership will terminate without any formal Association action whenever such person ceases to own a Unit, but such termination will not relieve or release any such former Owner from any liability or obligation incurred under the Governing Documents or in any way connected with the Association during the period of such ownership, or impair any rights or remedies which the Board, or other Members may have against such former Owner arising out of ownership of the Unit or Membership in the Association and the covenants and obligations incident thereto.

ARTICLE IV **ASSOCIATION: MEETINGS, QUORUM, VOTING, PROXIES**

4.1 Place and Frequency of Meetings. Meetings of the Members will be held at least once each year at such place, in Summit County, Colorado, as the Board may determine. All meetings of the Association are open to every Owner or to any person designated by an Owner in writing as the Owner's representative. Member meetings will be governed by the rules of conduct and order provided in the responsible governance policies adopted by the Board.

4.2 Annual Meetings. An annual Member meeting shall be held at a time and date stated in or fixed in accordance with a resolution of the Board. The annual meeting shall be held for the election of Directors and the transaction of such other business as may properly come before it.

4.3 Special Meetings. Special meetings of the Members may be called at any time by the President, the Board, or upon written request of Members who are entitled to vote at least 20% of all votes in the Association.

4.4 Notice of Meetings.

a. Member Meetings. Not less than ten (10) nor more than fifty (50) days in advance of any Member meeting, the Secretary must cause notice to be delivered to all Owners as provided in the Governing Documents or as provided by Colorado law. The notice of any meeting must be physically posted in a conspicuous place, in addition to any electronic posting or electronic mail notices that may be given. The notice must state the time and place of the meeting and the items on the agenda, including the general nature of any proposed amendment to the Governing Documents, any budget changes, and any proposal to remove an officer or Director.

b. Electronic Notice. The Association will provide notice of all meetings and the agenda by electronic mail to all Members who furnish the Association with their electronic mail addresses. Electronic notice of a special meeting will be given as soon as possible but at least twenty-four (24) hours before the meeting.

4.5 Quorum. The presence at the beginning of any Association meeting of Members entitled to cast, or of proxies entitled to cast, 25% of the each class of Membership votes will constitute a quorum for any action, except as otherwise provided in the Governing Documents. If, however, such quorum is not present or represented at any meeting, the Members entitled to vote will have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present or represented.

4.6 Actions Binding on Members. A majority of votes cast by Members constituting a quorum in person or by proxy will be sufficient to make decisions binding on all Owners, unless a different number or method of voting is expressly required by statute or by the Governing Documents. As used in these Bylaws, the term “majority” will mean those votes, Owners, or other groups as the context may indicate totaling more than 50% of the total number.

4.7 Voting. Voting may be by voice, by show of hands, by consent, by electronic means, by directed proxy, by written ballot, or as otherwise determined by the Meeting Chair present at a meeting where a vote is to be taken. A secret ballot is required for all contested Board positions or upon the request of 20% or more Owners.

a. A neutral third party or randomly selected non-candidate Owners will count ballots. The results of the vote will be reported without reference to names, addresses, or other identifying information.

b. The Association is entitled to reject a vote, consent, written ballot, waiver, proxy appointment, or proxy appointment revocation if the secretary or other officer or agent authorized to tabulate votes, acting in good faith, has reasonable basis for doubt about the validity of the signature on it or about the signatory’s authority to sign for the Owner.

4.8 Voting by Written Ballot or Electronic Communication. Pursuant the CRNCA, any action that may be taken at any annual, regular or special Member meeting may be taken without

a meeting if the Secretary delivers a written ballot to every Member entitled to vote on the matter. The Board may decide that voting by written ballot be permitted by e-mail, facsimile or other electronic communication.

a. A written ballot will: (i) set forth each proposed action; and (ii) provide an opportunity to vote for or against each proposed action. Written ballot approval is valid only when the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot.

b. All solicitations for votes by written ballot will: (i) indicate the number of responses needed to meet the quorum requirements; (ii) state the percentage of approvals necessary to approve each matter other than election of Directors; (iii) specify the time by which a ballot must be received by the Board in order to be counted; and (iv) be accompanied by written information sufficient to permit each person casting such ballot to reach an informed decision on the matter.

c. A written ballot may not be revoked.

4.9 Proxies. Any Member may cast their vote in person or by proxy appointed in conformance with the C.R.S. § 7-127-203. No proxy will be valid if it is not dated, if it purports to be revocable without notice or if it is obtained through fraud or misrepresentation. Further, no proxy will be valid after eleven months from the stated date of its execution unless otherwise provided in the proxy or unless voluntarily revoked upon notice, amended, or sooner terminated by operation of law. Finally, no proxy will be valid unless filed with the Secretary at or before the appointed time of the meeting at which the proxy will be voted.

4.10 Designation of Voting Representative by Non-Individual Owners-Requirement for Proxy. If title to a Unit is held in whole or in part by a firm, corporation, partnership, association, limited liability company or other legal entity, the voting privilege appurtenant to that ownership may be exercised only by a proxy executed on behalf of such party or parties, filed with the Secretary, and appointing and authorizing one person or alternate persons who is a Member, shareholder or beneficiary of such entity to attend all regular or special Member meeting and to cast the vote allocated to that Unit at the meeting.

4.11 Waiver of Notice. Waiver of notice of a Member meeting will be deemed the equivalent of proper notice. Any Member who furnishes his e-mail address to the Association and the Association delivers notice to such address is deemed to waive any notice by mailing or personal delivery. Any Member may waive, in writing, notice of any Member meeting, either before or after such meeting. A Member's attendance at a meeting, whether in person or by proxy, will be deemed the Member's waiver of notice of the time, date and place of the meeting unless the Member specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting will also be deemed waiver of notice of all business transacted at the meeting unless objection to the calling or convening of the meeting without proper notice, is raised before the business is put to a vote.

4.12 Action Without a Meeting. Any action which may be taken by the vote of the Members at a regular or special meeting may be taken without a meeting if consent in writing, setting forth the action so taken, is signed by all of the Members.

4.13 Teleconference. Any regular or special Member meeting may be conducted to permit a Member to participate by teleconference or other electronic means by which all persons participating in the meeting can hear one another. A Member participating in a meeting by this means is deemed to be present in person at the meeting.

4.14 Order of Business. The Board may establish the order of business at all Board or Member meetings. The Meeting Chair may revise the agenda as necessary.

4.15 Special Provisions Regarding Meetings.

a. All meetings of the Association and the Executive Board are open to every Owner or to any person designated by an Owner in writing as such Owner's representative, and all Owners or designated representatives so desiring shall be permitted to attend, listen and speak at an appropriate time during the deliberations and proceedings; except that, regular and special meetings of the Executive Board, Owners who are not Directors may not participate in any deliberation or discussion unless expressly authorized by a vote of the majority of a quorum of the Executive Board.

b. The Executive Board may place reasonable time restrictions on those persons speaking during the meeting but shall permit an Owner or an Owner's designated representative to speak before the Executive Board or the Association, as applicable, takes formal action on an item under discussion, in addition to any other opportunities to speak. The Executive Board shall provide for a reasonable number of persons to speak on each side of an issue.

c. Upon the final resolution of any matter for which the Executive Board received legal advice or that concerned pending or contemplated litigation, the Executive Board may elect to preserve the attorney-client privilege in any appropriate manner, or it may elect to disclose such information, as it deems appropriate, about such matter in an open meeting.

ARTICLE V

EXECUTIVE BOARD: SELECTION; TERM OF OFFICE

5.1 Number, Qualification and Term. During the period of Declarant Control the Board will consist of 2 or 3 Directors. After the Board is elected by the Owners the Executive Board will consist of 4 Directors. The number of Directors and their terms may be established from time to time by amendment to these Bylaws. Except for the Directors appointed by Declarant, the Directors will be Members of the Association or the delegates of Members appointed by proxy. The term of office will be 2 years or until a successor is elected or appointed or until there is a decrease in the number of Directors. The terms of office for the initial Board elected by the Members will be staggered so that a system is established where the terms of at least 1/2 of the Directors will expire annually.

5.2 Voting Procedures Generally. In the election of the Board, each Member of a class will have the right to vote the number of votes to which he or she is entitled for as many persons as there are Directors to be elected by such class. Cumulative voting will not be allowed.

5.3 Removal of Directors.

a. By the Members. Any Director, other than one appointed by Declarant, may be removed, with or without cause, at any regular or special Member meeting by vote of 67% of the Members voting in person or by proxy at a meeting at which a quorum is present. A successor to any Director removed will be elected at such meeting to fill the vacancy created by removal of the Director. A Director whose removal is proposed by the Members will be given notice of the proposed removal prior to the date of such meeting and will be given an opportunity to be heard at such meeting.

b. By the Board. Any Director who has three (3) consecutive unexcused absences from Board meetings or who is delinquent in the payment of any assessment or otherwise in violation of the Governing Documents for more than thirty (30) days may be removed by a majority vote of the Directors present at a regular or special Board meeting at which a quorum is present, and the Board may appoint a successor. In the event of the death, disability, resignation or removal by the Board, as set forth in this subsection (b), of a Director, the Board may declare a vacancy, and the Board may appoint a successor. Any successor the Board appoints will serve for the remainder of the term of the Director replaced.

5.4 Vacancies. Any vacancy occurring on the Board, other than removal by the Members, may be filled by the affirmative vote of a majority of the remaining Directors, though less than a quorum of the Board. The term of the Director so elected will be coincident with the terms of the replaced Director.

5.5 Compensation. No Director will receive compensation for service as a Director unless approved by majority vote of the Members. However, Directors may be reimbursed for actual, reasonable expenses incurred on behalf of the Association. The Association may compensate a Director, or any entity with which a Director is affiliated, for services or supplies furnished to the Association in a capacity other than as a Director pursuant to a contract or agreement with the Association, provided that such Director's interest is disclosed and approved by a majority of the Board, excluding the interested Director.

ARTICLE VI **POWERS AND DUTIES OF THE EXECUTIVE BOARD**

6.1 General. The Board has the powers and duties necessary for the administration of the affairs of the Association as further specified in the Act, the Condominium Ownership Act and the Non-Profit Act. Except as provided by the Governing Documents or applicable laws, the Board may do all such acts and things which are not specifically required to be done by the Members and may otherwise act in all instances on behalf of the Association.

6.2 Specific Powers and Duties. Without limiting the generality of powers and duties set forth in § 6.1 above, the Board has the following powers and duties, in each case subject to applicable requirements of the Governing Documents and law:

a. To administer and enforce the covenants, conditions, restrictions, easements, uses, limitations, obligations and all other provisions set forth in the Declaration.

b. To establish, make or amend reasonable rules, regulations and policies from time to time and enforce compliance with such reasonable rules, regulations and policies as may be necessary for the operation, use and occupancy of the Property, subject to the provisions of the

Declaration. A copy of such rules and regulations will be delivered, mailed by U.S. mail, posted on the Association's website, or by e-mail to each Member promptly after adoption. The Board will review all rules, regulations and policies to ensure conformance with applicable law and the current needs of the Project at each annual meeting when officers are elected.

c. To keep in good order, condition and repair the Common Elements and items of personal property, if any, used in the enjoyment of the Common Elements. No approval of the Members is required for expenditures for these purposes, except as otherwise required by the Declaration or these Bylaws.

d. To fix, determine, levy, and collect the prorated annual Assessments each Member will pay towards the gross expenses of the Project, and to adjust, decrease or increase the amount of the Assessments, and to credit any excess of Assessments over expenses and cash reserves to the Members against the next succeeding Assessment period.

e. To levy and collect special Assessments whenever, in the opinion of the Board, it is necessary to do so as provided in the Declaration.

f. To levy and collect default Assessments because the Association has incurred an expense on behalf of a Member under the Governing Documents.

g. To collect delinquent Assessments by suit or otherwise and to enjoin or seek damages from an Owner, and to exercise other remedies for delinquent Assessments as set forth in the Governing Documents.

h. Subject to Members' approval, to fix, determine, levy and collect the working capital funds each Member will pay towards the working capital account of the Association, and to propose, decreases or increases in the amount of working capital funds collected from each Member as provided in the Declaration.

i. *To borrow funds in order to pay for any expenditure or outlay required pursuant to the authority granted by the provisions of the Declaration and these Bylaws, and to authorize the appropriate officers to execute all such instruments evidencing such indebtedness as the Board may deem necessary and such indebtedness will be the several obligation of all Owners in the same proportions as they share Common Expenses.*

j. *To dedicate, sell or transfer all or any part of the Common Elements to any public, governmental or quasi-governmental agency, authority, or utility for such purpose and subject to such conditions as may be agreed to by the Members, and subject to such additional limitations as may be set forth in the Declaration or the Act, including without limitation the requirement of obtaining the prior approval of 67% of the votes of the Members present and voting in person or by proxy on the issue.*

k. To enter into contracts within the scope of their duties and powers.

l. To establish a bank account for the operating account of the Association and for the reserve funds and adopt an investment policy for reserve funds as required or deemed advisable by the Board.

m. To cause to be kept and maintained full and accurate books and records showing all of the receipts, expenses or disbursements and to permit examination thereof by Members or their Mortgagees during convenient weekday business hours.

n. To cause any and all access roads, parking areas, and roadways in and to the Property and across the Property to be maintained, repaired and replaced as necessary to the extent those facilities are within the jurisdiction or control of the Association, subject to the provisions of the Declaration.

o. To maintain and remove snow from any and all driveways, roadways and parking areas at the Property and to maintain and replace as necessary the landscaping, lawn, trees, shrubs, and other vegetation, and the sprinkler or other irrigation systems located on the Property for the benefit of the Members.

p. To cause to be maintained the insurance coverage (including without limitation fidelity insurance, or in its place, a bond covering the Manager, the Board, the officers and any other persons charged with handling Association funds) as may be necessary to comply with the requirements of the Declaration, these Bylaws and applicable law.

q. In general, to carry on the administration of the Association and to do all those things necessary and responsible in order to carry out the communal aspects of ownership, all in accordance with the Declaration and applicable requirements of Colorado law.

r. To delegate to a Manager, or any other person or entity, such of the Association's duties or responsibilities as may be more conveniently or efficiently performed by someone other than the Association, and to agree to assess to the Members a reasonable fee for such services.

s. To designate and remove personnel necessary for the operation, maintenance, repair and replacement of the Common Elements.

t. *To approve a budget before the close of each fiscal year of the Association and submit the budget to the Association as required by the Act.*

u. To authorize as a Common Expense reimbursement of Directors for their actual and necessary expenses incurred in attending educational meetings and seminars on responsible governance of common interest owners associations. The course content of such educational meetings and seminars will be specific to Colorado, and will make reference to applicable sections of the Act.

6.3 Maintenance and Repair of Units. The Board may assume any obligation of the Owners to maintain and repair Units as provided in § 6.1 of the Declaration, provided the Owners are given not less than 15 days advance notice of the assumption of any duties and consent to such assumption. Any approved budget which provides funds for Association maintenance of the Units, including reserve funding for future maintenance, will satisfy such notice and Owner consent to the assumption of such maintenance obligation. The costs of Association maintenance will be a Common Expense.

6.4 Manager. The Board may designate a Director or employ a professional management agent or agents as Manager for compensation established by the Board, to perform such duties and

services as authorized by the Board. The Board may delegate to the Manager, subject to the Board's supervision, all of the powers granted to the Board by these Bylaws, other than the powers set forth in subparagraphs (i), (j) or (t) of § 6.2 of this Article and duties reserved to the Board by law. If the Board delegates powers of the Board or officers relating to collection, deposit, transfer or disbursement of the Association funds to the Manager, then subparagraphs (a), (b), (c), (d) and (e) below will apply.

a. Fidelity Insurance. The Association or the Manager will maintain fidelity insurance coverage or a bond providing the same type of insurance as described in the Declaration in an amount of (i) \$300,000, (ii) the amount of two month's current Assessments plus reserves, as calculated from the current budget of the Association, on all Units in the Project, or (iii) such amount as the Board may require.

b. Maintain Association Accounts. The Manager will maintain all funds and accounts of the Association separate from the funds and accounts of other associations managed by the Manager and will maintain all reserve accounts of each association so managed separate from operational accounts of the Association, each with appropriate access controls, and the bank where the accounts are located must send copies of monthly bank statements directly to the Association. Unless the Board gives express authorization, the Manager will not have authority to draw checks on, or transfer funds from, the Association's reserve account.

c. Accounting and Financial Information. Accounting, financial records and an audit or review will be prepared and presented as provided in the responsible governance policies adopted by the Board.

d. Management Agreement. If a Manager is employed, the management agreement must be for a specified term (not to exceed three (3) years) and must contain specific termination provisions. Such termination provisions may not require the payment of any penalty for termination for cause or require advance notice of termination without cause in excess of ninety (90) days. The Association has the right to renegotiate or terminate the management agreement without cause.

ARTICLE VII **BOARD MEETINGS**

7.1 Regular Meetings. Regular Board meetings will be held at such regular times as set by the Board, at such place and hour as may be fixed from time to time by resolution of the Board, but such meetings will be held no less frequently than annually. If a regularly scheduled meeting falls on a legal holiday that meeting will be held at the same time on the next day which is not a legal holiday.

7.2 Special Meetings. Special Board meetings will be held when called by the President of the Association, or by any two Directors, after not less than three (3) days' notice to each Director.

7.3 Conduct of Board Meetings. All Board meetings will be governed by the rules of conduct and order provided in the responsible governance policies adopted by the Board.

7.4 Quorum. A quorum is deemed present throughout any meeting of the Board if persons entitled to cast two-thirds (2/3) of the votes on the Board are present at the beginning of the meeting.

7.5 Agendas and Attendance. All Members or their representatives may attend all regular and special Board or committee meetings. However, the chairman of the meeting must authorize Member participation. Agendas for Board meetings will be made reasonably available for examination by all Members or their representatives.

7.6 Executive Sessions. Directors or any committee thereof may hold an executive or closed door session and may restrict attendance to Directors and such other persons the Board requests during a regular or specially announced meeting.

a. The matters to be discussed at such an executive session are as follows:

i. Matters pertaining to employees of the Association or involving the employment, promotion, discipline, or dismissal of an officer, agent, or employee of the Association;

ii. Consultation with legal counsel concerning disputes that are the subject of pending or imminent court proceedings or matters that are privileged or confidential between attorney and client;

iii. Investigative proceedings concerning possible or actual criminal misconduct;

iv. Matters subject to specific constitutional, statutory, or judicially imposed requirements protecting particular proceedings or matters from public disclosure; and

v. Any matter the disclosure of which would constitute an unwarranted invasion of individual privacy.

b. No rule or regulation of the Board or committee thereof may be adopted during an executive session. The minutes of all meetings at which an executive session was held will indicate that an executive session was held, and the general subject matter of the executive session.

7.7 Actions Binding on Directors. Every action taken or decision made by a majority of the Directors present at a duly held meeting at which a quorum is present will be regarded as the act of the Board.

7.8 Waiver of Notice. Attendance of a Director at any meeting will constitute a waiver of notice of such meeting, except when a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Before, at, or after any meeting of the Board, any Director may waive in writing notice of such meeting, and such waiver will be deemed equivalent to the giving of such notice. Neither the business to be transacted at, nor the purpose of, any regular or special Board meeting need be specified in the waiver of notice of such meeting.

7.9 Action Taken Without a Meeting. The Board will have the right to take any action it could take at a meeting in the absence of a meeting as provided in the CRNCA, C.R.S. § 7-128-202. Any action so approved will have the same effect as though taken at a Board meeting.

7.10 Teleconference or Electronic Meetings. Any regular or special Board meeting may be conducted by teleconference or other electronic means by which all participants can hear one another. A Director participating in a meeting by this means is deemed to be present in person at the meeting.

ARTICLE VIII **OFFICERS AND THEIR DUTIES**

8.1 Enumeration of Officers. The Association's officers will be a President, a Vice-President, a Secretary and Treasurer, all of whom must be Directors, and such other officers as the Board may from time to time create by resolution. Following the Period of Declarant Control, all officers of the Association must be Owners of Units in the Project.

8.2 Election of Officers. The election of officers will take place at the first meeting of the Board following each annual Member meeting.

8.3 Term. The Board will elect the officers of the Association annually and each officer will hold office for one year or until his successor is duly elected and qualified, unless he sooner resigns, or is removed, or is otherwise disqualified to serve.

8.4 Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom will hold office for such period, have such authority, and perform such duties as the Board may determine from time to time.

8.5 Resignation and Removal. The Board may remove any officer from office with or without cause. Any officer may resign at any time by giving written notice to the Board, the President, or the Secretary. Such resignation will take effect on the date of receipt of such notice or at any later time specified in the notice, and unless otherwise specified in the notice, the acceptance of such resignation will not be necessary to make it effective.

8.6 Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy will serve for the remainder of the term of the officer replaced.

8.7 Multiple Offices. Any two or more offices may be held by the same person except the offices of President and Secretary.

8.8 Duties. The duties of the officers are as follows:

a. President. The President will preside at all meetings of the Association and of the Board; see that orders and resolutions of the Board are carried out; sign all leases, mortgages, deeds and other written instruments; co-sign all promissory notes; cause to be prepared and execute, certify and record amendments to the Declaration on behalf of the Association, execute all instruments of conveyance; and exercise and discharge such other duties of the President as the Board may require.

b. Vice-President. The Vice-President will act in the place and stead of the President, in the event of his absence, inability or refusal to act, and will exercise and discharge such other duties as the Board may require.

c. Secretary. The Secretary will record the votes and keep the minutes of the meetings and proceedings of the Board and of the Members; serve notice of Board meetings and of the Members; keep appropriate current records listing the Members together with their addresses, execute all instruments of conveyance; and perform such other duties as the Board may require.

d. Treasurer. The Treasurer will receive and deposit in the appropriate bank accounts all monies of the Association and will disburse such funds as directed by resolution of the Board; sign all checks of the Association unless the Board specifically directs otherwise, and co-sign all promissory notes of the Association; keep proper books of account; at the direction of the Board, cause an annual audit of the Association books to be made by a public accountant at least once in every three fiscal years; and prepare an annual budget and a statement of income and expenditures to be presented to the Members at their regular annual meeting, and deliver or make copies available to each of the Members.

8.9 Delegation. The duties of any officer may be delegated to the Manager or another Director or designee, except the President and Secretary must execute all conveyances and contracts for the Association.

ARTICLE IX **INDEMNIFICATION**

9.1 Definitions. For purposes of this Article, the following terms will have the meanings set forth below:

a. Proceeding. Any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative and whether formal or informal;

b. Indemnified Party. Any person who is or was a party or is threatened to be made a party to any Proceeding by reason of the fact that he is or was a Director or officer of the Association or, while a Director or officer of the Association, is or was serving at the request of the Association as a Director, committee Member, officer, partner, trustee, employee or agent of another corporation, partnership, joint venture, trust or other enterprise.

9.2 Indemnification. The Association will indemnify, if indemnification is authorized by C.R.S. § 7-129-102, any Indemnified Party in any Proceeding. The Association will advance the expenses of the Indemnified Party as provided in C.R.S. § 7-129-104.

9.3 Insurance. By action of the Board, notwithstanding any interest of the Directors in such action, the Association may purchase and maintain insurance, in such amounts as the Board may deem appropriate, on behalf of any Indemnified Party against any liability asserted against him or her incurred by him or her in his or her capacity of or arising out of their status as an Indemnified Party, whether or not the Association would have the power to indemnify him or her against such liability under applicable provisions of law.

9.4 Right to Impose Conditions to Indemnification. The Association will have the right to impose, as conditions to any indemnification provided or permitted in this Article, such reasonable requirements and conditions as to the Board may appear appropriate in each specific case and circumstances including, without limitation, any one or more of the following: (a) that any counsel representing the person to be indemnified in connection with the defense or settlement of any Proceeding will be counsel mutually agreeable to the person to be indemnified and to the Association; (b) that the Association will have the right, at its option, to assume and control the defense or settlement of any claim or proceeding made, initiated or threatened against the person to be indemnified; and (c) that the Association will be subrogated, to the extent of any payments made by way of indemnification, to all of the indemnified person's rights of recovery, and that the person to be indemnified will execute all writings and do everything necessary to assure such rights of subrogation to the Association.

ARTICLE X OBLIGATIONS OF THE OWNERS

10.1 Community Quality of Life. All Owners are Members of the Association and will always endeavor to observe and promote the cooperative purposes for the accomplishment of which the Project was built. Because neighbors rely on one another to maintain the quality of life and property values in the Project, each Member is more accountable to other Members than in other communities without shared common elements.

10.2 Maintenance and Repair. Subject to § 6.1 of the Declaration:

a. Owners must perform promptly at his own expense all maintenance and repair work within the Owner's Unit if failure to do so would affect the Common Elements or other Units.

b. Owners are responsible for all expense of the repairs of internal installations which provide service or benefit only the Unit such as water, light, gas, power, sewage, telephones, sanitary installations, doors, windows, electric fixtures, and all other accessories, equipment and fixtures within the Unit.

c. Owners must reimburse the Association or another Owner promptly upon receipt of a statement for any expenditures the Association or another Owner incurs in repairing, replacing or restoring any Common Elements or any Unit damage caused by the Owner, or the Owner's guests, invitees, or tenants, even if such act or omission was not negligent or resulting from failure to maintain a Unit.

d. The Association may assume any of the obligations to repair and maintain the Units as provided in section 6.3 of these Bylaws. The Association, in its sole discretion, shall determine the time and manner in which any maintenance, whether required or assumed, shall be performed.

10.3 Mechanic's Lien. Each Owner agrees to indemnify and to hold the Association and each of the other Owners harmless from any and all claims of mechanic's lien filed against other Units or the common elements for labor, materials, services or other products incorporated in the Owner's Unit or limited common elements. Within 30 days after a lien is filed the responsible Owner must either obtain a release of the lien or deposit cash or a bond to discharge the lien pursuant to Colorado law. Any amount owed by an Owner under the indemnity provided in this section may be assessed by the Association to the responsible Owner.

10.4 Proof of Ownership. Upon taking ownership of a Unit, an Owner will upon request of the Association furnish a copy of the recorded instrument vesting such Owner's ownership interest. The Association will maintain the instrument as an Association record.

10.5 Registration of Mailing Address. Within five (5) days after transfer of title each Owner must provide the Secretary or Manager with one registered mailing address and at the Owner's option an electronic address for delivery of monthly statements, notices, demands and all other communications. If no address is registered then the Owner's address on the deed will be used as the registered mailing address until the Owner(s) furnishes another registered mailing address pursuant to this section. A registered mailing or electronic address may be changed from time to time by proper notice to the Association.

ARTICLE XI **LENDERS**

11.1 Notice to the Association. Upon written request by the Association Manager or Secretary an Owner will furnish the name, address and email or telephone contact information for any lender holding a security interest in the Owner's Unit.

11.2 Notice of Unpaid Assessments. Upon request of a lender holding a security interest, the Association will provide a report of the Owner's unpaid Assessments.

11.3 Notification to Eligible Holders of Amendments to Declaration. The Association shall send a dated, written notice and a copy of any proposed amendment to the Declaration that must be approved to each Eligible Holder by certified mail at its most recent address shown on the First Mortgage or recorded assignment thereof. In addition, the Association shall cause the dated notice, together with information on how to obtain a copy of the proposed amendment, to be printed in full at least twice, on separate occasions at least once a week apart, in a newspaper of general circulation in Summit County. An Eligible Holder that does not deliver to the Association a negative response within 60 days after the date of the notice shall be deemed to have approved the proposed amendment.

ARTICLE XII **NONPROFIT CORPORATION**

This Association is not organized for profit. No Member, Director, or person from whom the Association may receive any property or funds will receive or will be lawfully entitled to receive any pecuniary profit from the operations of the Association, and in no event will any part of the funds or assets of the Association be paid as a dividend or be distributed to, or inure to the benefit of any Director. Notwithstanding the foregoing, (a) reasonable compensation may be paid to any Member or Director acting as an agent or employee of the Association for services rendered in effecting one or more of the purposes of the Association; (b) any Member Director may, from time to time, be reimbursed for his or her actual and reasonable expenses incurred in connection with the administration of the affairs of the Association, and (c) any Director may be reimbursed for actual and reasonable expenses incurred in the performance of his duties.

ARTICLE XIII **REQUIREMENTS OF THE ACT**

13.1 Purpose. The purpose of this Article is to reflect provisions in the Act, so that the Association may continue to operate in compliance with current law without the necessity of amending the Declaration. This Article may be amended by the Executive Board from time to time in order to comply with any changes to the Act. Although § 16.2 below confirms that the provisions of the Declaration and the Articles of Incorporation supersede any conflicting provisions in these Bylaws, the Act supersedes any conflicting provisions set forth in any Governing Documents of the Association. Thus, this Article XIII, to the extent that it accurately reflects the current provisions of the Act, and supplements the provisions in the Declaration, Articles of Incorporation and Bylaws.

13.2 Definitions.

a. “Governing Documents” means the Declaration, the Articles of Incorporation, these Bylaws, and the Rules and Regulations.

b. “Governance Policies” are Rules adopted by the Board as provided in § 13.8 below.

13.3 The Executive Board.

a. If any contract, decision, or other action taken by or on behalf of the Executive Board would financially benefit any Director or anyone who is an immediate family member of a Director, that Director shall declare a conflict of interest for that issue. Such member shall declare the conflict in an open meeting, prior to any discussion or action on that issue. After making such declaration, the Director may participate in the discussion but shall not vote on that issue.

b. The Executive Board may authorize and pay for as a Common Expense the reimbursement of Directors for their actual and necessary expenses incurred in attending educational meetings and seminars on responsible governance of owners associations. The course content of such educational meetings and seminars shall be specific to Colorado and shall make reference to the applicable sections of the Act.

13.4 Owner Education. The Association shall provide or cause to be provided to Owners on at least an annual basis, as a Common Expense, education as the general operations of the Association and the rights and responsibilities of Owner, the Association, and the Executive Board under Colorado law. The criteria for compliance with this § 13.4 shall be determined by the Executive Board.

13.5 Signs and Advertising.

a. Except as hereafter provided, no signs, including for sale or for rent signs, advertisements, billboards, unsightly objects, or nuisances of any kind shall be placed, erected, or permitted to remain in or on any Unit, nor shall any sign(s) be permitted in or on the Common Elements, without the prior written approval of the Association. Notwithstanding the foregoing, Project identification signs and reasonable signs, advertising, or billboards used by a Declarant in connection with its sale of Units shall be permissible, provided that such use by a Declarant shall not interfere with the Owners’ use and enjoyment of the Common Elements, their Units, or their ingress and egress from a public way to the Common Elements or their Units.

b. Notwithstanding the forgoing, as long as state law requires, the Association shall not prohibit:

i. the display of the American flag by an Owner in a window of the Owner's Unit, or on a balcony adjoining the Owner's Unit if the flag is displayed in a manner consistent with federal law. provided that the Association may adopt reasonable Rules and Regulations regarding the placement and manner of display of the flag, and the Rules and Regulations may restrict the location and size of flags and flagpoles, but shall not prohibit installation of the same;

ii. the display by an Owner of a service flag bearing a star denoting the service of the Owner or a member of the Owner's immediate family in the active or reserve military of the United States during a time of war or armed conflict, on the inside of a window or door of the Owner's Unit. provided that the Association may adopt reasonable Rules and Regulations regarding the size and manner of display of service flags, except that the maximum dimensions allowed shall not be less than nine inches by 16 inches;

iii. the display of a political sign by an Owner in a window of that Owner's Unit. except the Association may prohibit the display of political signs earlier than 45 days before the day of an election and later than seven days after election day, provided that the Association may regulate the size and number of political signs that may be placed on a Unit if the Rules and Regulations are no more restrictive than any applicable city or County ordinance. If an applicable city or county ordinance does not regulate the size and number of political signs on residential property, the Association shall permit at least one political sign per political office or ballot issue that is contested in a pending election with the maximum dimensions of 36 inches by 48 inches.

13.6 Books and Records of the Association.

a. The Association shall keep as permanent records minutes of an meetings of Owners and the Executive Board, a record of all actions taken by the Owners or Executive Board by written ballot or written consent in lieu of a meeting, a record of all actions taken by a committee of the Executive Board in place of the Executive Board on behalf of the Association, and a record of all waivers of notices of meetings of Owner's and of the Executive Board or any committee of the Executive Board.

b. The Association or its agent shall maintain a record of Owners in a form that permits preparation of a list of the names and addresses of all Owners, showing the number of votes each Owner is entitled to vote.

c. The Association shall maintain its records in written form or in another form capable of conversion into written form within a reasonable time. The Association shall make its records reasonably available for examination and copying by any Owner or such Owner's authorized agents. The Association may charge a fee not to exceed its actual cost per page for providing copies of such records to an Owner. As used in this Subsection (c), "reasonably available" means available during normal business hours upon five business days' notice to the extent that (i) the request is made in good faith and for a proper purpose, (ii) the request describes with reasonable particularity the records sought and the purpose of the request; and (iii) the records are relevant to the purpose of the request.

d. The Association shall keep a copy of each of the following records at its principal office:

- i.** this Declaration, as it may be amended from time to time;
- ii.** the Articles of Incorporation and Bylaws, as amended from time to time;
- iii.** resolutions adopted by the Executive Board relating to the characteristics, qualifications, rights, limitations, and obligations of Owners or any class or category of Owners;
- iv.** minutes of all meetings of the Association and records of all actions taken by Owners without a meeting, for the past three years;
- v.** all written communications within the past three years to the Owners generally as Owners;
- vi.** a list of the names and business or home addresses of the current Directors and officers of the Association;
- vii.** the Association's most recent annual report, if any;
- viii.** all financial audits or reviews conducted pursuant to Subsection (e) below.

e. The books and records of the Association's shall be subject to an audit, using generally accepted auditing standards, or a review, using statements on standards for accounting and review services, at least once every two years by a person selected by the Executive Board. Such person need not be a certified public accountant except in the case of an audit. Copies of such audit or review shall be made available upon request to any Owner beginning no later than 30 days after its completion. An audit is required under this Subsection (e) only when the Association has annual revenues or expenditures of at least \$250,000, and an audit is requested by the Owners of at least one-third of the Units.

13.7 Disclosures Required.

a. The Association shall provide to all Owner, at least once per year, a written notice stating the name of the Association, the name of the Association's managing agent, if any, and a valid physical address and telephone number for both the Association and the management agent, if any. The notice shall also include the name of the Community, the date of recording and reception number of recording of the Declaration. If the Association's address or managing agent changes, the Association shall provide all Owners with an amended notice within 90 days after the change.

b. Within 90 days after the termination of the Declarant Control Period, and within 90 days after the end of each fiscal year thereafter, the Association shall make the following information available to Owners upon reasonable notice in accordance with Subsection (c) below:

- i.** the date on which the fiscal year commences;
- ii.** the operating budget for the current fiscal year;

iii. a list of the Association's current Assessments including, without limitation, any Special Assessments;

iv. annual financial statements, including any amounts held in reserve for the fiscal year immediately preceding the current annual disclosure;

v. the results of any financial audit or review for the fiscal year immediately preceding the current annual disclosures;

vi. a list of all Association insurance policies including, without limitation, property, general liability, officer and director liability, and fidelity policies. Such list shall include the company names, policy limits, policy deductibles, additional named insureds, and expiration dates of the policies listed;

vii. all of the Governing Documents;

viii. the minutes of the Executive Board and meetings of the Owners for the fiscal year immediately preceding the current annual disclosure; and

ix. the Association's responsible governance policies adopted under § 13.8 below.

c. The Association shall have the widest possible latitude in choosing the methods and means of disclosure, provided that the information required to be provided hereunder be readily available at no individual cost to each Owner at their convenience. Disclosure shall be accomplished by one of the following means: posting on an internet web page with notice of the web address via first-class mail or e-mail; the maintenance of a literature table or binder at the Association's principal place of business; or mail or personal delivery. The cost of such distribution shall be a Common Expense.

13.8 Governance Policies. The Association shall maintain accounting records using generally accepted accounting principles. The Board will adopt Rules and Regulations concerning:

a. Collection of unpaid assessments;

b. Handling of conflicts of interest involving board members, which policies, procedures, and rules and regulations must include, at a minimum, the criteria described in the Act;

c. Conduct of meetings, which may refer to applicable provisions of the CRNCA or other recognized rules and principles;

d. Enforcement of covenants and rules, including notice and hearing procedures and the schedule of fines;

e. Inspection and copying of Association records by Owners;

f. Investment of reserve funds;

- g.** Procedures for the adoption and amendment of policies, procedures, and rules;
 - h.** Procedures for addressing disputes arising between the Association and Owners;
- and
- i.** When the Association has a reserve study prepared for the portions of the community maintained, repaired, replaced, and improved by the Association; whether there is a funding plan for any work recommended by the reserve study and, if so, the projected sources of funding for the work; and whether the reserve study is based on a physical analysis and financial analysis. For the purposes of this subparagraph, an internally conducted reserve study shall be sufficient.

ARTICLE XIV **AMENDMENTS**

14.1 Amendment by the Board. The Board may amend these Bylaws by a vote of not less than a majority of the Directors at any regular or special Board meeting, except for amendments which must be approved by the Members as provided in the Act, C.R.S. §38-33.3-301(3). A statement of any proposed amendment will accompany the notice of any regular or special Board meeting at which such proposed amendment will be voted upon.

14.2 Amendment by the Members. These Bylaws may be amended by the affirmative vote of the Members holding of 67% of the votes of the Association. However, notwithstanding the foregoing, no provisions of these Bylaws may be amended by a number of Members which is less than the number of Members required within that particular provision to take certain action. Amendments may be proposed by the Board or by petition signed by the holders of at least a majority of the votes. A statement of any proposed amendment will accompany the notice of any regular or special meeting at which such proposed amendment will be voted upon.

14.3 Scope of Amendments. These Bylaws may not be amended in a manner inconsistent with the Articles, the Declaration, or Colorado law.

ARTICLE XV **ENFORCEMENT**

15.1 Abatement and Enjoinment of Violations by Owners. The violation of any of the rules and regulations adopted by the Executive Board or the breach of any provision of the Governing Documents shall give the Executive Board the right, after notice and hearing, except in case of an emergency, in addition to any other rights set forth in these Bylaws:

- a.** to enter the Unit or Limited Common Element in which, or as to which, the violation or breach exists and to summarily abate and remove at the expense of the defaulting Owner any structure, thing, or condition (except for additions or alterations of a permanent nature that may exist in that Unit) that is existing and creating a danger to the Common Elements contrary to the intent and meaning of the provisions of the Declaration, Articles of Incorporation, these Bylaws, or any rules and regulations of the Association, and the Executive Board shall not be deemed liable for any manner of trespass by this action; or

b. to enjoin, abate, or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any breach of the Declaration, Articles of Incorporation, these Bylaws, or any rules and regulations of the Association.

15.2 Fines for Violation. The Executive Board may levy reasonable fines for a violation of the Declaration, Articles of Incorporation, these Bylaws, or any rules and regulations of the Association, but this amount shall not exceed that amount necessary to insure compliance with the same. The Association may not fine any unit owner for an alleged violation unless the Association follows a fair and impartial fact-finding process concerning whether the alleged violation actually occurred and whether the Owner should be held responsible for the violation. This process may be informal but shall, at a minimum, guarantee the Unit owner notice and an opportunity to be heard before an impartial decision maker.

15.3 Judicial Proceedings. The Association shall have no authority to initiate, maintain, or prosecute any legal or equitable proceeding, except to enforce the provisions of the Governing Documents, unless the Owners approve such proceeding by a Majority vote.

ARTICLE XVI
MISCELLANEOUS

16.1 Fiscal Year. The Association’s fiscal year will be the calendar year from January 1 to December 31, which shall be subject to change by the Board as necessary.

16.2 Conflicts of Documents. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles will control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration will control.

16.3 Numbers and Genders. Whenever used herein, unless the context otherwise provides, the singular numbers include the plural, the plural the singular, and the use of any gender includes all genders.

CERTIFICATE

The undersigned Secretary of the Association does hereby certify that the above and foregoing Bylaws were duly adopted by the Executive Board and that they constitute the Bylaws of this Association.

SKY HAUS LOFTS ON MAIN CONDOMINIUMS

_____ Date

By: _____

Its: President

_____ Date

By: _____

Its: Secretary