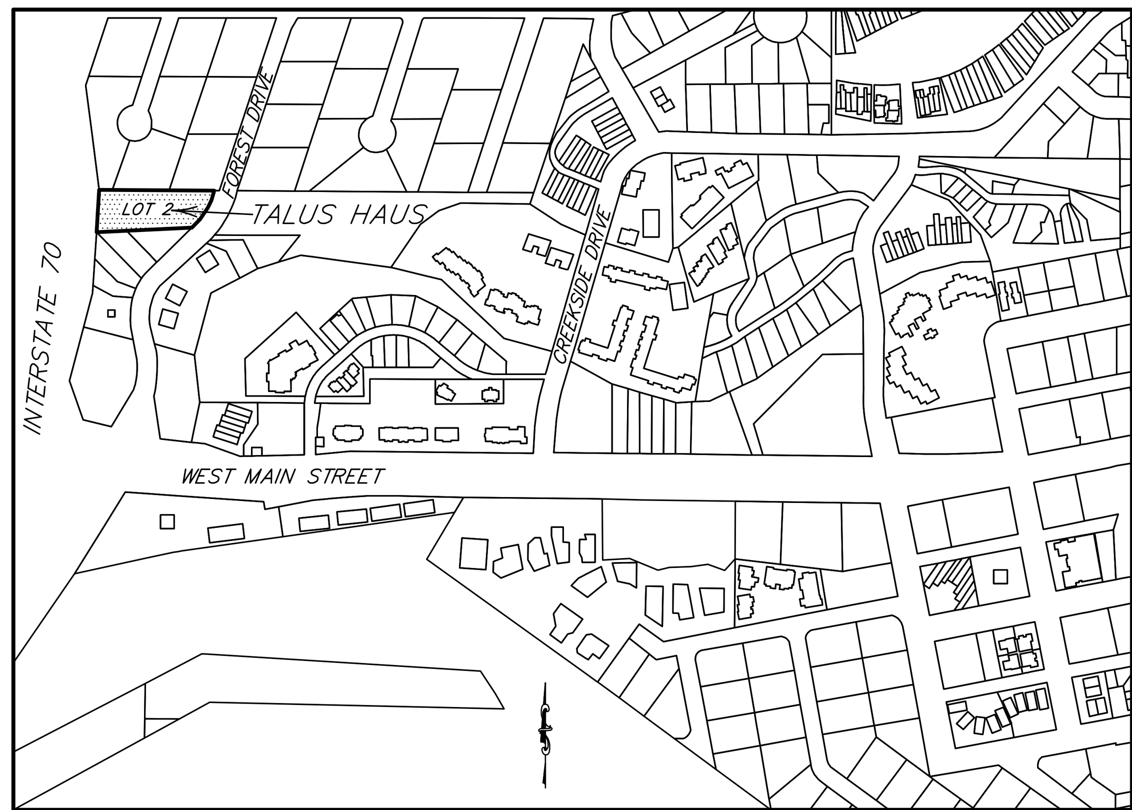
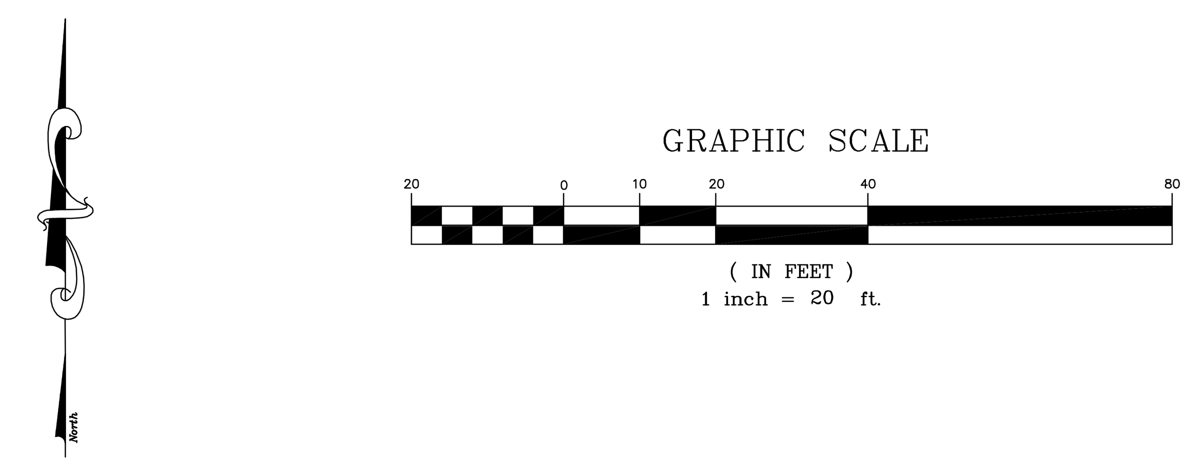
TALUS HAUS, A PLANNED COMMUNITY MAP

OF LOT 2, AMENDED WEST FRISCO 70, FILING NO. 2
ACCORDING TO THE PLAT FILED APRIL 16, 1974 UNDER RECEPTION NO. 140796
TOWN OF FRISCO, SUMMIT COUNTY, COLORADO

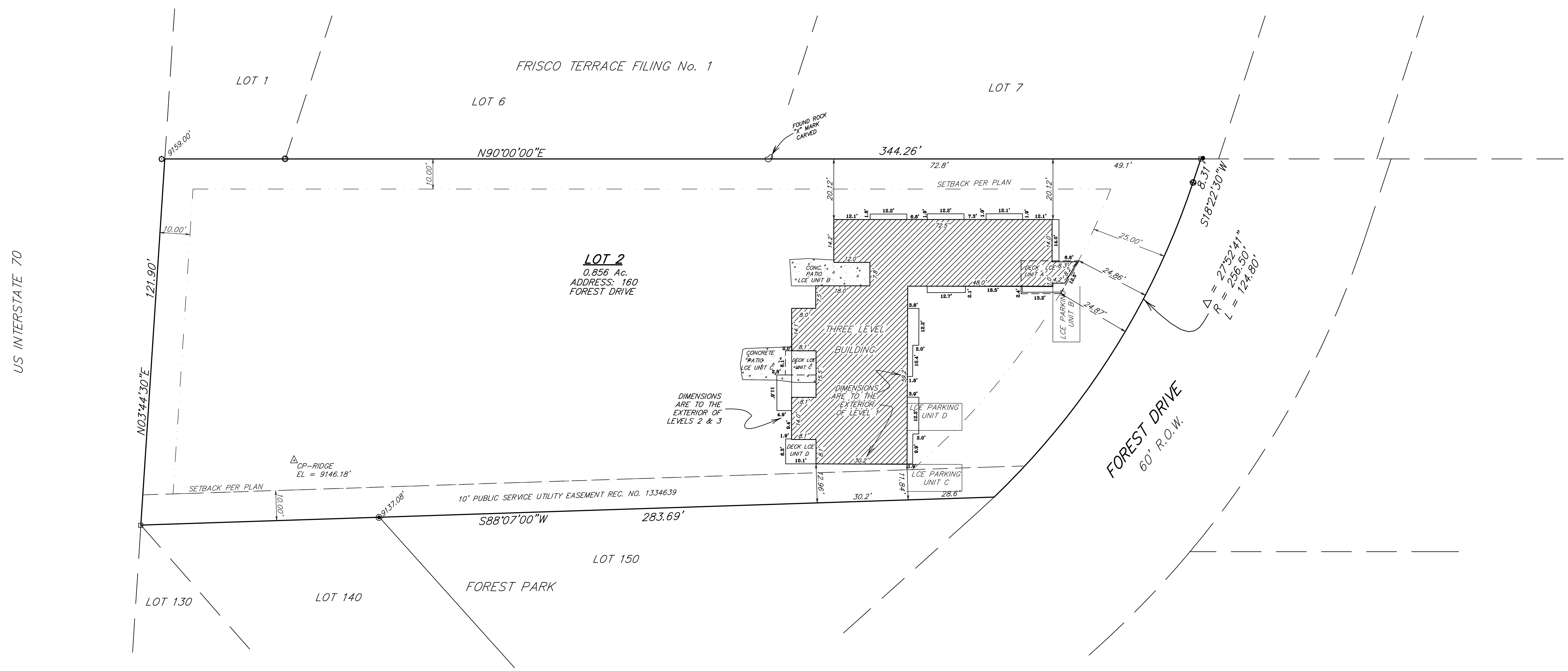


VICINITY MAP – NO SCALE



LEGEND

- FOUND No. 4 REBAR & YELLOW PLASTIC CAP (PLS 15242)
- FOUND No. 4 REBAR & YELLOW PLASTIC CAP (PLS 10847)
- FOUND COPPER CAP (PLS 10847) EMBEDDED IN ROCK
- FOUND REBAR & PLASTIC CAP (PLS 4974)
- FOUND No. 5 REBAR



MORTGAGE HOLDER CERTIFICATE:

______________________________, DOES HEREBY CERTIFY THAT THEY HAVE EXAMINED THIS PLAT AS A LENDER FOR THE PROJECT AND DOES HEREBY APPROVE OF THIS PLAT.

BY:______________________ DATE:______________________

NAME:______________________

TITLE:______________________

SURVEYOR'S CERTIFICATE:

I, JESSICA J. KOETTERITZ, BEING A REGISTERED LAND SURVEYOR IN THE STATE OF COLORADO, DO HEREBY CERTIFY THAT THIS MAP OF TALUS HAUS, A PLANNED COMMUNITY WAS MADE BY ME AND UNDER MY SUPERVISION AND THAT BOTH ARE ACCURATE TO THE BEST OF MY KNOWLEDGE. STEEL PINS AND/OR BRASS CAP MONUMENTS WERE SET AT ALL BOUNDARY CORNERS.

DATED THIS __________ DAY OF ______________, AD 20_____.

SIGNATURE ______________________
JESSICA J. KOETTERITZ
COLORADO REGISTRATION NO. 26292

COLORADO REGISTERED PROFESSIONAL LAND SURVEYOR
JESSICA J. KOETTERITZ
38855

NOTE: ACCORDING TO COLORADO LAW, YOU MUST COMMENCE ANY LEGAL ACTION BASED UPON ANY DEFECT IN THIS SURVEY WITHIN THREE YEARS AFTER YOU FIRST DISCOVER SUCH DEFECT. IN NO EVENT MAY ANY ACTION BASED UPON ANY DEFECT IN THIS SURVEY BE COMMENCED MORE THAN TEN YEARS FROM THE DATE OF THE CERTIFICATION SHOWN HEREON.

OWNER'S CERTIFICATE:

KNOW ALL PERSONS BY THESE PRESENTS: BLUE RIVER REAL ESTATE FUND III LLC, BEING THE OWNER OF THE LAND DESCRIBED AS FOLLOWS:

LOT 2, AMENDED WEST FRISCO 70, FILING NO. 2
SECTION 34, TOWNSHIP 5 SOUTH, RANGE 78 WEST of the 6th P.M.
TOWN OF FRISCO, SUMMIT COUNTY, COLORADO

UNDER THE NAME AND STYLE OF "TALUS HAUS, A PLANNED COMMUNITY MAP"

HAS LAID OUT, PLATTED AND SUBDIVIDED SAME AS SHOWN ON THIS PLAT, AND BY THESE PRESENTS DO HEREBY DEDICATE TO THE PERPETUAL USE OF THE TOWN OF FRISCO, STATE OF COLORADO, THE STREETS, ALLEYS, ROADS AND OTHER PUBLIC AREAS AS SHOWN HEREON AND HEREBY DEDICATE THOSE PORTIONS OF LAND LABELED AS EASEMENTS FOR THE INSTALLATION AND MAINTENANCE OF PUBLIC UTILITIES AS SHOWN HEREON.

IN WITNESS WHEREOF, SAID OWNER, BLUE RIVER REAL ESTATE FUND III LLC , A COLORADO LIMITED LIABILITY COMPANY, HAS CAUSED ITS NAME TO HEREUNTO

BE SUBSCRIBED THIS __________ DAY OF ________________,A.D. 20______.

BLUE RIVER REAL ESTATE FUND III LLC

____
BY: SETH FRANCIS
AS: MANAGER

NOTARIALS:

STATE OF __________)
)SS
COUNTY OF _________)

THE FOREGOING INSTRUMENT WAS ACKNOWLEDGED BEFORE ME THIS __________ DAY OF ________________, AD 20___, BY ?????, AS ????, ????.

WITNESS MY HAND AND OFFICIAL SEAL:

______________________ MY COMMISSION EXPIRES ____________
NOTARY PUBLIC

TITLE COMPANY'S CERTIFICATE:

____________________ TITLE COMPANY DOES HEREBY CERTIFY THAT IT HAS EXAMINED THE TITLE TO ALL LANDS AS SHOWN HEREON AND TITLE TO SUCH LANDS IS IN THE DEDICATOR FREE AND CLEAR OF ALL LIENS, TAXES, AND ENCUMBRANCES, EXCEPT AS FOLLOWS:

____

____

DATED THIS __________ DAY OF ________________, 20_____ .

____
AGENT

FRISCO PLANNING COMMISSION APPROVAL:

THE PLANNING COMMISSION OF FRISCO, COLORADO, REPRESENTED BY THE COMMISSION CHAIRMAN, DOES HEREBY AUTHORIZE AND APPROVE THIS PLAT OF THE ABOVE SUBDIVISION

ON THIS __________ DAY OF ________________, AD_________.

BY: ______________________
CHAIRMAN

FRISCO TOWN COUNCIL APPROVAL:

THE WITHIN "A MAP OF TALUS HAUS, A PLANNED COMMUNITY"' IS APPROVED BY THE TOWN COUNCIL OF FRISCO, COLORADO, REPRESENTED BY THE MAYOR,

FOR FILING THIS __________ DAY OF ________________, AD _________.

THE DEDICATION OF THE PUBLIC WAYS SHOWN HEREON WILL NOT BE ACCEPTED UNTIL SAID PUBLIC WAYS HAVE BEEN SATISFACTORILY COMPLETED TO THE TOWN'S SPECIFICATIONS BY THE SUBDIVIDER. UPON SUCH SATISFACTORY COMPLIANCE, THE TOWN COUNCIL OF THE TOWN OF FRISCO MAY ADOPT A RESOLUTION ACCEPTING SAID DEDICATION OF PUBLIC WAYS AND DULY RECORD SUCH ACCEPTANCE.

BY:______________________
MAYOR

ATTEST: ______________________
TOWN CLERK

TREASURER'S CERTIFICATE:

I THE UNDERSIGNED DO HEREBY CERTIFY THAT THE ENTIRE AMOUNT OF TAXES AND ASSESSMENTS DUE AND PAYABLE AS OF ________________, _________, UPON ALL PARCELS OF REAL ESTATE DESCRIBED ON THIS PLAT ARE PAID IN FULL.

DATED THIS ______________________DAY OF____________,20_____.

SIGNATURE______________________
SUMMIT COUNTY TREASURER

SUMMIT COUNTY CLERK & RECORDER'S ACCEPTANCE:

THIS PLAT WAS ACCEPTED FOR FILING IN THE OFFICE OF THE SUMMIT COUNTY CLERK AND RECORDER ON THIS __________ DAY OF ________________, AD 20_____

AND FILED FOR RECORD AT ______.M., UNDER RECEPTION NUMBER ________________.

SIGNATURE ______________________
SUMMIT COUNTY CLERK AND RECORDER/DEPUTY

DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS FOR TALUS HAUS

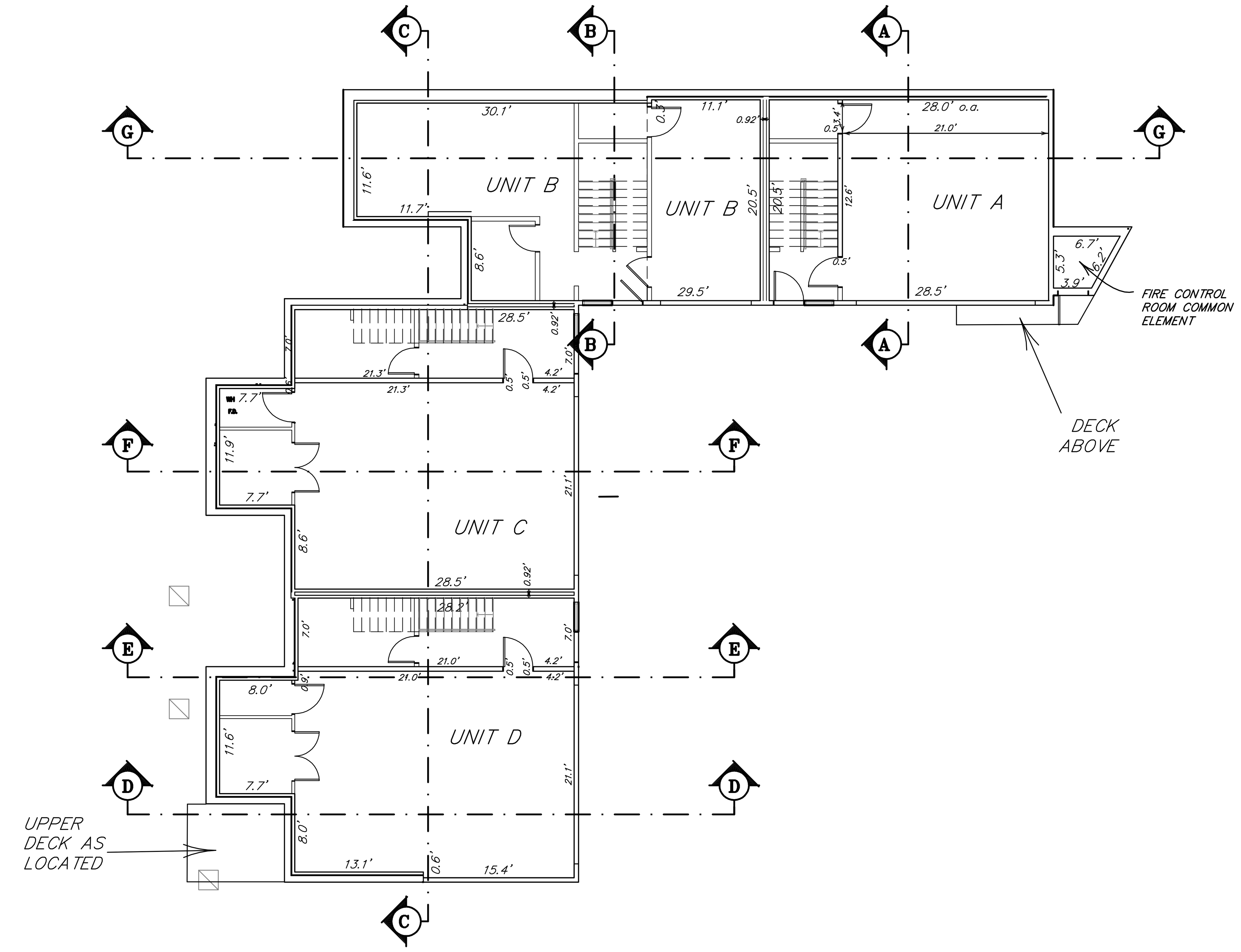
RECORDED ______________ AT REC. NO. _______________.

Drawn ESH/FG/GAW	Dwg SHEET–1	Project 15317
Checked JJK	Date 10/20/2025	Sheet 1 of 1

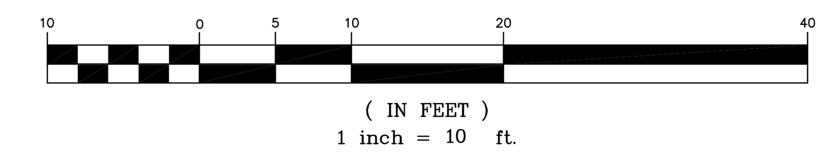
R-A-N-G-E W-E-S-T INC.
ENGINEERS & SURVEYORS
P.O. Box 589
Silverthorne, CO 80498 970–468–6281

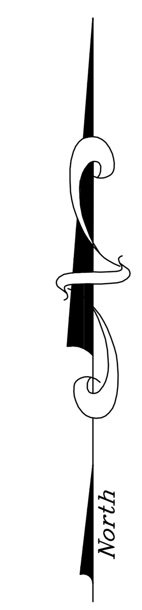
TALUS HAUS,
A PLANNED COMMUNITY MAP
UNITS A, B, C, and D

SHEET 2 of 3

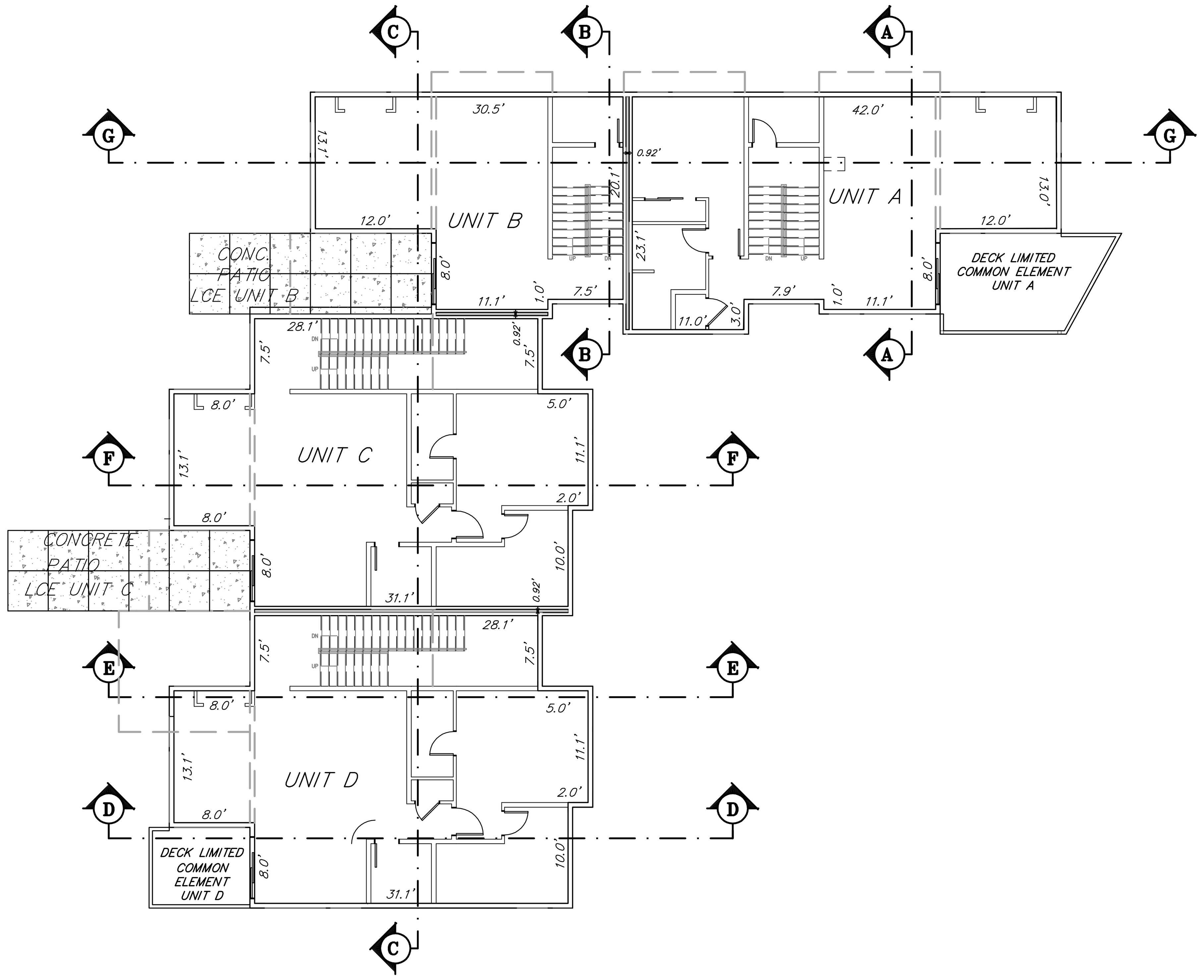


LEVEL 1





CE = COMMON ELEMENT
LCE = LIMITED COMMON ELEMENT



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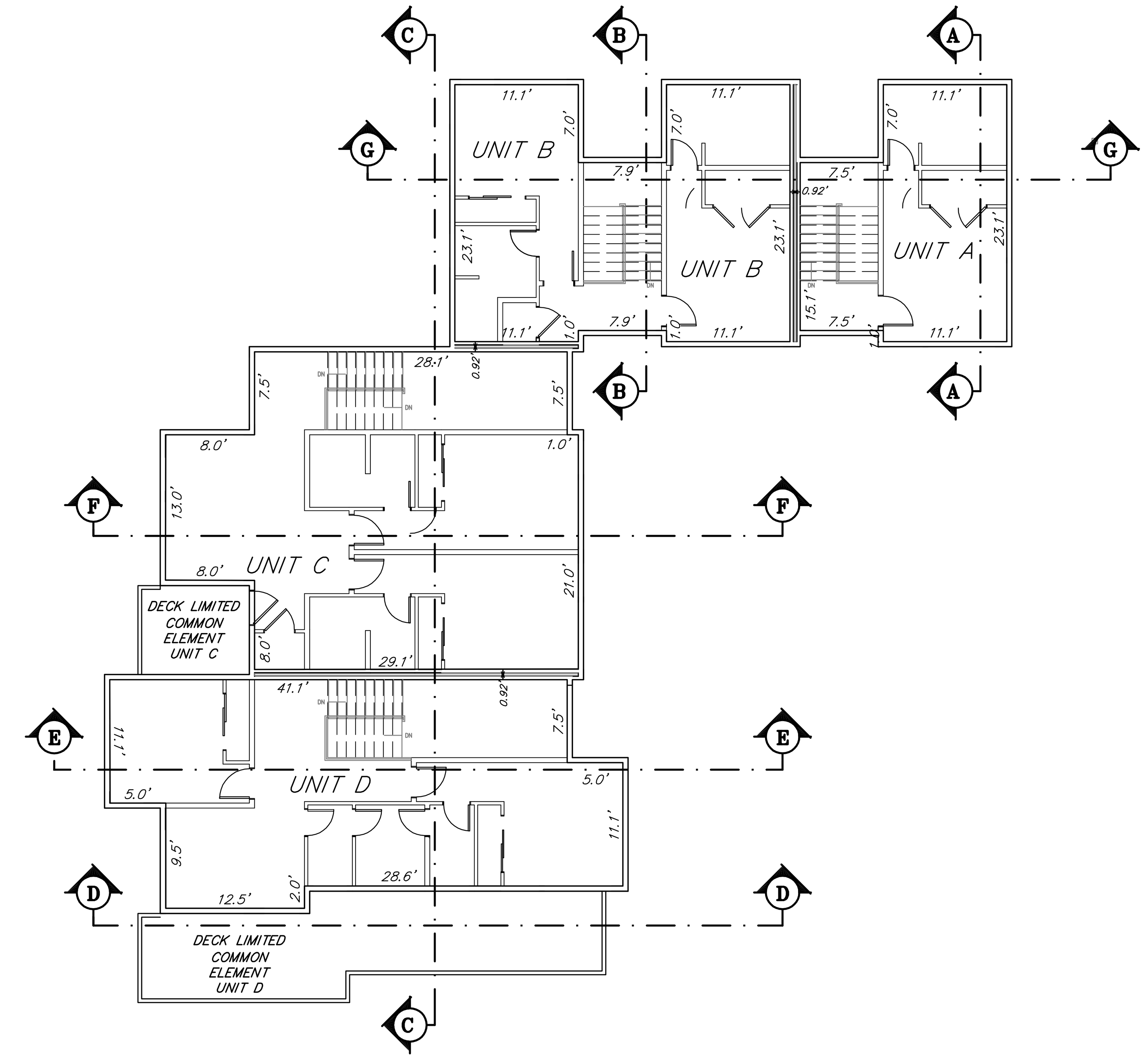

LEVEL 3

Drawn GAW	Dwg 15317C-2	Project 15317
Checked JJK	Date 10/27/2025	Sheet 2 of 3

RANGE WEST INC.
ENGINEERS & SURVEYORS
P.O. Box 589
Silverthorne, CO 80498 970-468-6281

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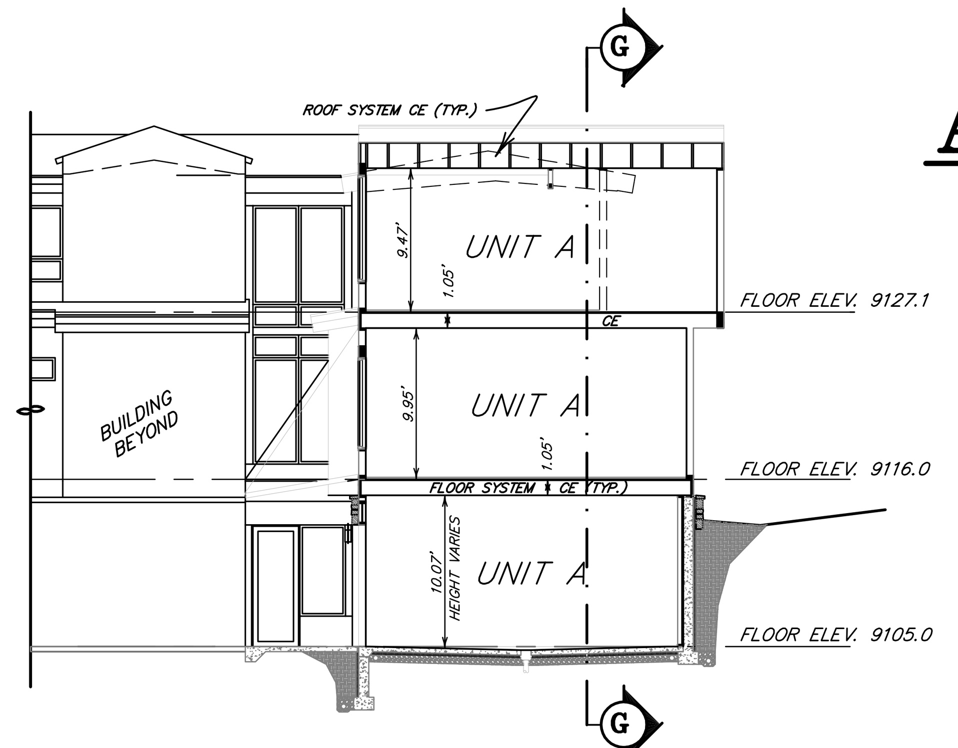
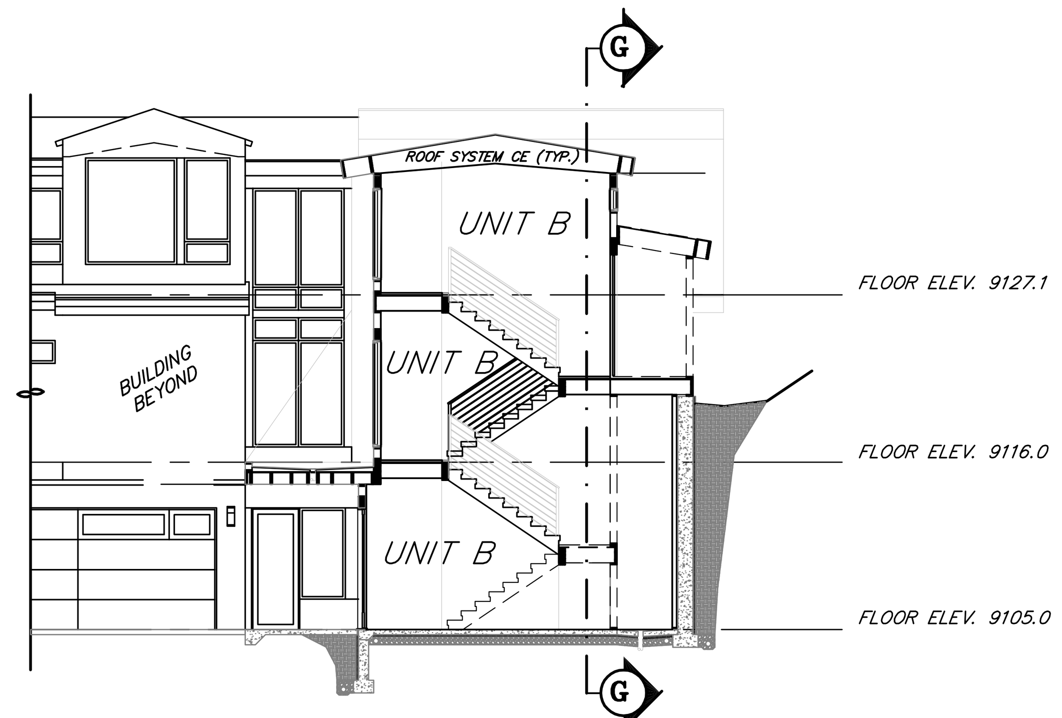
TALUS HAUS,
A PLANNED COMMUNITY MAP
UNITS A, B, C, and D



SECTION A



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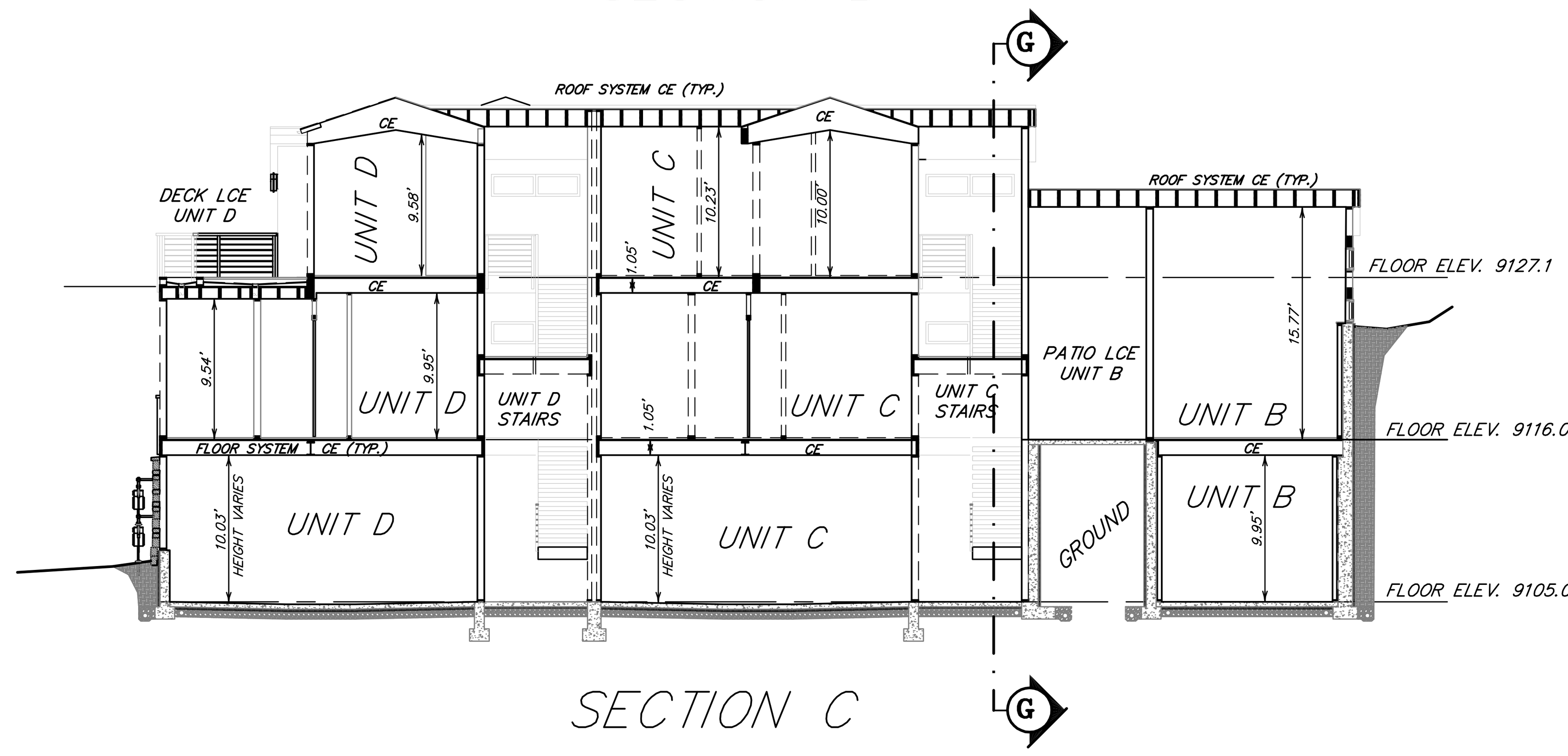

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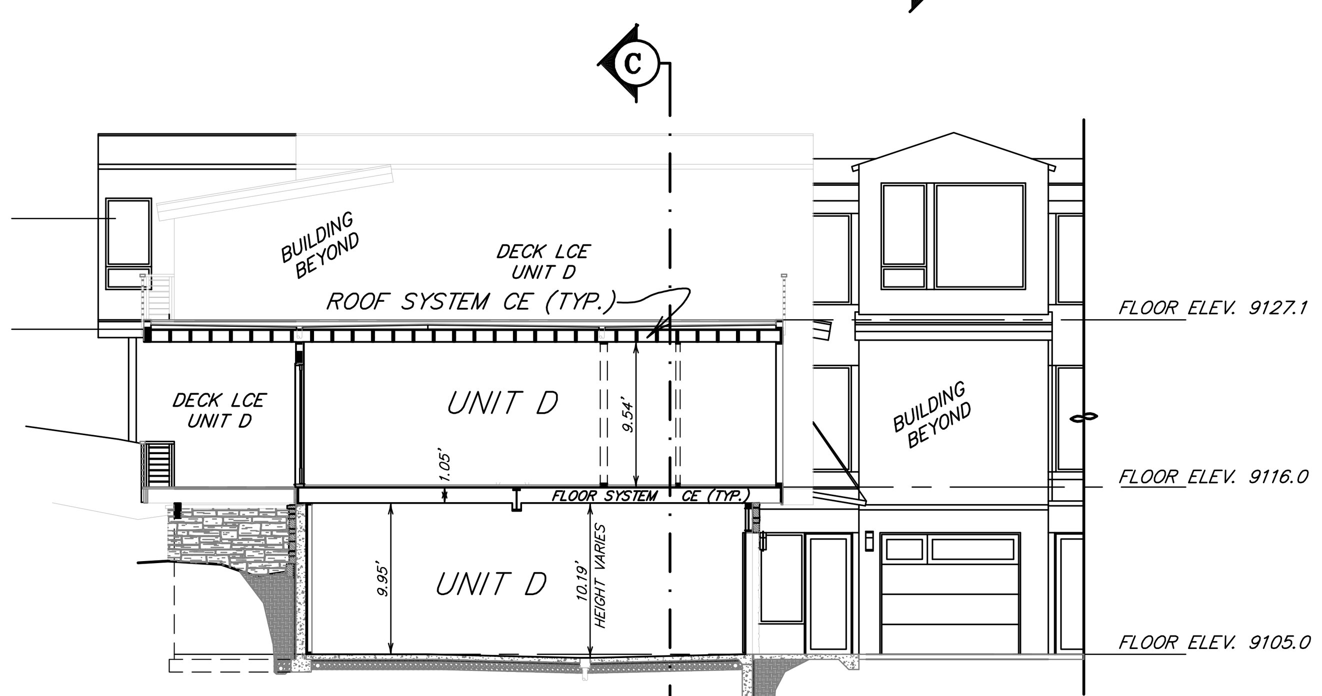

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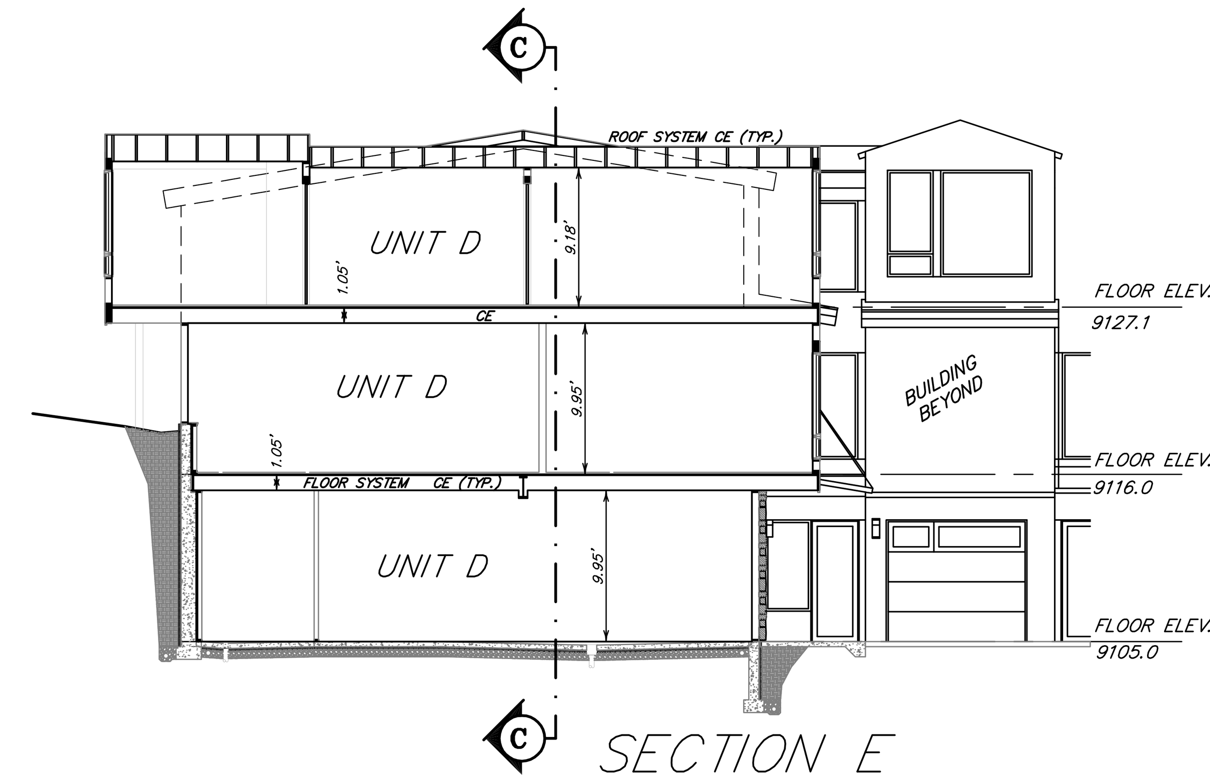

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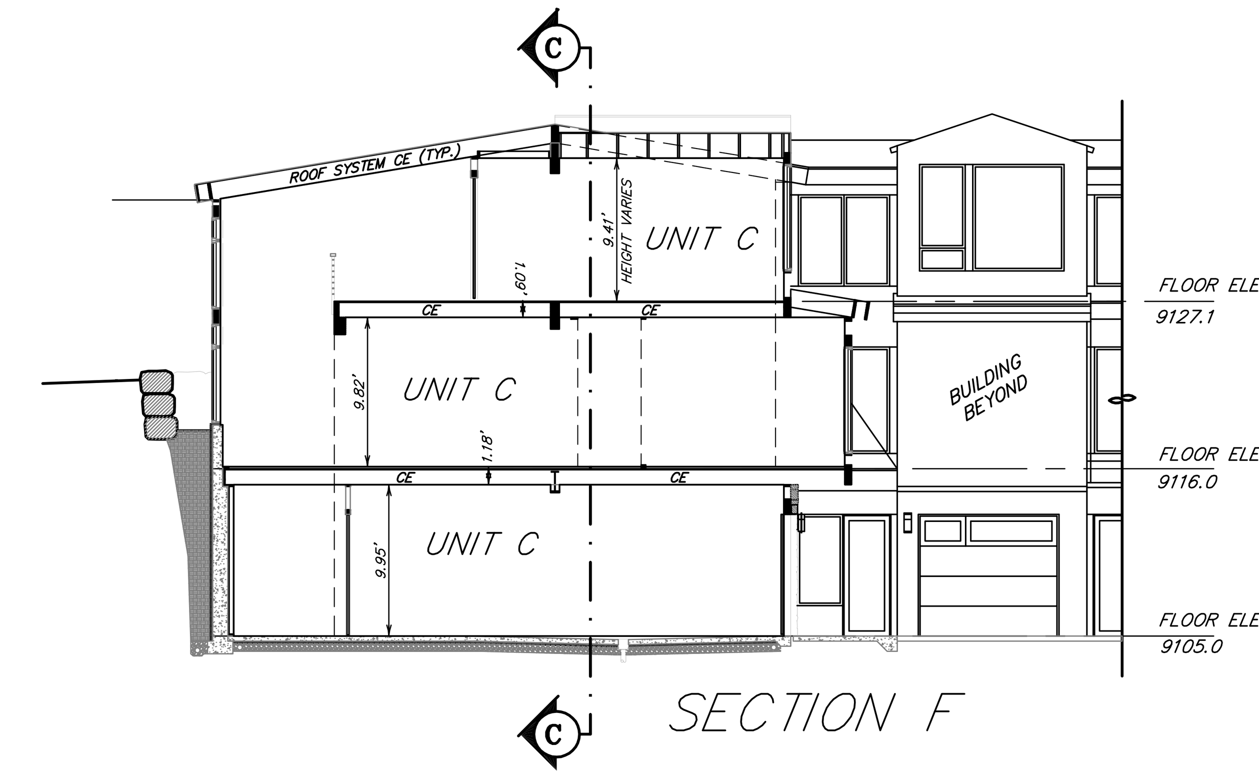

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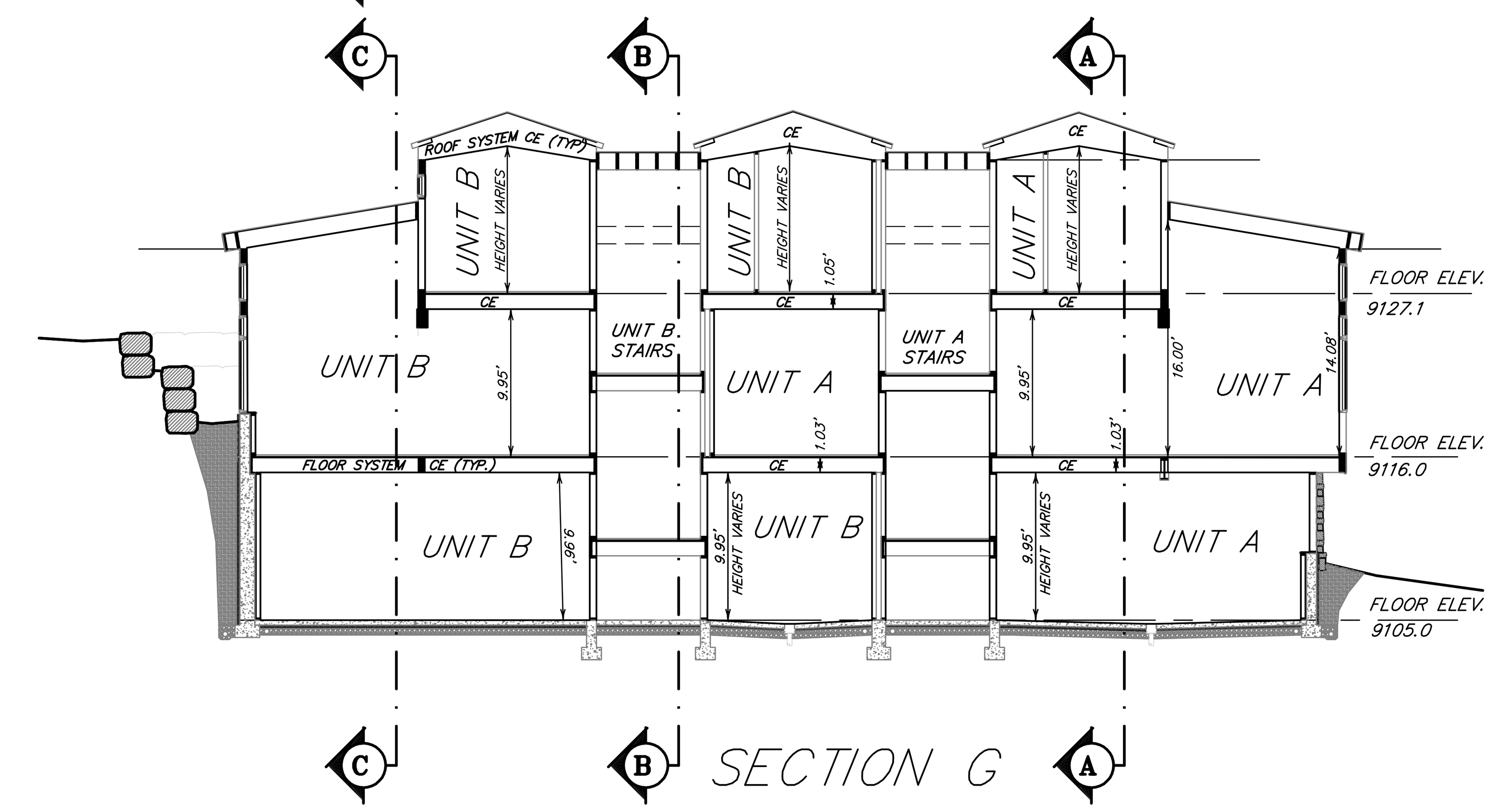


SECTION G

GRAPHIC SCALE

10 0 5 10 20 40

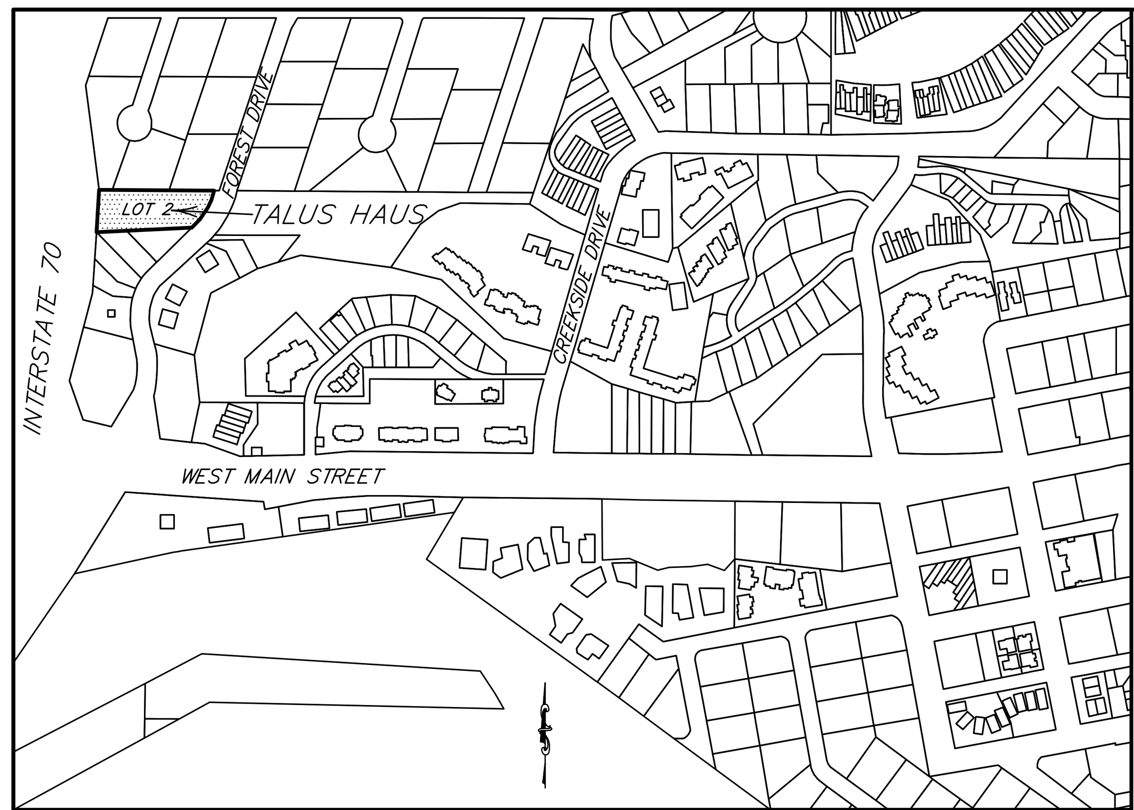
(IN FEET)
1 inch = 10 ft.

CE = COMMON ELEMENT
LCE = LIMITED COMMON ELEMENT

COLORADO REGISTERED PROFESSIONAL LAND SURVEYOR
38855

Drawn GAW	Dwg 15317C-2	Project 15317
Checked JJK	Date 10/27/2025	Sheet 3 of 3

RANGE WEST INC.
ENGINEERS & SURVEYORS
P.O. Box 589
Silverthorne, CO 80498 970-468-6281



VICINITY MAP – NO SCALE

UTILTITY MAP OF

TALUS HAUS, A PLANNED COMMUNITY MAP

OF LOT 2, AMENDED WEST FRISCO 70, FILING NO. 2
ACCORDING TO THE PLAT FILED APRIL 16, 1974 UNDER RECEPTION NO. 140796
TOWN OF FRISCO, SUMMIT COUNTY, COLORADO

GRAPHIC SCALE
(IN FEET)
1 inch = 20 ft.

LEGEND

- FOUND No. 4 REBAR & YELLOW PLASTIC CAP (PLS 15242)
- FOUND No. 4 REBAR & YELLOW PLASTIC CAP (PLS 10847)
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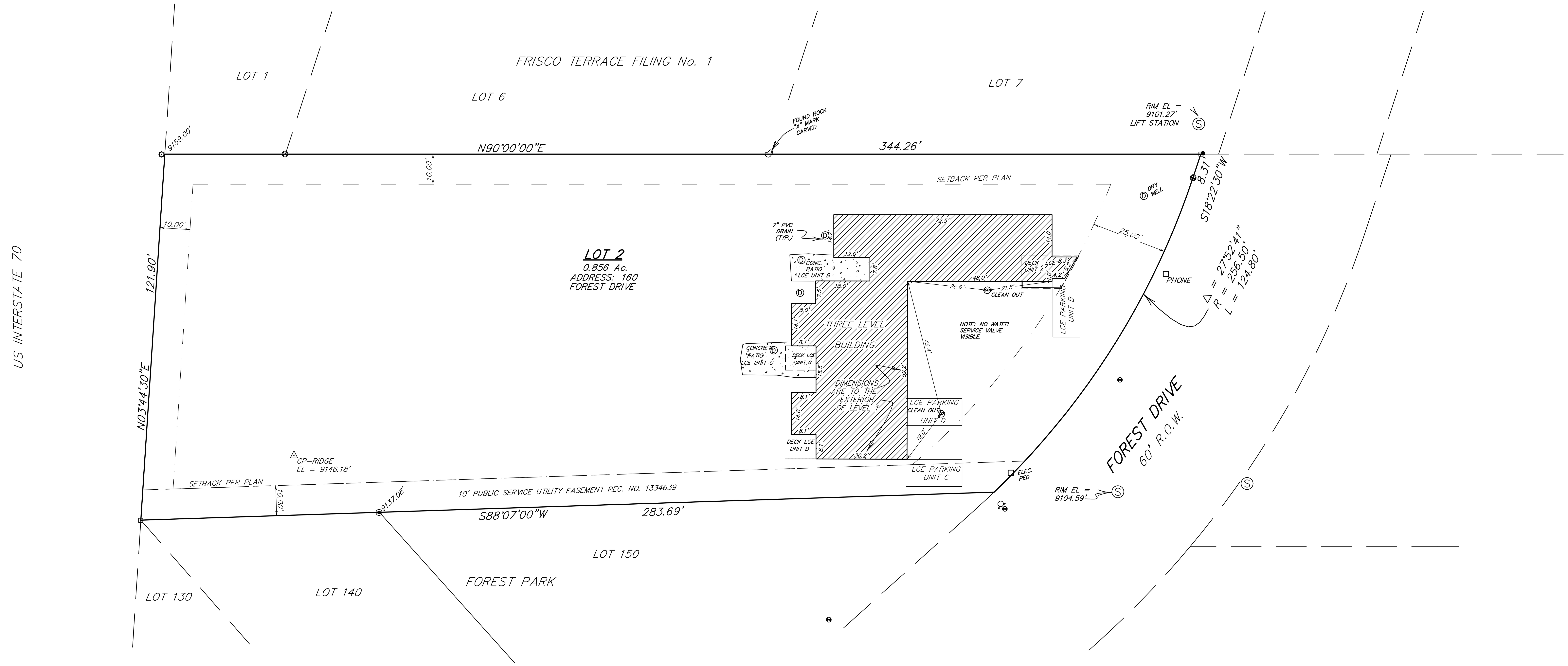

COLORADO REGISTERED PROFESSIONAL LAND SURVEYOR 38855

Drawn ESH/FG/GAW	UTILITYS	Project 15317
Checked JJK	Date 10/22/2025	Sheet 1 of 1

RANGE WEST INC.
ENGINEERS & SURVEYORS
P.O. Box 589
Silverthorne, CO 80498 970-468-6281

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DRAFT ONLY

DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS

FOR

TALUS HAUS

A Planned Community

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Article 7

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**DECLARATION OF COVENANTS, CONDITIONS,
RESTRICTIONS, AND EASEMENTS
FOR
TALUS HAUS**

THIS DECLARATION FOR TALUS HAUS (the "Declaration") is made by BLUE RIVER REAL ESTATE FUND III LLC, a Colorado limited liability company, PO Box 7035, Breckenridge, CO 80424 ("Declarant").

ARTICLE I
STATEMENT OF PURPOSE AND DECLARATION

Section 1.1. Property. Declarant is the owner of the property located in Summit County, Colorado, and described as follows:

LOT 2, AMENDED WEST FRISCO 70, FILING NO. 2, ACCORDING TO THE PLAT THEREOF FILED APRIL 16, 1974 UNDER RECEPTION NO. 140796, COUNTY OF SUMMIT, STATE OF COLORADO,

all of which is situated in Summit County, Colorado (the "Property").

Section 1.2. Purpose. The purpose of this Declaration is to create a planned community as defined in the Colorado Common Interest Ownership Act, C.R.S. § 38-33.3-101 et seq. (the "Act"), which will be known as "TALUS HAUS." Declarant intends for the community to only be subject to those provisions of the Act as required by C.R.S. § 38-33.3-116(1) and to those provisions of the Act adopted by this Declaration. Declarant sells and conveys the Common Elements to the Talus Haus Owners Association, a Colorado nonprofit corporation.

Section 1.3. Intention of Declarant. Declarant intends to protect the value and desirability of the Project, further a plan for the improvements, sales and ownership of the Project, create a harmonious and attractive development, and promote and safeguard the health, comfort, safety, convenience and welfare of the Owners of Units in the Project.

Section 1.4. Development and Use. The total number of Units in the Project is four (4). The identification number of each Unit is shown on the Map for Talus Haus recorded in the real property records of Summit County, Colorado (the "Map").

Section 1.5. Imposition of Covenants. To accomplish the purposes indicated above, Declarant declares that from the date of recording of this Declaration forward, the Property shall constitute a planned community, and shall be held, sold and conveyed subject to the following covenants, conditions, restrictions and easements. These covenants shall run with the Property and will inure to the benefit of, and are binding upon, all persons having any right, title or interest in all or any part of the Property, including Declarant, the Association, Owners and their heirs, successors and assigns, and their tenants, employees, guests and invitees. 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

ARTICLE II
DEFINITIONS

Section 2.1. Definitions. The following words when used in this Declaration, unless inconsistent with the context and reasonable interpretation of this Declaration, shall have the following meanings:

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

b. "Agencies" shall mean and collectively refer to the Federal National Mortgage Association ("FNMA"), the Government National Mortgage Association ("GNMA"), the Department of Housing and Urban Development ("HUD"), the Federal Housing Administration ("FHA"), the Veterans Administration ("VA"), the Colorado Housing 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.

c. "Allocated Interests" means the Common Expense liability and votes in the Association assigned to each Unit as set forth in Exhibit B.

d. "Articles" means the Articles of Incorporation of Talus Haus Owners Association on file with the Colorado Secretary of State, and any amendments which may be made.

e. "Assessments" means all the assessments for Common Expenses levied by the Association against a Unit or its Owner pursuant to this Declaration or the Act.

f. "Association" means Talus Haus Homeowners Association, Inc., a Colorado nonprofit corporation, and any successor entity by whatever name, charged with the duties and obligations of administering the Project.

g. "Association Documents" means this Declaration, the Map, the Articles and the Bylaws of the Association, and any procedures, rules, regulations or policies adopted under such documents by the Association.

h. "Building" means the structure (including all fixtures and improvements contained within it) constructed and located on the Property in which the Units and some Common Elements are located.

i. "Bylaws" means the Bylaws adopted by the Association as amended from time to time.

j. "Common Elements" means any real estate within the planned community owned by the Association, other than the Units. The Association owns the Common Elements for the common or exclusive use and enjoyment of the Owners. Without limiting the generality of the foregoing, the Common Elements include the following components:

i. The Property and the Building (including, but not by way of limitation, the foundation, columns, girders, beams, supports, perimeter and supporting walls, chimneys, chimney chases, roofs, patios, balconies, entrances and exits, and the mechanical installations of the Building consisting of the equipment and materials making up any central services such as power, light, gas, hot and cold water, sewer, and heating and central air conditioning which exist for use by some or all of the Owners, including the pipes, vents, ducts, flues, cable conduits, wires, telephone wire, and other similar utility installations used in connection therewith);

ii. The sidewalks, walkways, paths, grass, shrubbery, trees, driveways, roadways, landscaping, parking areas, and related facilities upon the Property; and

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

iv. The Common Elements also include the Limited Common Elements which are either limited to and reserved for the exclusive use of the Owner of a particular Unit, or are limited to and reserved for the common use of the Owners of more than one, but fewer than all, of the Units.

k. **"Common Expenses"** means:

i. any and all of the Association's costs, expenses and liabilities including, without limitation, costs, expenses and liabilities incurred for (A) managing, operating, insuring, improving, repairing, replacing and maintaining the Common Elements; (B) providing facilities, services and other benefits to Owners and their Guests; (C) administering and enforcing the covenants, conditions, restrictions, reservations and easements created in the Association Documents, (D) levying, collecting and enforcing the Assessments; (E) regulating and managing the Project; (F) operating the Association; (G) utilities not separately metered and billed directly to Unit Owners;

ii. other expenses declared to be Common Expenses pursuant to the Association Documents or the Act, and expenses agreed upon as Common Expenses by the Association; and

iii. reserves for any such costs, expenses and liability;

l. **"Declarant"** means Blue River Real Estate Fund III LLC, a Colorado limited liability company, its successors and assigns.

m. **"Declaration"** means and refers to this Declaration of Covenants, Conditions, Restrictions and Easements for Talus Haus.

n. **"Director"** means a member of the Executive Board.

o. **"Eligible Mortgagee"** means a holder of a first Security Interest in a Unit when the holder has notified the Association, in writing, of its name and address and that it holds a first Security Interest in a Unit. The notice must include the Unit number and address of the Unit on which it has a security interest. This notice shall be deemed to include a request that the Eligible Mortgagee be given the notices and other rights described in Article XII.

p. **"Executive Board"** means the Association's governing body elected to perform the Association's obligations relative to the operation, maintenance, and management of the Property and all improvements thereon.

q. **"Guest"** means an Owner's family members, tenants, invitees, licensees, employees, contractors or agents.

r. **"Limited Common Elements"** means a portion of the Common Elements allocated for the exclusive use of one or more, but fewer than all, of the Units by the Declaration, the Map, or by operation of C.R.S., §§ 38-33.3-202(1)(b) and (1)(d).

s. **"Manager"** means a person or entity that the Association may engage to perform certain duties, powers or functions as the Executive Board may authorize from time to time.

t. **"Map"** means the Map for Talus Haus in three dimensions recorded in the office of the Clerk and Recorder of Summit County, Colorado.

u. **"Member"** means a Person holding a membership in the Association.

v. **"Owner"** means any record owner of a fee simple title interest to any Unit including, without limitation Declarant or a contract vendor, whether one or more persons or entities. Owner does not include a Person having only a security interest or any other interest in a Unit solely as security for an obligation.

w. **"Person"** means an individual, corporation, trust, partnership, limited liability company, association, joint venture, government, government subdivision or agency, or other legal entity.

x. **"Project"** means the planned community created by this Declaration, consisting of the Property, the Units and any other improvements constructed on the Property.

y. **"Property"** means the real property described in Section 1.1 and subject to this Declaration.

z. "**Security Interest"** means an interest in and encumbrance upon real estate or personal property, created by contract or conveyance, that secures payment or performance of an obligation. The term includes a lien created by a mortgage, deed of trust, installment land contract, lease intended as security, assignment of lease or rents intended as security, pledge of an ownership interest in the Association, and any other consensual lien intended as security for an obligation. A nonconsensual lien does not create a Security Interest.

aa. **"Successor Declarant"** means any party or entity to whom Declarant assigns any or all of its rights, obligations, or interest as Declarant, as evidenced by an assignment or deed of record in the office of the Clerk and Recorder of Summit County, Colorado, designating such party as a Successor Declarant. Upon such recording, Declarant's rights and obligations under this Declaration shall cease and terminate to the extent provided in such document.

bb. **"Unit"** means the physical portion of the Property designated for separate ownership or occupancy. Each Unit is depicted on the Map and the Unit boundaries are described and defined as follows:

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

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

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

iv. Inclusions. Each Unit will include the spaces and improvements lying within the boundaries described in bb. (i), (ii), and (iii) above, and will also include the 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 that serve the Unit exclusively. The surface of the foregoing items will be the Unit's boundaries, whether or not those items are contiguous to the Unit. Each Unit includes an attached garage and stairway or passageway connecting the living area of the Unit to the garage area of the Unit.

v. Exclusions. Except when specifically included by other provisions of this Section, the following are excluded from each Unit: the spaces and Improvements lying outside the boundaries described in bb. (i), (ii), and (iii) above; and 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.

ARTICLE III
MEMBERSHIP, VOTING RIGHTS, & ASSOCIATION OPERATIONS

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

Section 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 an Eligible Mortgagee.

Section 3.3. Classes of Membership. The Association shall have one (1) class of voting membership. Except as otherwise provided for in this Declaration, each Member shall be entitled to vote in Association matters on the basis of one vote for each Unit owned. 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. In the absence of a proxy, the vote allocated to a Unit shall be suspended if more than one person or entity holding an ownership interest in a Unit seeks to exercise the right to vote on any one matter. Any Owner of a Unit which is leased may assign his voting right to the tenant, provided that a copy of a proxy appointing the tenant is furnished to the Secretary of the Association prior to any meeting in which the tenant exercises the voting right.

Section 3.4. Declarant Control Period. During the Declarant Control Period, Declarant or any successor 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 subject to the limitations in the Act. This Declarant Control Period will terminate no later than sixty (60) days after conveyance of 100% of the Units to Owners other than Declarant. Declarant may voluntarily surrender the right to appoint and remove officers and Directors before termination of Declarant Control Period, but, in that event, Declarant may require for the duration of the Declarant Control Period, that specified actions of the Association or the Executive Board, as described in a recorded instrument by Declarant, be approved by Declarant before they become effective.

Section 3.5. Compliance with Association Documents. Each Owner shall abide by and benefit from each provision, covenant, condition, restriction and easement contained in the Association Documents. The obligations, burdens and benefits of Association membership concern the land and shall be covenants running with each Unit for the benefit of all other Units.

Section 3.6. Books and Records. The Association shall make available for inspection, upon advance request, during normal business hours or under other reasonable circumstances, to Owners and to Eligible Mortgagees, current copies of the Association Documents and the books, records, and financial statements prepared pursuant to the Bylaws. The Association may recover expenses and charge reasonable fees for copying or delivering such materials.

Section 3.7. Manager. The Association, through its Executive Board, shall employ or contract with a Manager and delegate certain Association powers, functions, or duties, as provided in the Bylaws. The Manager shall not have the authority to make expenditures except pursuant to the Executive Board’s prior approval, written policies, or direction. The Executive Board shall not be liable for any omission or improper exercise by a Manager of any duty, power, or function so delegated by written instrument executed by or on behalf of the Executive Board.

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

Section 3.9. Powers of the Executive Board. The Executive Board shall have power to take the following actions:

a. Adopt and publish procedures, policies, rules and regulations governing the use, maintenance, repair, or replacement of the Common Elements and governing the personal conduct of the Members and their guests on the Project; the Association may establish penalties, including, without limitation, the imposition of fines, for the infraction of such rules and regulations;

b. Suspend a Member's voting rights during any period in which such Member is in default on payment of any Assessment, but only in accordance with Colorado law. Such rights may be suspended only after notice and a hearing.

c. Exercise all powers, duties, and authority vested in or delegated to the Executive Board and not reserved to the Members or Declarant by other provisions of this Declaration or the Articles or Bylaws or as provided by the Act; and

d. Assign its right to future income, including the right to receive Common Expense Assessments.

ARTICLE IV
MAINTENANCE OF THE PROPERTY

Section 4.1. Maintenance of Common Elements. Except as otherwise provided in this Declaration or the Bylaws, the Association shall maintain, repair, and replace all of the Common Elements, except those portions of the Limited Common Elements that are required by this Declaration to be maintained, repaired, or replaced by the Unit Owners. Unless the Association contractually assumes such responsibility for specific portions of the Project, each Unit Owner shall be responsible for removing snow, leaves, and debris from all driveways, walkways, patios, decks, and balconies that are Limited Common Elements appurtenant to such Owner's Unit.

Section 4.2. Maintenance of Units.

a. Each Unit Owner, at such Unit Owner's expense, will maintain, repair, and replace all portions of such Owner's Unit, except the portions of the Unit required by the Declaration or the Bylaws to be maintained, repaired, or replaced by the Association. Limited Common Element exterior doors and windows, decks, patios and balconies shall be maintained, repaired and replaced by each Unit Owner. Notwithstanding the foregoing, all repairs or replacements of exterior doors and windows, decks, patios and balconies shall be approved in advance by the Association for purposes of maintaining uniformity of appearance throughout the Project.

b. Except as otherwise set forth in the Declaration or the Bylaws, the Association will maintain, repair, or replace the exterior surfaces of all Units, including the siding and roofs. Exterior maintenance will include painting, replacement of trim, caulking, general repairs, and such other services the Executive Board deems appropriate. All costs of maintenance, repair, or replacement performed by the Association will be paid as a Common Expense. However, upon amendment of the Bylaws in a non-discriminatory and equitable manner, the Executive Board may delegate and the Unit Owners will assume any part of the exterior maintenance, repair, or replacement for a Unit or the Limited Common Elements appurtenant to any Unit.

c. If an Owner does not properly maintain and repair their Unit, the Association, after ten (10) days prior written notice to the Owner and with the Executive Board's approval, may enter the Unit to perform such work as is reasonably required to restore the Unit and other improvements thereon to a condition of good order and repair. All unreimbursed costs shall be a lien upon the Unit until reimbursement is made. The lien may be enforced in the same manner as a lien for an unpaid Assessment.

Section 4.3. Limited Common Element Maintenance. Each Owner will have ultimate responsibility for keeping any Limited Common Element appurtenant to their Unit clean and in good order in conformance with the use restrictions in this Declaration. Notwithstanding the foregoing, the Association may maintain the Limited Common Elements in good order and condition and otherwise manage and operate the Limited Common Elements as it deems necessary or appropriate.

Section 4.4. Allocation of Specified Common Elements. The Executive Board may designate parts of the Common Elements from time to time for use by less than all of the Unit Owners or by non-owners for specified periods of time or by only those persons paying fees or satisfying other reasonable conditions for use that the Board may establish. Any such designation shall not be a sale or disposition of such portions of the Common Elements.

Section 4.5. Maintenance Contract. The Executive Board shall employ or contract for the services of an individual or maintenance company to perform certain delegated powers, functions, or duties of the Association to maintain the Common Elements. **Purchasers of Units are advised that Section 7.10 of this Declaration requires a non-refundable working capital fund contribution by Unit purchasers equal to one-fourth (1/4) of the Unit's annual Periodic Assessment, in addition to regular periodic Assessments. Said working capital fund contributions may be utilized to cover the initial costs of shared expenses for water, sewer, snow removal, driveway, landscaping, trash removal, utilities and other periodic expenses. Purchasers of Units are advised to review Section 7.10, below.**

Section 4.6 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 Project 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.

ARTICLE V
PROPERTY RIGHTS OF OWNERS, AND DECLARANT RESERVATIONS

Section 5.1. Legal Description. An agreement for the sale of a Unit entered into prior to the recording the Map and this Declaration with the Summit County, Colorado Clerk and Recorder may legally describe such Unit as set forth below and may indicate that the Map and this Declaration are to be recorded. After the Map and this Declaration are recorded, instruments of conveyance of Units, and every other instrument affecting title to a Unit shall describe such Unit as set forth below, and may include such omissions, insertions, recitals of fact, or other provisions that may be necessary or appropriate under the circumstances:

> Unit ___, Talus Haus, according to the Map recorded with the Summit County, Colorado Clerk and Recorder on ______________, 2025 at Reception No. _______, and the Declaration, recorded on ______________, 2025 at Reception No. _______, Town of Frisco, Summit County, Colorado.

Section 5.2. Owner's Easement of Enjoyment. Every Owner has a right and 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 designation of Common Elements as Limited Common Elements and the provisions in the Association Documents.

Section 5.3. 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, gas, telephone, electrical, and cable communications systems. By virtue of this easement, it shall be expressly permissible and proper for the companies authorized by Declarant or the Executive Board which provide 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 revegetate the surface to its former condition.

Section 5.4. General Maintenance Easement. An easement is hereby reserved to Declarant, and granted to the Association, any Director or the Manager, and their respective officers, agents, employees, and assigns, upon, in and under the Property and a right to make such use of the Property as may be necessary or appropriate to perform maintenance, repair or replacement duties or to perform the duties and functions which the Association is obligated or permitted to perform pursuant to the Association Documents, including the right to enter upon any Unit to make emergency repairs.

Section 5.5. Declarant's Rights Incident to Construction. Declarant, for itself and its successors and assigns, hereby reserves an easement for construction, utilities, drainage, ingress and egress over, in, upon, under and across the Common Elements, together with the right to store materials on the Common Elements, to build and maintain temporary walls, and to make such other use of the Common Elements as may be reasonably necessary or incident to any construction in the Units of improvements on the Property or other real property owned by Declarant, or other properties abutting and contiguous to the Property; provided, however, that no such rights shall be exercised by Declarant in a way which prohibits the occupancy, use, or access to the Project by the Owners.

Section 5.6. Special Declarant Rights. Declarant reserves the right to perform the acts and exercise the rights hereinafter specified (the "Special Declarant Rights"). Declarant's Special Declarant Rights include the following:

a. Completion of Improvements. The right to complete improvements indicated on the Map filed with the Declaration.

b. Sales Management and Marketing. The right to maintain sales offices, management offices, signs advertising the Project and models on the Property. The offices, model Unit and signs will be of sizes and styles determined by Declarant, and may be relocated by Declarant from time to time. At all times, the offices, model Unit and signs will remain the Declarant's property and may be removed from the Property by Declarant at any time.

c. Construction Easements. The right to use easements through the Common Elements for the purpose of making improvements within the Project.

d. Merger. The right to merge or consolidate the Project with another project operated as a planned community.

e. Control of Association and Executive Board. The right to appoint or remove any Officer or any Director pursuant to Section 3.4 above.

Section 5.7. Easement to Inspect and Right to Correct. Declarant reserves for itself and others it may designate the right to inspect, monitor, test, redesign, and correct any structure, improvement, or condition which may exist on any portion of the Property within the Project, including Units, and a perpetual nonexclusive easement of access through the Project to the extent reasonably necessary to exercise such right. Except in an emergency, entry into a Unit shall be only after reasonable notice to the Owner and with the Owner's consent, which consent shall not be unreasonably withheld. The person exercising this easement shall promptly repair, at such person's own expense, any damage resulting from such exercise.

Section 5.8. Right to Notice of Design or Construction Claims. No person shall retain an expert for the purpose of inspecting the design or construction of any structures or improvements within the Project in connection with or in anticipation of any potential or pending claim, demand, or litigation involving such design or construction unless Declarant and any builder involved in the design or construction have been first notified in writing and given an opportunity to meet with the property Owner to discuss the Owner's concerns and conduct their own inspection.

Section 5.9. Right to Approve Additional Covenants. No person shall record any declaration of covenants, conditions and restrictions, or similar instrument affecting any portion of the Property without Declarant's review and written consent. Any attempted recordation without such consent shall result in such instrument being void and of no force and effect unless subsequently approved by written consent signed and recorded by Declarant.

Section 5.10. Right to Approve Changes in Standards. No amendment to or modification of any restrictions, rules or architectural guidelines shall be effective without Declarant's prior written approval so long as Declarant owns property subject to this Declaration.

Section 5.11. 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 Declarant's prior written consent.

Section 5.12. Termination of Special Declarant Rights. The Special Declarant Rights contained in this Article shall not terminate until the earlier of (a) 10 years from the date this Declaration is recorded; or (b) recording by Declarant of a written statement relinquishing such rights. Earlier termination of certain rights may occur by statute.

ARTICLE VI
INSURANCE AND FIDELITY BONDS

Section 6.1. Authority to Purchase. The Association shall purchase all insurance policies relating to the Common Elements. The Executive Board, the Manager, and Declarant shall not be liable for failure to obtain any coverages required by this Article or for any loss or damage resulting from such failure if such failure is due to the unavailability of such coverages from reputable insurance companies, or if such coverages are available only at demonstrably unreasonable cost. In such event, the Executive Board shall timely cause notice of such fact to be delivered to all Owners.

Section 6.2. Notice to Owners. The Association, through its Executive Board, shall promptly furnish to each Owner written notice of the procurement of, subsequent change in, or termination of, insurance coverages obtained under this Article.

Section 6.3. General Insurance Provisions. All insurance coverages obtained by the Executive Board shall be governed by the following provisions.

a. As long as Declarant owns any Unit on which a certificate of occupancy has been issued, Declarant shall be protected by all such policies as an Owner. The coverage provided to Declarant under the insurance policies obtained in compliance with this Article shall not protect or be for the benefit of any general contractor engaged by Declarant, nor shall such coverage protect Declarant from (or waive any rights with respect to) warranty claims against Declarant as developer of the Project.

b. The deductible amount, if any, on any insurance policy the Executive Board purchases may be treated as a Common Expense payable from Periodic 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. The Association may enforce payment of any amount due from an individual Owner toward the deductible in the same manner as an Assessment.

c. The insurance coverage described in this Article shall be considered minimum coverage and the Association will be obligated to secure and maintain such other or additional coverage as may be required by law or C.R.S. § 38-33.3-313, which is also applicable to supplement the provisions of this Article.

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

Section 6.4. Physical Damage Insurance on Improvements. The Association shall obtain and maintain in full force and effect physical damage insurance on all Units, (excluding, unless the Executive Board directs otherwise, the fixtures, equipment, furniture, wall coverings, improvements, additions or other personal property installed by Owners) and all insurable Common Elements improvements 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). Such insurance shall afford protection against at least the following:

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

b. Property damage insurance covering personal property owned by the Association.

Section 6.5. Provisions Common to Physical Damage Insurance.

a. In contracting for the insurance policy or policies obtained pursuant to Section 6.4, the Executive Board shall make reasonable efforts to secure coverage if the Board deems such coverage advisable, which includes:

i. A waiver of any right of the insurer to repair, rebuild or replace any damage or destruction, if a decision is made pursuant to this Declaration not to do so.

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. Periodic appraisals to determine replacement cost, as more fully explained in Section 6.5(b) below.

iv. A provision that no policy may be canceled, invalidated, or suspended on account of the conduct of any Owner (including such Owner's tenants, servants, agents, invitees, and quests), any member of the Executive Board, officer, or employee of the Association or the Manager 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 Manager, any Owner, or Mortgagee.

v. Any other provisions the Executive Board deems advisable.

b. Prior to obtaining any physical damage insurance policy or any renewal thereof, and at such other intervals as the Executive Board may deem advisable, the Executive Board shall obtain an appraisal from a general contractor, an insurance company, or such other source as the Board may determine, of the then replacement cost of the property (exclusive of the land, excavations, foundations and other items normally excluded from such coverage) subject to insurance carried by the Association, without deduction for depreciation, for the purpose of determining the amount of physical damage insurance to be secured pursuant to this Article.

c. A duplicate original of the physical damage insurance policy, all renewals thereof, and any subpolicies or certificates and endorsements issued thereunder, together with proof of premium payments and any notice issued under Section 6.5(a)(iv) above, shall be delivered by the insurer to the Association and upon request to any Owner or Eligible Mortgagee. An Eligible Mortgagee on any Unit shall be entitled to receive prompt notice of any event giving rise to a claim under such policy arising from damage to such Unit.

Section 6.6. 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 Manager, and their respective employees and agents. 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 $2,000,000 covering all claims for bodily injury or property damage arising out of one occurrence. Reasonable amounts of "umbrella" liability insurance in excess of the primary limits may also be obtained.

Section 6.7. Provisions Common to Physical Damage Insurance, and Liability Insurance. Any insurance coverage the Association obtains pursuant to this Article shall be subject to the following provisions and limitations:

a. The named insured under any such policies shall include Declarant, until all the Units have been conveyed, and the Association, as attorney-in-fact for the use and benefit of the Owners, or the Association's authorized representative (including any trustee, or any successor trustee, with whom the Association may enter into an insurance trust agreement, 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 negotiate losses and receive payments under such policies, and the "loss payable" clause should designate the Association or the Insurance Trustee, if any, who will act as trustee for each Owner and the holder of each Unit's Mortgage.

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

c. The insurance coverage obtained and maintained pursuant to this Article shall not be brought into contribution with insurance purchased by the Owners or on their behalf;

d. The policies shall provide that coverage shall not be prejudiced by (i) any act or neglect of any Owner or Guest 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 Eligible Mortgagee listed as an insured in the policies; and

f. The policies shall contain a waiver of: (i) subrogation by the insurer as to any and all claims against Declarant, the Executive Board, the Association, the Manager, and any Owner or Guest; and (ii) any defenses based upon co-insurance or upon invalidity arising from the acts of the insured.

Section 6.8. Other Insurance. The Executive Board may obtain insurance against such other risks of a similar or dissimilar nature as it shall deem appropriate with respect to the Association's responsibilities and duties.

Section 6.9. Insurance Obtained by Owners. Each Unit Owner shall, at all times, purchase and maintain an insurance policy (HO-6, or equivalent coverage) on their Unit and may obtain additional physical damage and liability insurance for such Owner's benefit, at such Owner's expense, as such Owner in the Owner's sole discretion shall conclude to be desirable. However, no such insurance coverage obtained by the Owner shall operate to decrease the amount which the Executive Board, on behalf of all Owners, may realize under any policy maintained by the Board or otherwise affect any insurance coverage obtained by the Association or cause the diminution or termination of that insurance coverage. Any insurance obtained by an Owner shall include a provision waiving the particular insurance company's right of subrogation against the Association and other Owners, including Declarant, should Declarant be the Owner of any Unit. No Owner shall obtain separate insurance policies on the Common Elements.

ARTICLE VII
ASSESSMENTS

Section 7.1. Apportionment of Common Expenses. Common Expenses shall be apportioned to each Unit, and as set forth more fully below.

a. Each Unit's share of the Common Expenses is equivalent to the ratio of its approximate square footage to the total square footage of all Units which area has been determined in good faith by Declarant and consistently applied to all Units.

b. The Common Expenses shall include, without limitation, all costs and expenses for administration, operation, management, and repair or replacement of the Limited Common Elements, and expenses declared to be Common Expenses pursuant to this Declaration.

c. 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. Any extraordinary insurance cost incurred as a result of the value of a particular Owner's Unit or the actions of a particular Owner, or their Guests, shall be borne by that Owner. Any Common Expense caused by the misconduct or negligence of any Owner, or their Guest, shall be assessed solely against such Owner's Unit.

Section 7.2. Obligation and Purpose of Assessments.

a. Owners, by accepting a deed for a Unit, covenant to pay the Association (1) the Periodic Assessments imposed by the Executive Board as necessary to meet the Common Expenses of maintenance, repair, replacement, operation, and management of the Common Elements and to perform the Association's functions; (2) Special Assessments for capital improvements and other purposes as stated in this Declaration, if permitted by law; and (3) Default Assessments which may be assessed against a Unit for the Owner's failure to perform an obligation under the Association Documents or because the Association has incurred an expense under the Association Documents on the Owner's behalf. No Owner may exempt themselves from liability for assessments by non-use of Common Elements, abandonment of their Unit, 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.

b. Assessments shall be used exclusively to promote the health, safety and welfare of the Owners and occupants of the Property and for the improvement, maintenance, repair, or replacement of the Common Elements all as more fully set forth in the Association Documents.

Section 7.3. Commencement of Assessments. Assessments shall commence on the first day of the month after issuance of a Certificate of Occupancy for a Unit or upon sale of a Unit, whichever first occurs.

Section 7.4. Assessment Lien.

a. The Association is hereby granted, and shall have, a lien on a Unit for any Assessment levied against the Unit or fines imposed against its Owner, but only in accordance with Colorado law. Fees, charges, late charges, attorneys' fees, fines, and interest charged, if allowed by the Act and the Association Documents, are enforceable as Assessments. The amount of the lien shall include all those items set forth in this Section from the time such items become due. If an Assessment is payable in installments, each installment is a lien from the time it becomes due, including the due date set by any valid Association acceleration of installment obligations.

b. A lien under this Section is prior to all other liens and encumbrances on a Unit except: (1) liens and encumbrances recorded before the recordation of the Declaration; (2) an Eligible Mortgagee's first Security Interest on the Unit recorded before the date on which the Common Expense Assessment sought to be enforced became delinquent; and (3) liens for real estate taxes and other governmental assessments or charges against the Unit. A lien under this Section is also prior to all Security Interests described in subdivision (2) of this subsection to the extent that the Common Expense Assessments (not including fees, charges, late charges, attorneys' fees, fines, and interest pursuant to C.R.S. §§ 38-33.3-302(1)(j), (k), and (l), C.R.S. § 38-33.3-313(6), C.R.S. § 38-33.3-315(2), are based on the periodic budget adopted by the Association pursuant to this Declaration and would have become due in the absence of acceleration, during the six months immediately preceding an action or a non-judicial foreclosure either to enforce or extinguish either the Association's lien or a Security Interest described in subdivision (2) of this subsection. The Assessment lien shall be superior to and prior to any homestead exemption provided now or in the future by Colorado law. 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 Security Interest, or any proceeding in lieu thereof, or cancellation or forfeiture shall only extinguish the Association's lien as provided in the Act. The amount of such extinguished lien may be reallocated and assessed to all Units as a Common Expense at the Executive Board's direction.

c. Recording of this Declaration constitutes record notice and perfection of the Association's lien. Further recording of a statement or claim of lien is permitted, but not required.

d. This Section does not prohibit an action to recover sums for which this Section creates a lien or prohibit the Association from taking a deed in lieu of foreclosure. A judgment or decree in any action brought under this Section shall include costs and reasonable attorneys' fees for the prevailing party, which may constitute additional Assessments, and be enforceable by execution under Colorado law.

e. The Association's lien may be foreclosed by the same manner in which a mortgage on real estate is foreclosed under Colorado law, but only in accordance with the strict provisions of the Act.

f. In any action by the Association to collect Assessments or to foreclose an Assessment lien, the Association shall follow the strict provisions of the Act, and if allowed, the court may also appoint a receiver for the Unit who shall collect all sums due from that Unit Owner or a tenant of the Unit Owner prior to or during the pendency of the action. The Association may request that the court order the receiver to pay any sums held by the receiver to the Association during the pendency of the action to the extent of the Association's Assessments based on a periodic budget adopted by the Association pursuant to this Declaration.

Section 7.5. 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. A summary of the budget will be sent to all Owners along with notice of a date for an Owner meeting to consider its ratification. The proposed budget will be deemed approved by the Owners unless a majority of all Owners vote to veto the budget at that meeting. If the proposed budget is vetoed, the last periodic budget not vetoed by the Owners must be continued until a subsequently proposed budget is not vetoed.

Section 7.6. Periodic Assessments. Periodic Assessments for Common Expenses 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 due in advance, without notice on the first day of the year. Owners may pay their Periodic Assessment in monthly installments, due on the first of each month, without notice, or in such other installments as the Executive Board may determine. Failure 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.

Section 7.7. Supplementary Assessments. If the Executive Board determines, at any time or from time to time, that the amount of the Periodic Assessments is not adequate to pay for the costs and expenses of fulfilling the Association's obligations, one or more supplementary assessments may be made for the purpose of providing the additional funds required. To determine the amount of additional funds to be raised by 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 an Owner meeting to consider its ratification. Upon request, the Executive Board will deliver the revised budget summary to any Eligible Mortgagee. The Executive Board may levy a supplementary assessment for such fiscal year against each Unit based on the revised budget.

Section 7.8. Special Assessments. In addition to Periodic Assessments, the Executive Board may levy in any fiscal year one or more Special Assessments, payable over such a period as the Executive Board 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 in 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, except 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 their Guest, shall be borne by that Owner. Written notice of the Special Assessment amount and payment schedule shall be given promptly to the Owners, and no payment shall be due less than thirty (30) days after the date of such notice.

Section 7.9. Default Assessments. All monetary fines assessed against an Owner pursuant to the Association Documents, or any Association expense which is an Owner's obligation or which the Association incurs on an Owner's behalf pursuant to the Association Documents, shall be a Default Assessment. Such a Default Assessment shall be a lien against such Owner's Unit which may be foreclosed or otherwise collected as provided in this Declaration. Notice of the amount and due date of such Default Assessment shall be sent to the Owner subject to such Assessment at least thirty (30) days prior to that due date.

Section 7.10. Working Capital Fund. 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 one-fourth (1/4) of the Unit's Periodic Assessment for that year, which sum shall be segregated and held, without interest, by the Association to meet unforeseen expenditures, acquire additional services or equipment, or as a maintenance reserve. A working capital fund contribution shall be collected and transferred to the Association at the time of closing of each sale, or re-sale, of each Unit, and shall be maintained for the Association's use and benefit. An Owner's contribution to the working capital fund shall not relieve an Owner from otherwise paying Assessments as they 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 fund. Declarant may not use any of the working capital fund to defray any of its expenses or construction costs.

Section 7.11. Reserve Fund. The Association shall establish and maintain an adequate reserve fund for the replacement of improvements to the Common Elements and those Limited Common Elements that the Association is obligated to maintain. This reserve fund shall be a line item in the periodic budget and shall be collected from and as part of the Periodic Assessments for Common Expenses.

Section 7.12. Effect of Nonpayment.

a. Any Periodic, Special, or Default Assessment, or any installment thereof, shall be delinquent if not paid within thirty (30) days of its due date. If an Assessment, or installment, becomes delinquent, the Association, in its sole discretion, may take any or all of the actions outlined in its Responsible Governance Policies. If allowed by the Act, those actions might include:

i. Assess a late charge for each delinquency in such amount as the Executive Board may determine.

ii. Assess interest on the delinquent amount at a rate the Executive Board determines is appropriate, but not to exceed eighteen percent (18%) per annum (Default Rate), accruing from the due date until paid in full;

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

iv. Accelerate any portion or all remaining Assessment installments so that unpaid Assessments for the remainder of the fiscal year shall be immediately due and payable;

v. Disconnect any utility services to the Unit, but only those that are paid as a Common Expense;

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

vii. File a statement of lien with respect to the Unit and proceed with foreclosure as set forth herein, but only in strict compliance with the provisions of the Act.

b. Upon payment of delinquent Assessments, the Association may forego any collections remedies, decelerate any Assessment installments that were accelerated and restore any rights to the previously delinquent Owner.

Section 7.13. Successor's Liability for Assessment. In addition to each Owner's personal obligation to pay all Assessments and the Association's perpetual lien for such Assessments, all successors to ownership of a Unit, except as otherwise provide in this Article, shall be jointly and severally liable with the prior Unit Owner(s) 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. The successor's liability shall not be personal and shall terminate upon termination of such successor's ownership of the Unit. In addition, the successor shall be entitled to rely on the Association's statement of status of assessments as set forth below.

Section 7.14. Notice to Mortgagee. The Association may report to any Eligible Mortgagee any unpaid Assessments remaining unpaid for longer than sixty (60) days after the same shall have become due, if such Eligible Mortgagee first shall have furnished to the Association written notice of their Security Interest and a request for notice of unpaid Assessments. Any Eligible 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 Eligible Mortgagee shall have a lien on the Unit for the amounts paid with the same priority as their Security Interest lien.

Section 7.15. Statement of Assessments. The Association shall furnish to an Owner, their designee, or to a holder of a Security Interest 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. A reasonable fee, established by the Executive Board, may be charged for such statement.

ARTICLE VIII
DAMAGE OR DESTRUCTION

Section 8.1. The Role of the Executive Board. Except as otherwise provided in this Article, if damage to or destruction of all or part of any Common Elements, or other property covered by insurance written in the Association's name ("Association-Insured Property") occurs, the Executive Board shall arrange for and supervise the prompt repair and restoration of the damaged property.

Section 8.2. 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. As used in this Article "repair and reconstruction" 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.

Section 8.3. 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 shall not be abated during the period of insurance adjustments and repair and reconstruction.

Section 8.4. Funds for Repair and Reconstruction. Proceeds received by the Association from any hazard insurance it carries 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, 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.

Section 8.5. 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. 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 positive balance remaining in said fund 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.

Section 8.6. Decision Not to Rebuild Common Elements. If at lease seventy-five percent (75%) of the Owners and all directly adversely affected Owners (as determined by the Executive Board) agree in writing not to repair and reconstruct improvements within the Common Elements and if no alternative improvements are authorized, then the damaged property shall be restored to its natural state and maintained as an undeveloped portion of the Common Elements by the Association in a neat and attractive condition. Any remaining insurance proceeds shall be distributed in accordance with applicable law.

ARTICLE IX
CONDEMNATION

Section 9.1. Rights of Owners. If any authority having power of condemnation or eminent domain takes all or any part of the Common Elements, or whenever the Executive Board, acting as attorney-in-fact for all Owners under instruction from such authority, conveys all or any part of the Common Elements in lieu of such taking, each Owner shall be entitled to notice of the taking or conveying. The Association shall act as attorney-in-fact for all Owners in the proceedings incident to the condemnation proceeding, unless otherwise prohibited by law.

Section 9.2. Partial Condemnation, Distribution of Award; Reconstruction. The award made for such taking shall be payable to the Association as trustee for those Owners for whom use of the Common Elements was conveyed, and the award shall be disbursed as follows: If the taking involves a portion of the Common Elements on which improvements have been constructed, then, unless within sixty (60) days after such taking Declarant and at least three Owners shall otherwise agree, the Association shall restore or replace such improvements so taken on the remaining land included in the Common Elements to the extent lands are available for such restoration or replacement in accordance with plans approved by the Executive Board. If such improvements are to be repaired or restored, the provisions above regarding the disbursement of funds in respect to repair of casualty damage or destruction shall apply. If the taking does not involve any improvements on the Common Elements, or if there is a decision made not to repair or restore, or if there are net funds remaining after any such replacement is completed, then such award or net funds shall be distributed in equal shares per Unit among the Owners, first to the Mortgagees, if any, and then to the Owners, as their interests appear.

Section 9.3. Complete Condemnation. If all of the Property is taken, condemned, sold, or otherwise disposed of in lieu of or in avoidance of condemnation, then the regime created by this Declaration shall terminate, and the portion of the condemnation award attributable to the Common Elements shall be distributed as provided in Section 8.5 above.

ARTICLE X
DURATION OF COVENANTS AND AMENDMENT

Section 10.1. Covenants Binding. Each provision of this Declaration and a promise, covenant and undertaking to comply with each such provision shall: (i) be 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) by virtue of an Owner's acceptance of any right, title or interest in any of the Property, be accepted, ratified, adopted and declared as such Owner's personal covenant 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 Declarant and all Owners within the Project; (iii) be 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 Declarant, as its interest may appear, and all Owners within the Project; and (iv) run with the land.

Section 10.2. Amendment.

a. Except as otherwise specifically provided in this Declaration, any provision of this Declaration may be amended at any time by the affirmative vote or written consent, or any combination thereof, of at least 65% of the Owners. Any amendment must be executed by the President and recorded, and approval of such amendment may be shown by attaching a certificate of the Secretary 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 that Article entitled Security Interests and Eligible Mortgagees shall be met, if appropriate.

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

i. Declarant hereby reserves and is granted the right and power to record technical amendments to this Declaration, the Articles and Bylaws, 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 without the consent of the Owners or Eligible Mortgagees.

ii. Declarant hereby reserves and is granted the right and power to record special amendments to the Declaration, the Articles and Bylaws 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 Security Interests, to comply with the Act, or to conform with any amendments, modifications, revisions or revocations of the Frisco Code, without the consent of the Owners or any Eligible Mortgagees.

Section 10.3. When Modifications Permitted. Notwithstanding any provisions in this Declaration to the contrary, 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.

Section 10.4. Revocation; Termination. This Declaration shall not be revoked, nor shall the Project be terminated, except as provided in Article IX regarding total condemnation, without the consent of all of the Owners evidenced by a written instrument duly recorded.

ARTICLE XI
INITIAL PROTECTIVE COVENANTS

Section 11.1. 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, this Declaration and the Association 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.

Section 11.2. Authority to Promulgate Use Restrictions. Initial use restrictions applicable to the Project are set forth below. Amendment of these use restrictions requires a vote of at least 65% of the Owners. Provided, however, in accordance with the duty to exercise reasonable business judgment, the Executive Board, with Declarant's consent during the Declarant Control Period, may adopt rules and regulations that modify, limit, create exceptions to, or expand the initial use restrictions set forth in this Article.

Section 11.3. Owners Acknowledgment. All Owners and Guests are given notice that use of their Unit is limited by the Association Document provisions 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 their Unit can be affected by this provision and that all restrictions upon the use and occupancy of a Unit may change from time to time.

Section 11.4. Rights of Owners. The Executive Board shall not adopt any Rule or Regulation in violation of the following provisions:

a. <u>Equal Treatment.</u> Similarly situated Owners and Guests shall be treated similarly.

b. Speech. An Owners right to display political signs and symbols in or on their Unit 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 Guests.

c. Religious and Holiday Displays. An Owners right 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 Guests.

d. Activities within Units. No rule shall interfere with the activities carried on within the confines of a Unit, 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 Owners or Guests, that generate excessive noise, odors or traffic, that create unsightly conditions visible outside the Unit, that block the views from other Units, or that create an unreasonable source of annoyance.

e. Reasonable Rights to Develop. No rule shall impede Declarant's right to develop in accordance with the provisions of this Declaration.

f. Abridging Existing Rights. If any rule would otherwise require Owners or Guests to dispose of personal property that they owned at the time they acquired their interest in the Unit, and such ownership was in compliance with all rules and regulations in force at that time, the rule shall not apply to any such Owners or Guests without their written consent. However, all subsequent Unit Owners or Guests shall comply with such rule.

Section 11.5. 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 unanimously adopted by the Executive Board.

a. Residential Use. The use of each Unit is restricted to that of a single-family dwelling and residential uses permitted in this Declaration. Except for Declarant's activities permitted elsewhere in this Declaration, no industry, business, trade, or commercial activities (other than home professional pursuits without employees, public visits, or nonresidential storage, mail, or other nonresidential use) shall be conducted, maintained, or permitted in any part of a Unit.

b. Pets. Domestic animals may be kept by Unit Owners in accordance with the Association Bylaws and/or Rules and Regulations adopted by the Executive Board from time to time.

c. Subdivision. No Unit may be subdivided into two or more Units, or the boundary lines of any Unit altered.

d. Leases. The term "lease," as used herein, shall include any agreement for the lease or rental of a Unit and shall specifically include, without limitation, term or month to month rental. Owners shall have the right to lease their Units only under the following conditions:

i. All long-term leases shall be in writing.

ii. All leases shall provide that the lease terms and the tenant's occupancy of the Unit is subject to the Association Documents, as the same may be amended from time to time, and that the tenant's failure to comply with the Association Documents, in any respect, shall be a default of the lease, which may be enforced by the Executive Board, the Owner, or both.

iii. Subject to applicable law, minimum lease terms may be established by the Owners as provided in Section 11.2. However, the short-term rental of any Unit shall be subject to restrictions of applicable law and be managed by the Owner(s) or a properly licensed and insured rental manager. Owners shall provide the Executive Board with a copy of their written rental management agreement within ten (10) days after the execution by the Owner and the rental manager.

iv. The Association may require any Owner who leases his Unit to forward a copy of the lease to the Association within ten (10) days after the execution by Owner and the tenant.

e. Restrictions on Parking and Vehicles. No garage, driveway or designated parking area may be conveyed or leased separately from a Unit. Parking or storing of vehicles within the Property shall be subject to rules and regulations enacted by the Executive Board and provisions of this Declaration including, but not limited to, the following:

i. Only Unit Owners or their Guests and invitees may park on the Property.

ii. No portion of the Property shall be used as a parking, storage, display or accommodation area for any type of house trailer, camping trailer, boat trailer, hauling trailer, motor home, running gear, boat or accessories thereto, except upon the Executive Board's prior approval.

iii. No abandoned or inoperable vehicles of any kind shall be stored or parked on the Property, except upon the Executive Board's prior approval. An "abandoned or inoperable vehicle" shall be defined as 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 shall not be operated on the Common Elements. The definition of unlicensed motor vehicles shall include, but is not limited to, go-carts, mini-bikes, unlicensed motor bikes, motorized scooters, snow mobiles and all-terrain vehicles.

v. Parking of permitted vehicles upon designated parking areas shall be subject to Rules of the Executive Board and unless so authorized no overnight parking is permitted on any portion of the Common Elements other than on Limited Common Element parking spaces, the use of which is limited to the Unit to which it is assigned and designated on the Map.

f. Timeshare Restriction. No Unit Owner shall offer or sell any interest in their Unit under a "timesharing" or "interval ownership" plan, or any similar plan.

g. Compliance with Laws. Each Owner shall comply with 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.

h. Nuisances. 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 Project, is a nuisance. All valid laws, ordinances and regulations of all governmental bodies having jurisdiction over the Project shall be observed and may be enforced by the Association as if the same were contained in the Association Documents.

i. Decks, Balconies or Patios. Lawn furniture and gas grills may be used and stored on a Unit's deck, balcony or patio. Charcoal grills and other open fires are prohibited. Owners understand their use of the exterior Limited Common Elements can detrimentally affect other Unit Owners. The Executive Board will adopt rules governing appropriate use and appearance of the decks, rooftop balconies, patios and other Limited Common Elements subject to reasonable restrictions or applicable law.

Section 11.6. Alterations or Modifications by Owners.

a. Owners may not make any structural addition, alteration, or modification in or to the Property without the prior written consent of the Executive Board, or a Board appointed committee, in accordance with Section 11.6(b). Subject to forgoing, Owners:

i. may make alterations or modifications to the interior of their Units that do not impair the structural integrity or affect the utilities or mechanical systems or lessen the support of any portion of the Property; and

ii. may not alter or modify the appearance of the Common Elements, a Unit's exterior appearance including any portion of the Unit's interior that affects the Building's exterior appearance, or the exterior appearance of any other portion of the Property, without prior authorization.

b. An Owner may submit a written request for approval of anything prohibited under Section 11.6(a). Responses to any such written request for approval shall be made within 60 days after receipt of the request. Failure to answer the request within this time shall not constitute consent to the proposed action. Review of such requests shall be in accordance with standards and criteria established by the Executive Board from time to time.

c. Any applications to any department or governmental authority for a permit to make any addition, alteration, or modification in or to any Unit that affect the structural integrity, electrical or mechanical systems of the Property shall be first approved by the Executive Board before the Owner files such application. This approval will not, however, make the Association, or any Owner, liable for any claim or damage arising from the permit on account of the addition, alteration, or modification.

d. All additions, alterations, and modifications to the Units and Common Elements shall not, except upon the Board's prior approval, cause any increase in the Association's, or any other Owner's, insurance policy premiums.

e. In addition to a written request for approval of anything prohibited under Section 11.6(a), Owners shall submit documents and materials including, but not limited to plans, specifications, and any additional information specified in any Board adopted design review guidelines or otherwise requested. The supporting information shall be reviewed for consistency with the Building and the style and character of the Project, and in accordance with any established standards and criteria.

f. Owner's shall be responsible for payment of an application fee and all of the Association's expenses resulting from the Owner's request including, but not limited to the cost of professional review, and any other costs or expenses set forth in the standards and criteria adopted by the Executive Board. Additionally, Owner's shall be responsible for all their costs of preparing and submitting their written requests for approval and supporting materials, and all governmental permits and fees.

Section 11.7. Alterations or Modifications by the Executive Board. Subject to the limitations of this Declaration, the Board may and shall make any additions, alterations, or modifications to the Common Elements that, in its judgment, are necessary and in the best interest of the Project.

ARTICLE XII
SECURITY INTERESTS AND ELIGIBLE MORTGAGEES

The following provisions are for the benefit of Eligible Mortgagees.

Section 12.1. Title Taken by Lenders. Any Person holding a Security Interest against 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 as of the date title to the Unit is acquired.

Section 12.2. 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.

Section 12.3. Right to Pay Taxes and Charges. Lenders who hold Security Interests against Units may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge 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.

Section 12.4. Financial Statement. Upon written request from any Agency or 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 Eligible Mortgagee.

Section 12.5. Notice of Action. Any Agency or Eligible Mortgagee which holds, insures or guarantees a first lien Security Interest, upon written request to the Association (which shall include the Mortgagee's and Agency's name and address and the Unit number), will be entitled to timely written notice of:

a. Any proposed amendment of the Association 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 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 Section 12.6 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 Security Interest which has continued for a period of more than sixty days;

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

Section 12.6. Inaction by Eligible Mortgagee or Agency. If this Declaration or any Association Documents require the approval of any Agency or Eligible Mortgagee then, if any such Eligible Mortgagee 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 XIII
DISPUTE RESOLUTION AND LIMITATION ON LITIGATION

Section 13.1. 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 Section 13.2 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 Association Documents;

ii. the rights, obligations and duties of any Bound Party under the Association Documents; or

iii. the design or construction of improvements within the Project, other than matters of aesthetic judgment, 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 Section 13.2:

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 and preserve the Association's ability to enforce the provisions of this Declaration, including, without limitation appointment of a receiver for a Unit;

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 Association 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 Section 13.2(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.

Section 13.2. Dispute Resolution Procedures.

a. <u>Notice.</u> 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 Section 13.2(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

Day 1	**Days 2-30**	**Days 31-60**	**Days 61+**
NOTICE OF CLAIM	NEGOTIATION	MEDIATION	TERMINATION OF MEDIATION OR SETTLEMENT

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.

Section 13.3. Construction Defect Claims. 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 judicial proceedings provided in the Association Documents or the Act, the Executive Board shall not initiate a construction defect action as unless it complies with the disclosure requirements 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 Claims whether brought by the Association or by any Owner:

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, 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 not timely submitted to arbitration, 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 Section 13.3 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 Section 13.3 (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), 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 13.3(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 Section 13.3, 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 13.3(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 XIII. Notwithstanding the terms of Subsection 13.3(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 Section 13.3 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 Section 13.3 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 Section 13.3, 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 Section 13.3 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 PROJECT OR ANY PORTION THEREOF, INCLUDING ANY UNIT.

g. This Section 13.3 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.

Section 13.4. 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 100% of the Owners, except that no such approval shall be required for actions or proceedings by the Association:

a. initiated during the Declarant Control Period;

b. initiated to enforce any of the provisions of the Association Documents, 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.

This Section shall not be amended unless such amendment is approved by the same percentage of votes necessary to institute proceedings.

ARTICLE XIV
GENERAL PROVISIONS

Section 14.1. Failure to Enforce. Failure to enforce any provision of this Declaration or other Association Documents shall not operate as a waiver of any such provision or of any other provision of this Declaration.

Section 14.2. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

Section 14.3. Conflicts Between Documents. In case of conflict between this Declaration and the Articles and the Bylaws, this Declaration shall control. In case of conflict between the Articles and the Bylaws, the Articles shall control.

Section 14.4. References to the Town Standards. Any reference in this Declaration to land use regulations, zoning regulations, or other Town of Frisco standards, any maps or plats approved by the Town or any other federal, state or local rule, law or regulation, such references shall automatically be waived, released, modified or amended, as the case may be, to correspond with any subsequent waiver, release, modification or amendment of such regulations, zoning, other Town of Frisco standards, ordinances, maps/plats or any other rule or law.

Section 14.5. Notices. Notices to Owners may be given as provided in the Act or the Colorado Nonprofit Corporation Act, C.R.S. § 7-121-402.

Section 14.6. General. Whenever used herein, unless the context shall otherwise provide, the singular number shall include the plural, the plural the singular, and the use of any gender shall include all genders; similarly, capitalization of letters in a word shall not be construed to affect the meaning of such word. Except for annual, special and default assessment liens obtainable as provided herein, mechanics' liens, tax liens, judgment and execution liens arising by operation of law and liens arising under deeds of trust or mortgages, there shall be no other liens obtainable against the Common Elements or any interest therein of any Unit.

Section 14.7. Counterparts. This Declaration and any document or instrument executed pursuant hereto may be executed in any number of counterparts, electronic or otherwise, each of which shall be deemed an original, but all of which together shall constitute one in the same instrument.

IN WITNESS WHEREOF, Declarant has executed the Declaration as of this _____ day of ________________, 2025.

BLUE RIVER REAL ESTATE FUND III LLC, a Colorado limited liability company

____

By:

Its:

DRAFT ONLY

STATE OF _____________________)
) ss.
COUNTY OF ___________________)

Subscribed and sworn to before me on _____________, 2025 by ______________________, as _______________________, Blue River Real Estate Fund III LLC, a Colorado limited liability company.

Witness my hand and official seal.
My Commission expires:

____
Notary Public