

DECLARATION
OF COVENANTS, CONDITIONS, AND RESTRICTIONS
OF
CHATFIELD BLUFFS SOUTH

10
206.00 THIS DECLARATION is made and entered into by LAND
SECURITIES INVESTORS, LTD., a Colorado limited partnership
("Declarant").

WITNESSETH:

1-41

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

WHEREAS, Declarant desires to subject and place upon the property described in the attached Exhibit A certain covenants, conditions, restrictions, easements, reservations, rights-of-way, obligations, liabilities and other charges set forth herein for the purpose of protecting the value and desirability of said property and for the purpose of furthering a plan for the improvement, sale and ownership of said property, to the end that a harmonious and attractive development of said property may be accomplished and the health, comfort, safety, convenience and general welfare of owners in said property, or any portion thereof, may be promoted and safeguarded; and

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

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

ARTICLE I
DEFINITIONS

1. "Act" means the Colorado Common Interest Ownership Act, C.R.S. 38-33.3-101, et al., as amended.

2. "Agencies" means the Government National Mortgage Association (GNMA), Federal National Mortgage Association (FNMA), the Federal Home Loan Mortgage Corporation (FHLMC), the Department of Housing and Urban Development (HUD), the Veterans Administration (VA) or any other governmental or quasi-governmental agency or any other public, quasi-public or private entity which performs (or may in the future perform) functions similar to those currently performed by any of such entities. 2

3. "Allocated Interests" means the Common Expense Liability and votes in the Association allocated to each Lot. The Allocated Interest for each Lot shall be a fraction, the numerator of which is one (1) and the denominator of which is the total number of Lots then within the Community; provided that the Allocated Interest for each Lot is subject to decrease with the annexation of additional property to this Community as provided in Article XI, Section 4 hereof.

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

5. "Association" means the Chatfield Bluffs South Homeowners Association, Inc., a unit owners' association organized under section 38-33.3-301 of the Act.

6. "Builder" means any Person that acquires from Declarant one or more Lots for the purpose of constructing thereon a residential dwelling and selling such dwelling unit, together with the Lot upon which it is situated, to any member of the general public.

7. "Common Elements" means any real estate owned or leased by the Association other than a Lot. The Common Elements at the time of recordation of this Declaration are described in Exhibit B attached hereto and incorporated herein by this reference.

8. "Common Expense Liability" means the liability for Common Expenses allocated to each Lot and which Common Expense Liability for each Lot shall be equal to the Allocated Interests of such Lot.

9. "Common Expenses" means expenditures made or liabilities incurred by or on behalf of the Association, together with any allocations to reserves.

10. "Community" means the property which is subject to this Declaration, as supplemented and amended from time to time. Initially, the property which is subject to this Declaration is described in the attached Exhibit A. The Community is subject to expansion as provided in Article XI, Section 5 hereof, and is a planned community under the Act. 3

11. "Declarant" means Land Securities Investors, Ltd., a Colorado limited partnership, and any other Person(s) acting in concert, to whom the Declarant, by recorded document, expressly assigns one or more of the Declarant's rights under this Declaration (which shall be the extent of the Declarant's rights to which such assignee succeeds), and who:

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

(b) Reserves or succeeds to any Special Declarant Right;

provided, however, that a Builder shall not be a Declarant unless expressly assigned one or more of the Declarant's rights under this Declaration by a separately recorded written document.

12. "Declaration" means this Declaration of Covenants, Conditions, and Restrictions and any other recorded instruments, however denominated, that create this Community, including any supplements and amendments to those instruments and also including, but not limited to, plats and maps.

13. "Development Rights" means any right or combination of rights reserved by a Declarant in this Declaration to:

(a) add real estate to this Community and to create Lots or Common Elements within this Community in connection with the addition of such real estate; and/or

(b) withdraw real estate from this Community.

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

15. "Improvements" means all exterior improvements, structures, and any appurtenances thereto or components thereof of every type or kind, and all landscaping features, including, but

not limited to, buildings, outbuildings, swimming pools, tennis courts, patios, patio covers, awnings, solar collectors, painting or other finish materials on any visible structure, additions, walkways, sprinkler systems, garages, carports, driveways, fences, screening walls, retaining walls, stairs, decks, landscaping, hedges, windbreaks, plantings, trees, shrubs, flowers, vegetables, sod, gravel, bark, exterior light fixtures, poles, basketball hoops, signs, exterior tanks, and exterior air conditioning, cooling, heating and water softening equipment. 4

16. "Lot" means each platted lot shown upon any recorded subdivision map of the real property described in the attached Exhibit A, as the same may be resubdivided or replatted from time to time, or any other real property as may hereafter be brought within the jurisdiction of the Association, with the exception of the Common Elements and any publicly dedicated property.

17. "Lots that May Be Included" means two hundred forty (240) Lots, which shall be the maximum number of Lots that may be subject to this Declaration, including those Lots which may be included if all of the property provided for in Article XI, Section 5 hereof is annexed to this Declaration. However, the aforesaid number of Lots that May be Included is not a representation or a guarantee as to the actual number of Lots that will ultimately be included in or constructed as a part of the Community.

18. "Member" means each Owner; membership in the Association shall be appurtenant to, and may not be separated from, ownership of a Lot.

19. "Owner" means the Declarant, a Builder or other Person who owns a Lot, but does not include a Person having an interest in a Lot solely as security for an obligation.

20. "Period of Declarant Control" means a length of time expiring ten (10) years after initial recording of this Declaration in the County of Jefferson, Colorado; provided, that the Period of Declarant Control shall terminate no later than either sixty (60) days after conveyance of seventy-five percent (75%) of the Lots that May Be Included to Owners other than a Declarant, two (2) years after the last conveyance of a Lot by the Declarant in the ordinary course of business, or two (2) years after any right to add new Lots to the Declaration was last exercised.

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

22. "Security Interest" means an interest in real estate or personal property created by contract or conveyance which secures payment or performance of any obligation. The term includes a lien created by a mortgage, deed of trust, trust deed, security deed, contract for deed, land sales contract, lease intended as security, assignment of leases or rents intended as security, pledge of an ownership interest in the Association, and any other consensual lien or title retention contract intended as security for an obligation. For purposes of Article IV, Section 13 hereof, and, with respect to notice of cancellation or substantial modification of certain insurance policies, to Article VI, Section 3 hereof, "Security Interest" shall also mean and refer to any executory land sales contract wherein the Administrator of Veterans Affairs, an Officer of the United States of America, is the seller, whether such contract is recorded or not, and whether such contract is owned by the said Administrator or has been assigned by the Administrator and is owned by the Administrator's assignee, or a remote assignee, and the land records in the Office of the Clerk and Recorder of the County of Jefferson, Colorado, show the Administrator as having the record title to the Lot. 5

23. "Security Interest Holder" means any Person named as a mortgagee or beneficiary, or in a similar capacity, under any Security Interest (including, for purposes of Article IV, Section 13 hereof, and, with respect to notice of cancellation or substantial modification of certain insurance policies, to Article VI, Section 3 hereof, the Administrator of Veterans Affairs, an Officer of the United States of America, and his assigns under any executory land sales contract wherein the said Administrator is identified as the seller, whether such contract is recorded or not and the land records of the Clerk and Recorder of the County of Jefferson, Colorado, show the said Administrator as having the record title to the Lot), or any successor to the interest of any such Person under such Security Interest.

24. "Special Declarant Rights" means rights reserved for the benefit of a Declarant to perform the following acts: (i) to build and complete Improvements in the Community; (ii) to exercise any Development Right; (iii) to maintain sales offices, construction offices, management offices, and signs advertising the Community and sale of Lots; (iv) to use easements through the Common Elements for the purpose of making Improvements within the Community or within real estate which may be added to the Community; (v) to make the Community subject to a master association; (vi) to merge or consolidate a Community of the same form of ownership; or (vii) to appoint or remove any officer of the Association or any Executive Board member during any Period of Declarant Control. All of the Special Declarant Rights may be exercised by the Declarant with respect to any portion of the property now or hereafter within the Community. Declarant may exercise any or all of these Special Declarant Rights at any time

and from time to time. Such rights shall terminate automatically on the earlier of the following events: (a) conveyance of the last Lot by Declarant to an Owner other than Declarant; or (b) ten (10) years from the date of recordation of this Declaration; except that such rights shall not terminate automatically with respect to the appointment of officers and directors, which may only be exercised in accordance with Article III hereof.

ARTICLE II
MEMBERSHIP AND VOTING RIGHTS

1. Membership. The membership of the Association at all times shall consist exclusively of all Owners or, following termination of the Community, of all former Owners entitled to distributions of proceeds under the Act or their heirs, personal representatives, successors or assigns. Membership shall be appurtenant to and may not be separated from ownership of any Lot.

2. One Class of Membership. The Association shall have one class of voting membership. Each Owner shall be entitled to one (1) vote for each Lot owned in accordance with the Allocated Interest attributable to each Lot, except that no votes allocated to a Lot owned by the Association may be cast. The total number of votes which may be cast in connection with any matter shall be equal to the total number of Lots then existing within the Association.

ARTICLE III
EXECUTIVE BOARD MEMBERS AND OFFICERS

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

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

3. Authority of Declarant During Period of Declarant Control. Except as otherwise provided in this Article, during the Period of Declarant Control, the Declarant or Persons appointed by the Declarant may appoint all officers and directors and may remove all officers and directors of the Executive Board appointed by it.

The Declarant may voluntarily surrender the right to appoint and remove officers and members of the Executive Board before termination of the Period of Declarant Control; but, in that event, the Declarant may require, for the duration of the Period of Declarant Control, that specified actions of the Association or Executive Board, as described in a recorded instrument executed by the Declarant, be approved by the Declarant before they become effective.

4. Termination of Period of Declarant Control. Not later than the termination of the Period of Declarant Control, the Owners shall elect an Executive Board of not less than three members nor more than seven members, at least a majority of whom must be Owners other than the Declarant or designated representatives of Owners other than the Declarant. The Executive Board shall elect the officers. Such Executive Board members and officers shall take office upon election. 7

5. Delivery of Documents by Declarant. After the Owners other than the Declarant elect a majority of the members of the Executive Board, the Declarant shall deliver to the Association all property of the Owners and of the Association held by or controlled by the Declarant, if and to the extent required by the Act.

6. Budget. Within thirty (30) days after adoption by the Executive Board of any proposed budget for the Community, the Executive Board shall mail, by ordinary first-class mail, or otherwise deliver a summary of the Association budget to all the Owners and shall set a date for a meeting of the Owners to consider ratification of the budget not less than fourteen (14) days nor more than sixty (60) days after mailing or other delivery of the summary. Unless at that meeting the budget is rejected by the vote or agreement of Owners of Lots to which at least sixty-seven percent (67%) of the votes in the Association are allocated, then the budget is ratified, whether or not a quorum is present. In the event that the proposed budget is rejected, the periodic budget last ratified by the Owners must be continued until such time as the Owners ratify a subsequent budget proposed by the Executive Board.

ARTICLE IV COVENANT FOR MAINTENANCE ASSESSMENTS

1. Creation of the Lien and Personal Obligation for Assessments. Each Owner, including Declarant, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, covenants and agrees and shall be personally obligated to pay to the Association: annual assessments or charges, special assessments, and other charges, fines, fees, interest, late charges, and other amounts, all as provided in this Declaration;

with such assessments and other amounts to be established and collected as hereinafter provided. The annual and special assessments, together with interest, late charges, costs, and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the Lot against which each such assessment is made. The obligation for such payments by each Owner to the Association is an independent covenant with all amounts due, from time to time, payable in full when due without notice or demand (except as otherwise expressly provided in this Declaration), and without set-off or deduction. All Owners of each Lot shall be jointly and severally liable to the Association for the payment of all assessments, fees, charges and other amounts attributable to their Lot. Each assessment, together with interest, late charges, costs, and reasonable attorney's fees, shall also be the personal obligation of the Person who was the Owner of such Lot at the time when the assessment became due. The personal obligation for delinquent assessments shall not pass to such Owner's successors in title unless expressly assumed by them. The Association's lien on a Lot for assessment shall be superior to any homestead exemption now or hereafter provided by the laws of the State of Colorado or any exemption now or hereafter provided by the laws of the United States. The acceptance of a deed to land subject to this Declaration shall constitute a waiver of the homestead and any other exemption as against said assessment lien. 8

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

3. Initial Annual Assessment. Until the effective date of an Association budget ratified by the Owners with a different amount for the annual assessment, as provided above, the amount of the annual assessment against each Lot shall not exceed Five Hundred and No/100 Dollars (\$500.00) per Lot per annum.

4. Rate of Assessment. Annual and special assessments shall be fixed at a uniform rate for all Lots sufficient to meet the expected needs of the Association. The annual assessments shall include an adequate reserve fund for the maintenance, repair and replacement of those items that must be maintained, repaired or replaced on a periodic basis, and for the payment of insurance deductibles. All assessments shall be assessed against all the Lots in accordance with the Allocated Interests set forth in this Declaration. If the Common Expense Liability is reallocated, annual assessments and any installment thereof not yet due shall be

recalculated in accordance with the reallocated Common Expense Liability.

5. Date of Commencement of Annual Assessments. Until the Association makes an annual assessment, which shall commence at such time as the Executive Board may determine in its discretion, the Declarant shall pay all Common Expenses. After any annual assessment has been made by the Association, annual assessments shall initially not be greater than the amount set forth in Section 3 of this Article, and thereafter shall be based on a budget adopted by the Association as provided in this Declaration. A budget shall be so adopted by the Association no less frequently than annually. The annual assessments shall be due and payable in quarterly installments, in advance, or on such other dates, and with such frequency (which may be other than quarterly, but not less frequently than annually), as the Executive Board determines in its discretion from time to time, provided that the first annual assessment shall be adjusted to reflect the time remaining in the first Association fiscal year. Any Owner purchasing a Lot between installment due dates shall pay a pro rata share of the last payment due. 9

6. Special Assessments. In addition to the annual assessments authorized in this Article, the Executive Board may levy, in any fiscal year, with the approval of two-thirds (2/3) of the Association votes cast by Members voting in person or by proxy at a meeting duly called for this purpose, a special assessment applicable to that year only, for the purpose of defraying in whole or in part the cost of any construction, reconstruction, repair or replacement of a capital improvement upon any portion of real property for which the Association has repair and/or reconstruction obligations, including fixtures and personal property related thereto, or for repair or reconstruction of any damaged or destroyed improvements located on said real property, or for the funding of any operating deficit incurred by the Association. Any such special assessment shall be set against each Lot in accordance with the Allocated Interests set forth in this Declaration. A meeting of the Members called for the purpose of considering the establishment of a special assessment shall be held in conformance with Section 7 of this Article IV. Notwithstanding the foregoing, special assessments levied during the Period of Declarant Control may not be used for the purpose of constructing capital improvements.

7. Notice and Quorum for Any Special Assessments. Written notice of any meeting called for the purpose of taking any action authorized under Section 6 of this Article shall be sent to all Members not less than 30 days nor more than 60 days in advance of the meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast twenty percent (20%) of all the Association votes shall constitute a quorum. If the required

quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than 60 days following the preceding meeting.

8. Charges for Services to Less than All of the Lots.

The Association may, at any time from time to time, provide services to less than all of the Lots, and the Owners of such Lots shall pay the Association for such services as hereinafter provided. Any such services shall be provided, if at all, pursuant to an agreement in writing between the Association and the Owners of the Lots for which such service is to be provided, with such agreement to include a statement of the costs, fees and expenses reasonably expected to initially be incurred by the Association in providing such service(s), including overhead expenses of the Association. The Association may, at its election, at any time from time to time, collect the aforesaid costs, fees, expenses and other charges from Owners to whom such services are provided, in advance or arrears, in monthly or other installments, or in addition to and on the same date for payment of, any assessments. / 0

9. Lien for Assessments.

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

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

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

10. Priority of Association Lien.

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

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

(2) A Security Interest on the Lot, which was recorded or perfected before the date on which the assessment sought to be enforced became delinquent; and

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

(b) A lien under this Section is also prior to the Security Interests described in the preceding subsection (a)(2) to the extent of an amount equal to the assessments based on a periodic budget adopted by the Association as provided above, which would have become due, in the absence of any acceleration, during the six (6) months immediately preceding institution by either the Association or any party holding a lien senior to any part of the Association lien created under this Section of an action or nonjudicial foreclosure either to enforce or extinguish the lien.

(c) This Section does not affect the priority of mechanics' or materialmen's liens or the priority of liens for other assessments made by the Association. A lien under this Article is not subject to the provisions of part 2 of Article 41 of Title 38, C.R.S. 1973, as amended, or to the provisions of Section 15-11-201, C.R.S. 1973, as amended.

11. Receiver. In any action by the Association to collect assessments or to foreclose a lien for unpaid assessments, the court may appoint a receiver of the Owner to collect all sums alleged to be due from the Owner prior to or during the pending of the action. The court may order the receiver to pay any sums held by the receiver to the Association during the pending of the action to the extent of the Common Expense assessments.

12. Certificate of Status of Assessments. The Association shall furnish to an Owner or such Owner's designee or to a Security Interest Holder or its designee, upon written request delivered personally or by certified mail, first class postage prepaid, return receipt, to the Association's registered agent, a written statement setting forth the amount of unpaid assessments currently levied against such Owner's Lot. The statement shall be furnished within fourteen (14) calendar days after receipt of the request and is binding on the Association, the Executive Board, and every Owner. If no statement is furnished to the Owner or Security Interest Holder or their designee, delivered personally or by

certified mail, first class postage prepaid, return receipt requested, to the inquiring party, then the Association shall have no right to assert a lien upon the Lot for unpaid assessments which were due as of the date of the request. The Association shall have the right to charge a reasonable fee for the issuance of such certificates.

13. Effect of Non-Payment of Assessments; Remedies of the Association. Any assessment (including late charges with respect thereto) not paid within ten (10) days after the due date thereof may bear interest from the due date at the rate of eighteen (18%) per annum, or at such lesser rate as may be set from time to time by the Executive Board, and the Executive Board may charge a late charge thereon in an amount not in excess of \$25.00 per month. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against such Owner's Lot. If a judgment or decree is obtained, including without limitation in a foreclosure action, such judgment or decree shall include a reasonable attorney's fee to be fixed by the court, together with the costs of the action, and may include interest and late charges as above provided. No Owner may be exempt from liability for payment of assessments by waiver of the use or enjoyment of any of the Common Elements or by abandonment of the Lot against which the assessments are made. This Article does not prohibit actions or suits to recover sums for which this Declaration creates a lien, nor does this Article prohibit the Association from taking a deed in lieu of foreclosure. / 2

14. Surplus Funds. Any surplus funds of the Association remaining after payment of or provision for Common Expenses and any prepayment of or provision for reserves shall be retained by the Association as reserves and need not be paid to the Owners in proportion to their Common Expense Liability or credited to them to reduce their future assessments.

15. Working Capital Fund. The Association or Declarant shall require the first Owner (other than Declarant or a Builder) of any Lot who purchases that Lot from Declarant or a Builder to make a non-refundable contribution to the Association in an amount equal to one-sixth (1/6) of the annual assessment (regardless of whether or not annual assessments have commenced as provided in Section 5 of this Article). Said contribution shall be collected and transferred to the Association at the time of closing of the sale by Declarant or a Builder of each Lot and shall, until use, be maintained in a segregated account with other such working capital funds for the use and benefit of the Association, including, without limitation, to meet unforeseen expenditures or to purchase equipment, property or services. Such contribution to the working capital fund shall not relieve an Owner from making regular payments of assessments as the same become due. Upon the transfer of his Lot, an Owner shall be entitled to a credit from his

transferee (but not from the Association) for the aforesaid contribution to working capital fund.

ARTICLE V
ARCHITECTURAL REVIEW COMMITTEE

1. Composition of Committee. The Architectural Review Committee shall consist of three (3) or more persons appointed by the Executive Board; provided, however, that until all of the Lots that May Be Included have been conveyed to the first Owner thereof (other than Declarant or a Builder), Declarant may appoint the Architectural Review Committee. The power to "appoint," as provided herein, shall include without limitation the power to: constitute the initial membership of the Architectural Review Committee; appoint member(s) to the Architectural Review Committee on the occurrence of any vacancy therein, for whatever reason; and remove any member of the Architectural Review Committee, with or without cause, at any time, and appoint the successor thereof. Each such appointment may be made for such term(s) of office, subject to the aforesaid power of removal, as may be set from time to time in the discretion of the appointor. 13

2. Review by Committee. No Improvements shall be constructed, erected, placed, planted, applied or installed upon any Lot unless plans and specifications therefor (said plans and specifications to show exterior design, height, materials, color, and location of the Improvements, and type of landscaping, fencing, walls, windbreaks and grading plan, as well as such other materials and information as may be required by the Committee), shall have been first submitted to and approved in writing by the Architectural Review Committee; provided, however, that the Declarant or a Builder shall be exempt from seeking or obtaining Architectural Review Committee approval until all of the Lots that May Be Included have been conveyed to the First Owner thereof, other than Declarant or a Builder. The Architectural Review Committee shall exercise its reasonable judgment to the end that all Improvements conform to and harmonize with the existing surroundings, residences, landscaping and structures. In its review of such plans, specifications and other materials and information, the Architectural Review Committee may require that the applicant(s) reimburse the Committee for the actual expenses incurred by the Committee in the review and approval process. Such amounts, if any, shall be levied in addition to the assessments against the Lot for which the request for Architectural Review Committee approval was made, but shall be subject to the Association's lien for assessments and subject to all other rights of the Association for the collection of such assessments, as more fully provided in this Declaration.

3. Procedures. The Architectural Review Committee shall decide each request for approval within thirty (30) days

after complete submission of the plans, specifications and other materials and information which the Committee may require in conjunction therewith, unless such time period is extended by mutual agreement of the Committee and the applicant. If the Architectural Review Committee fails to decide any request within thirty (30) days after the complete submission of all plans, specifications, materials and other information with respect thereto, then approval shall be deemed to have been given.

14

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

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

6. Liability. The Architectural Review Committee, Executive Board and the members of either, as well as any representative of the Committee appointed to act on its behalf, shall not be liable in damages to any Person submitting requests for approval or to any Owner by reason of any action, failure to act, approval, disapproval, or failure to approve or disapprove in regard to any matter within its jurisdiction hereunder.

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

and shall not militate against the general intent and purpose hereof.

8. Waivers. The approval or consent of the Architectural Review Committee or any representative thereof, or the Executive Board, to any application for architectural approval shall not be deemed to constitute a waiver of any right to withhold or deny approval or consent by the Committee or any representative thereof, or the Executive Board, as to any application or other matters whatsoever as to which approval or consent may subsequently or additionally be required. 15

ARTICLE VI INSURANCE

1. Insurance. The Association shall maintain the following types of insurance on the Common Elements, to the extent that such insurance is reasonably available, considering the availability, cost and risk coverage provided by such insurance, and the cost of said coverage shall be paid by the Association as Common Expenses. Notwithstanding any of the specific insurance requirements contained in this Article, the Association may also consider, in determining the types and amount of insurance it needs to obtain, the then-existing requirements of any of the Agencies with respect to their insurance, guaranty, or purchase of Security Interests.

(a) Property insurance for broad form covered causes of loss; except that the total amount of insurance must not be less than the full insurable replacement costs of all the insured property less applicable deductibles at the time the insurance is purchased and at each renewal date, exclusive of land, excavations, foundations, and other items normally excluded from property policies.

(b) Commercial general liability insurance against claims and liabilities arising in connection with the ownership, existence, use or management of the Common Elements, insuring the Association in an amount not less than One Million Dollars (\$1,000,000.00) per occurrence, insuring the Executive Board, the Association, any managing agent, and their respective employees, agents and all Persons acting as agents. The Declarant shall be included as an additional insured in its capacity as an Owner and member of the Executive Board. The Owners shall also be included as additional insureds but only for claims and liabilities arising in connection with the ownership, existence, use or management of the Common Elements. The insurance shall cover claims of one or more insured parties against other insured parties.

(c) A policy providing comprehensive fidelity coverage or fidelity bonds to protect against dishonest acts on the

part of officers, directors, trustees and employees of the Association and/or any independent contractor employed by the Association for the purpose of managing the Community, in an amount at least equal to the estimated maximum of funds, including maintenance reserves, in the custody of the Association at any given time; provided, however, that such fidelity coverage or fidelity bonds shall not be in an amount less than two (2) months aggregate assessments on the Lots, plus such reserve funds as calculated from the current budget of the Association. The Association may carry fidelity insurance in amounts greater than required hereinabove and may require any independent contractor employed for the purposes of managing the Community to carry more fidelity insurance coverage than required hereinabove. In the event the Association has delegated some or all of its responsibility for the handling of funds to a managing agent, the Association may require the managing agent to purchase, at its own expense, a policy of fidelity insurance or bonds which fully complies with the provisions of this subparagraph (c). 16

(d) If any building or other insurable property which is part of the Common Elements is located within an area identified by the Federal Emergency Management Agency as having special flood hazards, and flood insurance coverage on such parcels has been made available under the National Flood Insurance Program, then such a policy of flood insurance on such parcels in an amount at least equal to the lesser of:

(1) the maximum coverage available under the National Flood Insurance Program for all buildings and other insurable property located within a designated flood hazard area; or

(2) one hundred percent (100%) of current replacement cost of all buildings and other insurable property located within a designated flood hazard area.

(e) In addition, the Association may obtain insurance against such other risks of a similar or dissimilar nature as it shall deem appropriate, to the extent that such coverage is reasonably available, including, but not limited to, personal liability insurance to protect directors and officers of the Association from personal liability in relation to their duties and responsibilities in acting as directors and officers on behalf of the Association.

2. General Provisions of Insurance Policies. All policies of insurance carried by the Association shall be carried in blanket policy form naming the Association as insured, or its designee as trustee and attorney-in-fact for all Owners, and each Owner shall be an insured person under such policies with respect to liability arising out of any Owner's membership in the

Association. The policy or policies shall contain a standard non-contributory Security Interest Holder's clause in favor of each Security Interest Holder and a provision that it cannot be cancelled or materially altered by either the insured or the insurance company until thirty (30) days' prior written notice thereof is given to the insured and each Security Interest Holder, insurer or guarantor of a Security Interest. The Association shall furnish a certified copy or duplicate original of such policy or renewal thereof, with proof of premium payment and a certificate identifying the interest of the Owner in question, to any party in interest, including Security Interest Holders, upon request. In addition, insurance policies carried by the Association pursuant to Sections 1(a) and 1(b), above, each Owner shall be an insured person under the policy with respect to liability arising out of such Owner's membership in the Association, the insurer shall waive its right to subrogation under the policy against any Owner or member of his/her household, and no act or omission by Owner, unless acting within the scope of such Owner's authority on behalf of the Association, will void the policy or be a condition to recovery under the policy. 17

3. Deductibles. The Association may adopt and establish written non-discriminatory policies and procedures relating to the submittal of claims, responsibility for deductibles, and any other matters of claims adjustment.

(a) To the extent the Association settles claims for damages to real property, it shall have the authority to assess negligent Owners causing such loss or benefiting from such repair or restoration all deductibles paid by the Association. In the event that more than any one (1) Lot is damaged by a loss, the Association, in its reasonable discretion, may assess each Owner a pro rata share of any deductible paid by the Association.

(b) Any loss, or any portion thereof, which falls within the deductible portion of a policy that is carried by the Association shall be borne by the Person who is responsible for the repair and maintenance of the property which is damaged or destroyed. In the event of a joint duty of repair and maintenance of the damaged or destroyed property, then the deductible may be apportioned among the parties sharing in such joint duty or may be partly or wholly borne by the Association, at the election of the Executive Board. Notwithstanding the foregoing, after notice and hearing, the Association may determine that a loss, either in the form of a deductible to be paid by the Association or an uninsured loss, resulted from the act or negligence of an Owner. Upon said determination by the Association, any such loss or portion thereof may be assessed to the Owner in question and the Association may collect the amount from said Owner in the same manner as any assessment.

4. Payment of Insurance Proceeds. Any loss covered by an insurance policy described in Sections 1 or 2 of this Article must be adjusted with the Association, but the insurance proceeds for that loss shall be payable to any insurance trustee designated for that purpose, or otherwise to the Association, and not to any Security Interest Holder. The insurance trustee or the Association shall hold any insurance proceeds in trust for the Association, Owners and Security Interest Holders as their interests may appear. Subject to the provisions of Section 1 of Article VII of this Declaration, the proceeds must be disbursed first for the repair or restoration of the damaged property; and the Association, Owners and Security Interest Holders are not entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the property has been completely repaired or restored or the Community is terminated. 12

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

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

7. Insurance to be Maintained by Owners. An insurance policy issued to the Association does not obviate the need for Owners to obtain insurance for their own benefit. Insurance coverage on each Lot and the Improvements thereon, and the furnishings and other items of personal property belonging to an Owner, and public liability insurance coverage on each Lot, shall be the responsibility of the Owner of such Lot.

8. Annual Review of Insurance Policies. All insurance policies carried by the Association shall be reviewed at least annually by the Executive Board to ascertain that the coverage provided by such policies adequately covers those risks intended to be insured by the Association. In making the aforesaid determination, the Executive Board or the managing agent of the Association may obtain a written appraisal from a duly qualified real estate or insurance appraiser, or seek other advice or assistance.

9. Notice of Cancellation. If the insurance described in Section 1 of this Article is not reasonably available, or if any policy of such insurance is cancelled or not renewed without a replacement policy therefor having been obtained, the Association promptly shall cause notice of that fact to be hand delivered, or sent prepaid by United States mail, to all Owners.

ARTICLE VII DAMAGE OR DESTRUCTION

1. Damage or Destruction.

(a) Any portion of the Community (other than each Lot and the Improvements thereon) for which casualty insurance is required to be carried by the Association under this Declaration which is damaged or destroyed must be repaired or replaced promptly by the Association unless:

- (1) The Community is terminated;
- (2) Repair or replacement would be illegal under any state or local statute or ordinance governing health or safety; or
- (3) Eighty percent (80%) of the Owners vote not to rebuild.

(b) The cost of repair or replacement that is covered by insurance carried by the Association, but which is in excess of insurance proceeds and reserves, is a Common Expense. If the entire Community is not repaired or replaced, the insurance proceeds attributable thereto must be used to restore the damaged area to a condition compatible with the remainder of the Community.

2. Lots. Any damage to or destruction of any structure located on a Lot shall, except as hereafter provided, be promptly repaired and reconstructed by the Owner thereof using insurance proceeds received from such Owner's policies of insurance and personal funds of such Owner. "Repaired and reconstructed," as used in this Section 2, shall mean restoring the structure to substantially the same condition in which it existed immediately

prior to such damage or destruction, including having the same boundaries as before. However, if a residence located on a Lot shall be destroyed or so damaged that the residence is no longer habitable, then the Owner of such Lot shall, within a reasonable time not to exceed 90 days after the event resulting in such damage or destruction, either commence and diligently pursue repair or reconstruction of the residence or demolish the same. Demolition of a residence shall include removal of any foundation slab, basement walls and floors, regrading of the Lot to a level condition, and the installation of such landscaping as may be required by the Architectural Review Committee pursuant to a plan submitted to said Committee by the Owner of said Lot. If the Owner of a Lot does not either commence repair, reconstruction or demolition activities within a reasonable time, as provided above, and diligently pursue the same in conformance with the plans approved by the Architectural Review Committee, then the Association may, in its reasonable discretion, after providing the notice required in Article VIII, Section 2 hereof, enter upon the Lot for the purpose of demolishing the residence and then landscape the Lot in conformance with approved plans. The cost related to such demolition and landscaping shall be the personal obligation of the Owner of the Lot on which such work is performed and shall be subject to all the terms and provisions applicable to assessments as provided in Article IV hereof, including without limitation, interest, late charges and lien rights. 20

ARTICLE VIII MAINTENANCE

1. General.

(a) Maintenance, repair and replacement of all Common Elements, Improvements located thereon, including perimeter fencing and fencing along Highway C-470, and of any drainage structure or facilities and underdrain system, or other public Improvements located thereon required by the local governmental entity as a condition of development of the Community or any part thereof, including those requirements set forth in that certain Subsurface Groundwater Collection System Maintenance Plan dated July 3, 1996 pertaining to the Community, shall be the responsibility of the Association unless such Improvements have been dedicated to and accepted by the local governmental entity for the purpose of maintenance, repair and replacement or unless such maintenance, repair and replacement has been authorized by law to be performed by a special district or other municipal or quasi-municipal entity. Further, the Association may provide such other maintenance, repair and replacement as the Executive Board deems appropriate from time to time, including without limitation publicly-dedicated property and Improvements located thereon. The costs, expenses, fees and other amounts to be expended for the maintenance, repair and replacement provided for in this subsection (a) shall, subject to

Section 4 of this Article, be collected by the Association as assessments pursuant to Article IV hereof.

(b) The Association shall also provide maintenance, repair and replacement of fences installed by Declarant on Lots or along the perimeter of the Community and fencing along Highway C-470 and the sprinkler valves, lines and heads that provide water to such Association-maintained landscaped areas. The costs to be expended for such maintenance, repair and replacement shall, subject to Section 4 of this Article, be collected by the Association as assessments pursuant to Article IV hereof. 21

(c) The maintenance, repair and replacement of each Lot and the Improvements thereon, shall be the responsibility of the Owner of such Lot.

2. Association's Right to Repair, Maintain, Restore and Demolish. In the event any Owner shall fail to perform his maintenance, repair and/or reconstruction obligations in a manner satisfactory to the Executive Board, the Association may, but shall not be obligated to, if said failure continues for a thirty (30) day period after written notice to said Owners by the Board, enter upon said Lot subsequent to the expiration of said thirty (30) day time period to perform any or all of such maintenance, repair or restoration or, pursuant to Article VII, Section 2 hereof, to demolish a residence. The cost of such maintenance, repair, reconstruction and/or demolition shall be the personal obligation of the Owner of the Lot on which such work is performed, and shall be subject to all of the terms and provisions applicable to assessments as provided in Article IV hereof, including, without limitation, interest, late charges and lien rights.

3. Access Easement. Each Owner shall afford to the Association, and to its agents or employees, access through such Owner's Lot reasonably necessary for maintenance, repair and replacement of any Common Elements and any other property or Improvements maintained, repaired or replaced by the Association. Further, each Lot shall be subject to an easement in favor of the Association (including its agents, employees and contractors) for performing maintenance, repair and/or reconstruction as provided in this Article during reasonable hours after reasonable notice to the Owners or occupants of any affected Lot, except that in emergency situations entry upon a Lot may be made at any time provided that the Owner or occupants of each affected Lot shall be warned of impending emergency entry as early as is reasonably possible. The interior of any residence located on a Lot shall not be subject to such easements as provided for in this Section 3.

4. Owner's Negligence. Notwithstanding anything to the contrary contained in this Declaration, in the event that the need for maintenance, repair or reconstruction of the Common Elements,

any property which the Association maintains, repairs or reconstructs, any Lot, or any Improvements located thereon, is caused by the willful or negligent act or omission of any Owner, or by the willful or negligent act or omission of any member of such Owner's family or by a guest or invitee of such Owner, the cost of such repair, maintenance, reconstruction or expense to avoid such damage, including the amount of any insurance deductible maintained by the Association, shall be the personal obligation of such Owner to the extent that said Owner would be liable for the acts of such Persons under the laws of the State of Colorado; and any costs, expenses and fees incurred by the Association for such maintenance, repair or reconstruction shall be added to the assessment to which such Owner's Lot is subject and shall be subject to all of the terms and provisions of Article IV of this Declaration. A determination of the negligence or willful act or omission of any Owner, or any member of an Owner's family or a guest or invitee of any Owner, and the amount of the Owner's liability therefor, shall be determined by the Association at a hearing after notice to the Owner, provided that any such determination which assigns liability to any Owner pursuant to the terms of this Section may be appealed by said Owner to a court of law. 22

5. Expenses for Property Subject to Development Rights.

In addition to the liability that a Declarant as an Owner has under the Act, the Declarant alone is liable for all expenses in connection with real estate subject to Development Rights until expiration of all Development Rights with respect to such real estate. No other Owner and no other portion of the Community is subject to a claim for payment of those expenses. Any income or proceeds from real estate subject to Development Rights inures to the Declarant.

ARTICLE IX
RESTRICTIONS

1. General Plan. It is the intention of the Declarant to establish and impose a general plan for the improvement, development, use and occupancy of the Lots, all in order to enhance the value, desirability, and attractiveness of the Lots and subserve and promote the sale thereof.

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

3. Residential Use. Subject to Section 4 of this Article, Lots shall be used for residential use only, including uses which are customarily incident thereto, and shall not be used at any time for business, commercial or professional purposes.

4. Declarant's and Builder's Use. Notwithstanding anything to the contrary contained in this Declaration, it shall be expressly permissible and proper for Declarant and/or a Builder, their employees, agents, contractors and subcontractors, to perform such reasonable activities, and to maintain upon portions of the Lots such facilities as Declarant or a Builder deems reasonably necessary or incidental to the development, construction and sale of Lots, and development and construction of Improvements, specifically including, without limiting the generality of the foregoing, maintaining signs, parking areas, model units, construction offices, trailers and sales offices, in such numbers, of such sizes, and at such locations as Declarant determines in its reasonable discretion from time to time. Any real estate used as a sales office or a model, shall be a Lot. 23

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

6. Temporary Structures; Unsightly Conditions. Except as hereinafter provided, no structure of a temporary character, including, but not limited to, a house trailer, tent, shack, storage shed, or outbuilding shall be placed or erected upon any Lot; provided, however, that during the actual initial construction of the Improvements, necessary temporary structures for storage of materials may be erected and maintained by the Declarant, a Builder or a Person doing such work. The work of constructing, altering or remodeling any structure or other Improvements shall be prosecuted diligently from the commencement thereof until the completion thereof. Further, no unsightly conditions, structures, facilities, equipment or objects, except during the course of construction of the initial Improvements on a Lot, shall be so located on any Lot as to be visible from a street or from any other Lot. 24

7. Miscellaneous Improvements.

(a) No advertising or signs of any character shall be erected, placed, permitted, or maintained on any Lot other than a name plate of the occupant and a street number, and except for a "For Sale," "Open House" or "For Rent" sign of not more than five (5) square feet. Notwithstanding the foregoing, reasonable signs, advertising, or billboards used by the Declarant or a Builder in connection with the sale of the Lots and Improvements constructed thereon, or otherwise in connection with development of or construction on the Lots and Improvements constructed thereon, shall be permissible.

(b) No clotheslines, chain-linked (or other) dog runs, drying yards, service yards, wood piles or storage areas shall be so located on any Lot as to be visible from a street or from the ground level of any other Lot.

(c) No types of refrigerating, cooling or heating apparatus shall be permitted on a roof and no such apparatus shall be permitted elsewhere on a Lot, except to the extent that the same is not visible from a street or from the ground level of another Lot.

(d) Except as may otherwise be permitted by the Architectural Review Committee, no exterior radio antenna, television antenna or other antenna, satellite dish in excess of 24 inches in diameter, or audio or visual reception device of any type in excess of 24 inches in diameter shall be placed, erected or maintained on any Lot, except inside a residence or otherwise to the extent that the same is not visible from a street or from the ground level of another Lot.

(e) No fences shall be permitted except as constructed by the Declarant, except for cedar fences no more than 6 feet in height constructed by a Builder, except with the prior

written approval of the Architectural Review Committee. No fences other than three-rail split wood cedar fences shall be installed adjacent to open space or common elements.

(f) No wind generators of any kind shall be constructed, installed, erected or maintained on the Lots. 25

(g) Any exterior lighting installed or maintained on the Lots shall either be indirect or of such controlled focus and intensity so as not to disturb the residents of adjacent or nearby property.

8. Vehicular Parking, Storage and Repairs.

(a) No house trailer, camping trailer, boat trailer, hauling trailer, boat, or accessories thereto, truck (larger than 3/4 ton), self-contained motorized recreational vehicle, or other type of recreational vehicle or equipment, may be parked or stored in the Community unless such parking or storage is within the garage area of any Lot, except that any such vehicle may be otherwise parked as a temporary expedient for loading, delivery, or emergency, but not overnight. This restriction, however, shall not restrict trucks or other commercial vehicles which are necessary for construction or for the maintenance of any portion of the Community or any Improvements located thereon.

(b) Except as hereinabove provided, no abandoned or inoperable automobiles or vehicles of any kind shall be stored or parked in the Community. An "abandoned or inoperable vehicle" shall be defined as any automobile, truck, motorcycle, or other similar vehicle, which has not been driven under its own propulsion for a period of seventy-two (72) hours or longer, or which does not have an operable propulsion system installed therein, or which is not then currently licensed and registered.

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

(d) No activity such as, but not limited to, maintenance, repair, rebuilding, dismantling, repainting or servicing of any kind of vehicles, trailers or boats, may be performed or conducted in the Community unless it is done within completely enclosed structure(s) which screen the sight and sound of the

activity from the street and from adjoining property. The foregoing restriction shall not be deemed to prevent, on a Lot, washing and polishing of any motor vehicle, boat, trailer, motor-driven cycle, or other vehicle, together with those activities normally incident and necessary to such washing and polishing.

9. Nuisances. No nuisance shall be permitted in the Community or any portion thereof, nor any use, activity or practice which interferes with the peaceful enjoyment or possession and proper use of the Community or any portion thereof. As used herein, the term "nuisance" shall not include any activities of Declarant which are reasonably necessary to the development and construction of, and sales activities in, the Community; provided, however, that such activities of the Declarant shall not unreasonably interfere with any Owner's use and enjoyment of his Lot, or with any Owner's ingress and egress to or from his Lot and a public way. No noxious or offensive activity shall be carried on upon any Lot nor shall anything be done or placed on any Lot which is or may become a nuisance or cause embarrassment, disturbance or annoyance to others. Further, no unlawful use shall be permitted or made of the Community or any portion thereof. All laws, ordinances and regulations of all governmental bodies having jurisdiction over the Community, or any portion thereof, shall be observed. 26

10. No Hazardous Activities. No activities shall be conducted on any Lot or within Improvements constructed on any Lot which are or might be unsafe or hazardous to any person or property. Without limiting the generality of the foregoing, no firearms shall be discharged upon any Lot and no open fires shall be lighted or permitted on any Lot except in a contained barbecue unit while attended and in use for cooking purposes or within an interior fireplace.

11. No Annoying Light, Sounds or Odors. No light shall be emitted from any Lot which is unreasonably bright or causes unreasonable glare; no sound shall be emitted from any Lot which is unreasonably loud or annoying; and no odor shall be permitted from any Lot which is noxious or offensive to others.

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

Association and trash cans or receptacles shall be taken out and in only on such days.

13. Minor Violations of Setback Restrictions. If upon the erection of any structure, it is disclosed by survey that a minor violation or infringement of setback lines has occurred, such violation or infringement shall be deemed waived by the Owners of each Lot immediately adjoining the structure which is in violation of the setback, and such waiver shall be binding upon all other Owners. A "minor violation," for the purpose of this Section, is a violation of not more than four (4) feet beyond the required setback lines or Lot lines. This provision shall apply only to the original structures constructed by Declarant or a Builder and shall not be applicable to any alterations or repairs to, or replacements of, any of such structures. The foregoing waiver shall not be deemed or construed to be a waiver of applicable governmental ordinances or regulations. 27

14. Rules and Regulations. Rules and regulations concerning and governing the Lots, Common Elements, and/or this Community may be adopted, amended or repealed from time to time by the Executive Board, and the Executive Board may establish and enforce penalties for the infraction thereof, including, without limitation, the levying and collecting of fines for the violation of any of such rules and regulations.

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

16. Leases. The term "lease," as used herein, shall include any agreement for the leasing or rental of a Lot and/or Improvements, or any portion thereof, and shall specifically include, without limitation, month-to-month rentals and subleases. Any Owner shall have the right to lease his Lot and the dwelling constructed thereon, provided that all leases shall be in writing and all leases shall provide that the terms of the lease and lessee's occupancy of the leased premises shall be subject in all respects to the provisions of this Declaration, and the Articles of Incorporation, Bylaws and rules and regulations of the Association.

17. Management Agreements and Other Contracts. Any agreement for professional management of the Association's business or other contract providing for services of the Declarant shall have a maximum term of three (3) years and any such agreement shall provide for termination by either party thereto, with or without cause and without payment of a termination fee, upon not more than

ninety (90) days' prior written notice; provided, however, that any such management agreement(s) entered into by the Association with a manager or managing agent prior to termination of the Period of Declarant Control shall be subject to review and approval by HUD or VA if, at the time such agreement is entered into, HUD has insurance or VA has a guarantee(s) on one or more Security Interests, and shall terminate absolutely, in any event, no later than thirty (30) days after termination of the Period of Declarant Control.

28

18. Maintenance of Grade and Drainage. Each Owner shall maintain the grading upon his Lot set by Declarant or a Builder, and the Association shall maintain the grading upon the Common Elements, at the slope and pitch fixed by the final grading thereof, including landscaping and maintenance of the slopes. Each Owner and the Association agree, for themselves and their successors and assigns, that they will not in any way interfere with the established drainage pattern over any such property, from adjoining or other property. In the event that it is necessary or desirable to change the established drainage over any Lot or Common Elements, then the party responsible for the maintenance of such property shall submit a plan to the Architectural Review Committee for its review and approval, in accordance with the provisions of Article V of this Declaration. For purposes of this Section, "established drainage" is defined as the drainage which exists at the time final grading of a Lot is completed by the Declarant or a Builder, as applicable.

19. Use of Common Elements. An easement is hereby granted to the Declarant and each Builder through the Common Elements as may be reasonably necessary for the purpose of discharging any of Declarant's or Builder's obligations or exercising any Special Declarant Rights. Subject to the immediately preceding sentence:

(a) No use shall be made of the Common Elements which will in any manner violate the statutes, rules, or regulations of any governmental authority having jurisdiction over the Common Elements.

(b) No Owner shall engage in any activity which will temporarily or permanently deny free access to any part of the Common Elements to all Members, nor shall any Owner place any structure whatsoever upon the Common Elements.

(c) The use of the Common Elements shall be subject to such rules and regulations as may be adopted from time to time by the Executive Board.

(d) No use shall ever be made of the Common Elements which will deny ingress and egress to those Owners having

access to their Lots only over Common Elements, and the right of ingress and egress to said Lots is hereby expressly granted.

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

21. Easements for Drainage and Utilities. Easements for the installation and maintenance of utilities, drainage facilities, public or private improvements and access thereto are reserved as shown on the recorded plats affecting the Lots and any amendments to such plats or as established by any other instrument of record. Declarant for itself and each Builder hereby reserves, to itself and to the Association, easements for drainage or drainage facilities across those portions of Lots that are not now or hereafter covered by a residence. As more fully provided in Section 18 of this Article, no Improvements shall be placed or permitted to remain on any Lot nor shall any change in grading be permitted to exist which may change the direction of flow or obstruct or retard the flow of water through channels or swales within such drainage easements. Declarant reserves to itself and to the Association the right to enter in and upon each of the aforesaid drainage easement areas at any time, to construct, repair, replace or change drainage structures or to perform such grading, drainage or corrective work as Declarant or the Association may deem necessary or desirable in their sole discretion from time to time. 29

22. Easement for Unannexed Property. The Declarant hereby reserves, for the use and benefit of the property described on Exhibit E attached hereto and incorporated herein by this reference (herein the "Annexable Area"), a non-exclusive, perpetual easement and right-of-way for pedestrian and vehicular access, ingress and egress, on, over and across the roads, driveways, streets, sidewalks, and similar Common Elements, now or hereafter constructed, erected, installed or located in or on the Community, and for utilities and the construction, location, erection, installation, storage, maintenance, repair, renovation, replacement and use of any utilities Improvements that may now or hereafter serve the Annexable Area or any portion thereof (herein the "Annexable Area Easement"). By virtue of this Annexable Area Easement, the Declarant generally intends to provide for pedestrian and vehicular access, and for utilities services, to those portion(s) of the Annexable Area which have not been included, from time to time, in the Community pursuant to Article XI, Section 5 hereof. Hence, the Annexable Area Easement shall be in effect for each portion of the Annexable Area from and after recording of this Declaration, but shall cease to be effective as to any portion(s) of the Annexable Area upon annexation of such portion(s) to this Declaration pursuant to the aforesaid section. The Annexable Area Easement shall be subject to the terms and provisions of this

Declaration, including without limitation the Association's right to adopt, amend and repeal rules and regulations, as long as the rights granted in this Annexable Area Easement are not unreasonably interfered with or impaired, and as long as the users of the Annexable Area under this Annexable Area Easement are not discriminated against.

ARTICLE X
PROPERTY RIGHTS IN THE COMMON ELEMENTS

30

1. Owners' Easements of Enjoyment. Subject to Section 2 of this Article, every Owner shall have a non-exclusive right and easement for the purpose of access to their Lots and for use for all other purposes, in and to the Common Elements, and such easement shall be appurtenant to and shall pass with the title to every Lot.

2. Extent of Owners' Easements. The rights and easements of enjoyment created hereby shall be subject to the following:

(a) The right of the Association to borrow money for the purpose of improving the Common Elements and to mortgage said property as security for any such loan; provided, however, that the Association may not subject any portion of the Common Elements to a Security Interest unless such is approved by Members casting at least eighty percent (80%) of the votes in the Association, including eighty percent (80%) of the votes allocated to Lots not owned by the Declarant; or

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

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

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

(e) The right of the Association to dedicate or transfer all or any part of the Common Elements owned by the Association to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members, provided that no such dedication or transfer shall be effective unless first approved by the Members entitled to cast at

least eighty percent (80%) of the votes in the Association, including eighty percent (80%) of the votes allocated to Lots not owned by the Declarant, and unless written notice of the proposed agreement and the proposed dedication or transfer is sent to every Member at least thirty (30) days in advance of any action taken. Notwithstanding the foregoing, the granting of permits, licenses and easements for public utilities, roads or for other purposes reasonably necessary or useful for the proper maintenance or operation of the Community shall not be deemed a transfer within the meaning of this subsection (e); and 31

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

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

(h) The right of the Association or the Declarant to landscape the Common Elements, alter and/or replace such landscaping and to install and/or repair or alter drainage-ways.

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

4. Payment of Taxes or Insurance by Security Interest Holders. Security Interest Holders shall have the right, jointly or singly, to pay taxes or other charges or assessments which are in default and which may or have become a lien against the Common Elements and may pay overdue premiums on hazard insurance policies or secure new hazard insurance coverage on the lapse of a policy for the Common Elements, and any Security Interest Holders making any such payments shall be owed immediate reimbursement therefor from the Association.

ARTICLE XI GENERAL PROVISIONS

1. Enforcement. Enforcement of the covenants, conditions, restrictions, easements, reservations, rights-of-way, liens, charges and other provisions contained in this Declaration, the Articles of Incorporation, Bylaws or rules and regulations of the Association, as supplemented and amended, may be by any proceeding at law or in equity against any Person(s) (including,

without limitation, the Association) violating or attempting to violate any such provision. The Association and any aggrieved Owner shall have the right to institute, maintain and prosecute any such proceedings, and the Association shall further have the right to levy and collect fines for the violation of any provision of any of the aforesaid documents. In any action instituted or maintained under this Section, the prevailing party shall be entitled to recover its costs and reasonable attorneys' fees incurred pursuant thereto, as well as any and all other sums awarded by the Court. Failure by the Association or any Owner to enforce any covenant, restriction or other provision herein contained, or any other provision of any of the aforesaid documents, shall in no event be deemed a waiver of the right to do so thereafter. 32

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

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

4. Conflict with Act. In the event that any of the terms or provisions of this Declaration are in conflict or inconsistent with the Act, the terms or provisions of the Act shall control and govern. In case of any such conflict or inconsistency, the applicable terms and provisions contained in this Declaration shall, to the extent possible, be construed in accordance with the Act, and any conflict with or violation of the Act by any terms or provisions of this Declaration shall not affect, void, or render unenforceable any other term or provision of this Declaration (which shall be in full force and effect in accordance with their terms).

5. Annexation.

(a) Additional property may be annexed to this Declaration with the consent of the Owners of Lots to which at least two-thirds (2/3) of the Association votes are allocated. Notwithstanding the foregoing, the Declarant may annex to this Declaration additional property within the lands described on the attached Exhibit D, until that date which is ten (10) years after the date of recording of this Declaration in the County of Jefferson, Colorado, without consent of any other Owners, Security Interest Holders, or any other Person; provided, however, that if

the Declarant desires to attempt to obtain VA or HUD approval of the property being annexed, then such annexation shall be subject to a determination by VA or HUD that the annexation is in accord with the general plan approved by it and the structures to be located thereon will be of comparable style, quality, size and cost to the existing Improvements. Each annexation by the Declarant shall be effected, if at all, by recording of a plat or map of the property to be annexed (unless such plat or map has previously been recorded), and by recording, in the Office of the Clerk and Recorder of the County of Jefferson, Colorado, one of the following: (i) a deed from the Declarant that provides for conveyance of a portion of the property described on the attached Exhibit D to any Person other than the Declarant, in which case each such lot in the property so conveyed shall constitute a Lot and the Allocated Interests shall thereupon automatically be reallocated to be a fraction, the numerator of which shall be one and the denominator of which shall be the total number of Lots then within the Community upon recording of such deed, and any other portion(s) of such property so annexed shall constitute Common Elements; or (ii) an Annexation of Additional Land, which document shall provide for annexation to this Declaration of the property described in such Annexation of Additional Land, shall state that the Declarant (or other Person) is the owner of the Lots thereby included, shall assign an identifying number to each new Lot, shall describe any Common Elements within the property being annexed, shall reallocate the Allocated Interests among all Lots, and may include such other provisions as the Declarant deems appropriate (including, without limitation, covenants, restrictions or other provisions which will be applicable to such annexed property and which are in addition to or more restrictive than the provisions of this Declaration). All provisions of this Declaration, including, but not limited to those provisions regarding obligations to pay assessments to the Association and any right to cast votes, shall apply to annexed property immediately upon recording of a deed or an Annexation of Additional Land with respect thereto, as aforesaid. In addition to the foregoing, the Declarant may amend this Declaration at any time during the ten (10) year period noted hereinabove, in order to add additional real estate to the Community from such locations as the Declarant may elect in its sole discretion, so long as the total additional real estate so annexed to the Community pursuant to this sentence is not described in the attached Exhibit D and does not exceed ten percent (10%) of the total area described in the attached Exhibits A and D. 33

(b) The Declarant reserves the right, at any time from time to time, to record one or more documents in order to clarify the effect of any annexation(s) which occur by deed(s), as permitted in subsection (a) above. Such document(s), if any such document(s) are recorded by the Declarant in its discretion, may state the legal description(s) of any property which has been annexed by deed, may state the reallocated Allocated Interests after such annexation(s), and may include other provisions which

the Declarant may determine to be appropriate in order to clarify any matters having to do with annexation of such property to this Declaration.

(c) Each portion of the Community which is annexed to this Declaration by an Annexation of Additional Land, as provided in the preceding subsection (a), shall be subject to a right of withdrawal by the Declarant. Such withdrawal may be accomplished, if at all, in accordance with the Act. However, the Declarant's right to withdraw each such portion of the Community shall expire and terminate, as to each portion of the Community which has been annexed to this Declaration, upon the first conveyance of any Lot in such annexed portion of the Community to any Person other than the Declarant. 34

(d) The Declarant may exercise its Development Rights in all or any portion of the property described in the attached Exhibit D over which such rights have not already been exercised, and no assurances are made as to the boundaries or order of exercise of any such development rights.

6. Duration, Revocation, and Amendment.

(a) Each and every provision of this Declaration shall run with and bind the land for a term of twenty (20) years from the date of recording of this Declaration, after which time this Declaration shall be automatically extended for successive periods of ten (10) years each. Except as otherwise provided in this Declaration, this Declaration may be amended during the first twenty (20) year period, and during subsequent extensions thereof, by a vote or agreement of Owners of Lots to which at least sixty-seven percent (67%) of the votes in the Association are allocated.

(b) No action to challenge the validity of an amendment adopted by the Association pursuant to this Section may be brought more than one (1) year after the amendment is recorded.

(c) Every amendment to the Declaration must be recorded in every county in which any portion of the Community is located, and is effective only upon recordation.

(d) Except to the extent expressly permitted or required by other provisions of this Declaration, no amendment may create or increase Special Declarant Rights, increase the number of Lots, or change the boundaries of any Lot or the Allocated Interests of a Lot, or the uses to which any Lot is restricted, in the absence of unanimous consent of the Owners.

(e) Amendments to the Declaration that are required by this Declaration to be recorded by the Association may be prepared, executed, recorded, and certified on behalf of the Association by any officer of the Association designated for that

purpose or, in the absence of designation, by the president of the Association.

7. Registration of Mailing Address. Each Owner and each Security Interest Holder, insurer or guarantor of a Security Interest, shall register his mailing address with the Association, and except for annual statements and other routine notices, all other notices or demands intended to be served upon an Owner, or upon a Security Interest Holder, insurer or guarantor of a Security Interest, shall be sent by either registered or certified mail, postage prepaid, addressed in the name of such Person at such registered mailing address. However, if any Owner fails to notify the Association of a registered address, then any notice or demand may be delivered or sent, as aforesaid, to such Owner at the address of such Owner's Lot. All notices, demands, or other notices intended to be served upon the Executive Board or the Association during the Period of Declarant Control shall be sent by registered or certified mail, postage prepaid, Attn: Mr. Alan Fishman, Land Securities Investors, Ltd., 10099 West Ute Ave., Littleton, Colorado 80127, unless such address is changed by the Association; subsequent to termination of the Period of Declarant Control, the Association shall notify the Owners of the address for notices to the Executive Board or the Association. 35

8. HUD or VA Approval. During the Period of Declarant Control, the following actions shall require the prior approval of HUD or VA if, at the time any such action is taken, HUD has insurance or VA has a guarantee(s) on one or more Security Interests: annexation of additional real property; amendment of this Declaration; termination of this Community; or merger or consolidation of the Association.

9. Description of Lots. It shall not be necessary to use the term "unit" as a part of a legally sufficient description of a Lot.

10. Termination of Community. The Community may be terminated only in accordance with the provisions of the Act.

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

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

13. Association as Trustee. With respect to a third Person dealing with the Association in the Association's capacity

as a trustee, the existence of trust powers and their proper exercise by the Association may be assumed without inquiry. A third Person is not bound to inquire whether the Association has the power to act as trustee or is properly exercising trust powers. A third Person, without actual knowledge that the Association is exceeding or improperly exercising its powers, is fully protected in dealing with the Association as if it possessed and properly exercised the powers it purports to exercise. A third Person is not bound to assure the proper application of trust assets paid or delivered to the Association in its capacity as trustee. 36

14. Dedication of Common Elements. Declarant in recording this Declaration of Covenants, Conditions and Restrictions has designated certain areas of land as Common Elements intended for the common use and enjoyment of Owners for recreation and other related activities, as provided in this Declaration. The Common Elements owned by the Association is not dedicated hereby for use by the general public but is dedicated to the common use and enjoyment of the Owners as more fully provided in this Declaration.

IN WITNESS WHEREOF, the undersigned has hereunto set its hand and seal this 26th day of July, 1996.

LAND SECURITIES INVESTORS, LTD., a
Colorado limited partnership
Solely owned and controlled by [unclear]
By: Alan R. Fishman
Its: General Partner

STATE OF COLORADO)
) ss.
COUNTY OF JEFFERSON)

The foregoing instrument was acknowledged before me this 21st day of July, 1996, by Alan R. Fishman, President as General Partner of LAND SECURITIES INVESTORS, LTD., a Colorado limited partnership.

Witness my hand and official seal.

My commission expires: 9-4-98

Guendolyn A. Burns
Notary Public

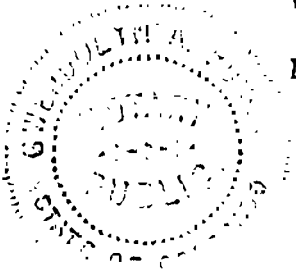


EXHIBIT A
TO
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
OF
CHATFIELD BLUFFS SOUTH

Lots 31, 32, 33 and 34, Chatfield Bluffs Filing No. 3,
Jefferson County, Colorado, in accordance with the
record plat thereof.

37

EXHIBIT B
TO
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
OF
CHATFIELD BLUFFS SOUTH

None.

38

EXHIBIT C
TO
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
OF
CHATFIELD BLUFFS SOUTH

39

The following items which are recorded in the office of the Clerk and Recorder of the County of Jefferson, Colorado:

1. TAXES AND ASSESSMENTS FOR THE YEAR OF RECORDING OF THIS DECLARATION, AND FOR SUBSEQUENT YEARS, NOT YET DUE AND PAYABLE.
2. THE EFFECT OF COMMUNITAS P-D O.D.P. PLAN RECORDED NOVEMBER 1, 1974 UNDER RECEPTION NO. 674231 AND AMENDMENT NO. 1 RECORDED OCTOBER 14, 1980 UNDER RECEPTION NO. 80077629.
3. EACH AND EVERY RIGHT OF ACCESS TO OR FROM HIGHWAY C-470 IN DEED RECORDED APRIL 27, 1992 UNDER RECEPTION NO. 92046940.
4. THE EFFECT OF OFFICIAL DEVELOPMENT PLAN FOR CHATFIELD BLUFFS, RECORDED August 17, 1994 UNDER RECEPTION NO. 94137643 AND FIRST AMENDMENT RECORDED APRIL 26, 1995 UNDER RECEPTION NO. F0045756.
5. TERMS, CONDITIONS AND PROVISIONS OF SUBDIVISION IMPROVEMENTS AGREEMENT RECORDED October 30, 1995 AT RECEPTION NO: F0137036.
6. EASEMENTS, CONDITIONS, RESTRICTIONS, AND RESERVATIONS ON THE RECORDED PLAT OF CHATFIELD BLUFFS FILING NO. 1.
7. UTILITY EASEMENT AS GRANTED TO PUBLIC SERVICE COMPANY OF COLORADO IN INSTRUMENT RECORDED December 01, 1995, UNDER RECEPTION NO. F0152211.

(AFFECTS THE WEST 5 FEET OF LOT 1;
THE WEST 5 FEET OF LOT 9;
THE WEST 5 FEET OF LOT 15;
THE NORTHWESTERLY 5 FEET OF LOT 23;
THE SOUTHEASTERLY 5 FEET OF LOT 34;
THE SOUTHEASTERLY 5 FEET OF LOT 40;
THE SOUTHEASTERLY 5 FEET OF LOT 45;
THE SOUTHWESTERLY 5 FEET OF LOT 54;
THE SOUTHWESTERLY 5 FEET OF LOT 55;
THE SOUTHWESTERLY 5 FEET OF LOT 63;
THE EASTERLY 5 FEET OF LOT 66;
THE WESTERLY 5 FEET OF LOT 71;
THE WESTERLY 5 FEET OF LOT 79.

EXHIBIT C
(CONTINUED)

40

8. RESERVATION OF MINERALS AND MINERAL RIGHTS AS CONTAINED IN DEED RECORDED DECEMBER 31, 1984 UNDER RECEPTION NO. 84120246.
9. TERMS, CONDITIONS AND PROVISIONS OF UNDERDRAIN AGREEMENT RECORDED December 04, 1995 AT RECEPTION NO. F0153091.
10. TERMS, CONDITIONS AND PROVISIONS OF EASEMENT DEED RECORDED December 04, 1995 AT RECEPTION NO. F0153096.
11. TERMS, CONDITIONS AND PROVISIONS OF EASEMENT AGREEMENT RECORDED January 26, 1996 AT RECEPTION NO. F0176828.
12. TERMS, CONDITIONS AND PROVISIONS OF EASEMENT AGREEMENT RECORDED January 26, 1996 AT RECEPTION NO. F0176829.
13. NOTE ON THE RECORDED PLAT OF CHATFIELD BLUFFS FILING NO. 1.

EXHIBIT D
TO
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
OF
CHATFIELD BLUFFS SOUTH

41

All Lots, Blocks and Tracts within Chatfield Bluffs Filing No. 1 and Chatfield Bluffs Filing No. 3, Jefferson County, Colorado, in accordance with the record plats thereof, as such plats may be amended, modified or replatted.

EXCEPTING AND EXCLUDING the property described in Exhibit A to this Declaration and Tract A, Chatfield Bluffs Filing No. 1, Jefferson County, Colorado.

**ANNEXATION OF ADDITIONAL LAND
AND DECLARATION AMENDMENT TO
DECLARATION OF COVENANTS,
CONDITIONS, AND RESTRICTIONS
OF CHATFIELD BLUFFS SOUTH**

KNOW ALL MEN BY THESE PRESENTS:

THAT, WHEREAS, LAND SECURITIES INVESTORS, LTD., a Colorado limited partnership ("Declarant") has heretofore executed and caused to be recorded that certain Declaration of Covenants, Conditions, and Restrictions of Chatfield Bluffs South, recorded on August 1, 1996 at Reception No. F0278116, in the office of the Clerk and Recorder of Jefferson County, Colorado, as amended and supplemented from time to time ("Declaration") (terms which are defined in the Declaration shall have the same meanings herein unless otherwise defined); and

WHEREAS, Article XI, Section 5 of the Declaration permits the annexation of certain additional property thereto by the Declarant, until that date which is ten (10) years after recording of the Declaration in Jefferson County, Colorado, without the consent of any other Owners, Security Interest Holders, or any other Person, subject to a determination by HUD or VA (if the Declarant desires to attempt to obtain HUD or VA approval of the property being annexed) that the annexation is in accord with the general plan approved by them and that the structures to be located thereon will be of comparable style, quality, size and cost to the existing Improvements; and

WHEREAS, the Declaration was recorded in Jefferson County, Colorado, less than ten (10) years ago; and

NOW, THEREFORE, the Declarant, as the owner or with the consent of the owner of the property described on Exhibit A attached hereto and incorporated herein by this reference ("Annexed Property"), annexes the Annexed Property to the Declaration effective upon recording of this document in Jefferson County, Colorado. In furtherance of the foregoing, the Declarant hereby states and declares as follows:

1. Plats of or including the Annexed Property have previously been recorded in Jefferson County, Colorado. Each of the lots in the Annexed Property shall be a Lot, and shall have the lot numbers designated on the applicable plat. Each Tract in the annexed Property shall be a Common Element.

2. The Allocated Interest of each Lot, including the Lots that are within the Annexed Property, shall be equal to a fraction, the numerator of which is one (1) and the denominator of which is the total number of Lots within the Community after recording of this document in Jefferson County, Colorado; provided that such Allocated Interests are subject to decrease when additional Lot(s) are annexed to the Declaration.

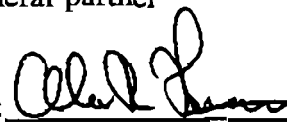
2

ALL PROVISIONS OF THE DECLARATION, as supplemented and amended, including, but not limited to, those provisions regarding obligations to pay assessments to the Association and any right to cast votes as Members, shall apply to the Annexed Property immediately upon recording of this document in the office of the Clerk and Recorder of Jefferson County, Colorado.

IN WITNESS WHEREOF, the Declarant has executed this Document this 9th. day of December, 1996.

LAND SECURITIES INVESTORS, LTD., a
Colorado limited partnership

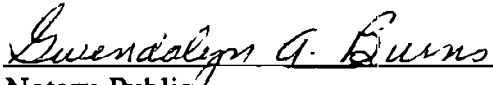
By: Sunset Management Services, Inc., its
general partner

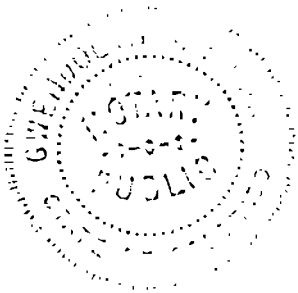
By: 
Its: President

STATE OF COLORADO)
) SS.
COUNTY OF JEFFERSON)

The foregoing instrument was acknowledged before me this 10th day of December 1996 by ALAN R. Fishman as President of Sunset Management Services, Inc., general partner of LAND SECURITIES INVESTORS, LTD., a Colorado limited partnership.

My commission expires: My Commission Expires 09-4-98.


Notary Public



CONSENT OF LOT OWNER

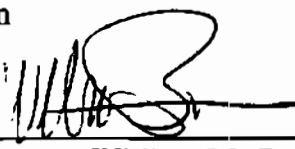
3

The undersigned, being the Owner of the Lots described in Exhibit A attached hereto hereby consents to the same being annexed by Declarant to the Declaration pursuant to the provisions hereof, and agrees that said Lots shall be owned in accordance with and subject to the terms of the Declaration.

IN WITNESS WHEREOF, the undersigned has executed this consent this 9th. day of December, 1996.

THE RYLAND GROUP, INC., a Maryland corporation

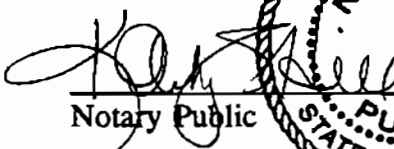
By: _____


William M. Butler
Vice President

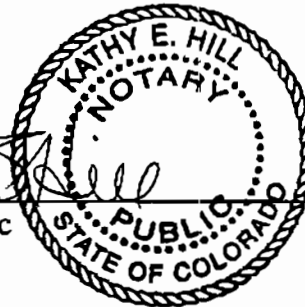
STATE OF COLORADO)
) SS.
COUNTY OF Adams)

The foregoing instrument was acknowledged before me this 9th day of December, 1996 by William M. Butler as _____ of THE RYLAND GROUP, INC., a Maryland corporation.

My commission expires: 5-30-99



Notary Public



4

EXHIBIT A
TO
ANNEXATION OF ADDITIONAL LAND AND
DECLARATION AMENDMENT TO DECLARATION
OF COVENANTS, CONDITIONS, AND RESTRICTIONS
OF CHATFIELD BLUFFS SOUTH

Lots 1 - 6 and 74 - 79
Chatfield Bluffs, Filing No. 1
Jefferson County, Colorado

ANNEX.001