

PAID: \$201.00

301181

301181 10/10/1995 02:22P B: 551 P: 609
Gay Cappis, County Clerk, San Miguel County, CO

DECLARATION

OF

THE PALMYRA

AT TELLURIDE MOUNTAIN VILLAGE

a Condominium Community

TABLE OF CONTENTS

ARTICLE 1 - SUBMISSION/DEFINED TERMS 1
 Section 1.1 Submission of Real Estate 1
 Section 1.2 Defined Terms 2

ARTICLE 2 - NAMES/DESCRIPTION OF REAL ESTATE 4
 Section 2.1 Name and Type 4
 Section 2.2 Real Estate and Easements 4
 Section 2.3 Utility and Map Easements 4
 Section 2.4 Easements for the Executive Board and Unit Owners 4
 Section 2.5 Emergency Easements 4

ARTICLE 3 - THE ASSOCIATION 4
 Section 3.1 Membership 4
 Section 3.2 General Purposes and Powers of the Association 5
 Section 3.3 Authority of the Association 5
 Section 3.4 Specific Powers 5
 Section 3.5 Allocated Interests 5
 Section 3.6 Classes of Directors 6
 Section 3.7 Association Agreements 6
 Section 3.8 Indemnification 6
 Section 3.9 Right to Notice and Comment 6
 Section 3.10 Declarant Control 7

ARTICLE 4 - UNITS, COMMON ELEMENTS AND LIMITED COMMON ELEMENTS 7
 Section 4.1 Number of Units 7
 Section 4.2 Identification of Units/Unit Descriptions 7
 Section 4.3 Unit Boundaries 7
 Section 4.4 Unit Maintenance 9
 Section 4.5 Association Maintenance 9
 Section 4.6 Common Elements 9
 Section 4.7 Limited Common Elements 9
 Section 4.8 Unit Owners' Easements of Enjoyment 10
 Section 4.9 Delegation of Use 10

ARTICLE 5 - COVENANT FOR COMMON EXPENSE ASSESSMENTS 10
 Section 5.1 Creation of Association Lien and Personal Obligation
 to Pay Common Expense Assessments 10
 Section 5.2 Apportionment of Common Expenses 11
 Section 5.3 Purpose of Assessments 11

Section 5.4 Annual Assessment/Commencement of Common Expense Assessments 11

Section 5.5 Effect of Non-Payment of Assessments 11

Section 5.6 Lien Priority 12

Section 5.7 Working Fund 12

Section 5.8 Common Expenses Attributable to Fewer Than All Units 13

ARTICLE 6 - RESTRICTIONS ON USE, ALIENATION AND OCCUPANCY 13

Section 6.1 Use/Occupancy 13

Section 6.2 Leasing or Overnight Occupancy of a Unit 14

Section 6.3 Units to be Maintained 14

Section 6.4 Construction Use 14

Section 6.5 Restrictions on Animals and Pets 15

Section 6.6 Restrictions on Structural Alterations and Exterior Improvements. 15

Section 6.7 No Obstruction of Common Elements 15

Section 6.8 Nuisances 15

Section 6.9 Vehicular Parking, Storage and Repairs 15

Section 6.10 Prohibited Uses 16

Section 6.11 No Annoying Lights, Sounds or Odors 17

Section 6.12 No Hazardous Activities 17

Section 6.13 Compliance with Insurance Requirements 17

Section 6.14 No Unsightliness 17

Section 6.15 Restriction on Signs and Advertising Devices 17

Section 6.16 Restrictions on Loads 17

Section 6.17 No Restrictions on Sale of a Unit 18

Section 6.18 No Restrictions on Mortgaging of a Unit 18

Section 6.19 No Time Shares 18

Section 6.20 Rules and Regulations 18

ARTICLE 7 - DEVELOPMENT RIGHTS AND SPECIAL DECLARANT RIGHTS 18

Section 7.1 Development Rights and Special Declarant Rights 18

Section 7.2 Additional Reserved Rights 19

Section 7.3 Rights Transferable/Rights Transferred 20

Section 7.4 No Further Authorizations Needed 20

Section 7.5 Amendment of the Declaration or Map 20

Section 7.6 Interpretation 20

Section 7.7 Maximum Number of Units 21

Section 7.8 Termination of Reserved Rights 21

Section 7.9 Additions by Others 21

ARTICLE 8 - INSURANCE/CONDEMNATION 21

Section 8.1 Insurance Carried 21

Section 8.2 Hazard Insurance on the Units and Common Elements 22

Section 8.3 Liability Insurance 23

Section 8.4 Fidelity Insurance 23

Section 8.5	<u>Worker's Compensation and Employer's Liability Insurance</u>	23
Section 8.6	<u>Officers' and Directors' Personal Liability Insurance</u>	23
Section 8.7	<u>Other Insurance</u>	24
Section 8.8	<u>Insurance Premium</u>	24
Section 8.9	<u>Managing Agent Insurance</u>	24
Section 8.10	<u>Waiver of Claims Against Association</u>	24
Section 8.11	<u>Annual Insurance Review</u>	24
Section 8.12	<u>Adjustments by the Association</u>	24
Section 8.13	<u>Duty to Repair</u>	24
Section 8.14	<u>Condemnation and Hazard Insurance Allocations and Distributions</u>	24
ARTICLE 9 - SPECIAL RIGHTS OF HOLDERS OF FIRST LIEN SECURITY INTERESTS		25
Section 9.1	<u>General Provisions</u>	25
Section 9.2	<u>Special Rights</u>	25
Section 9.3	<u>Special Approvals</u>	25
Section 9.4	<u>Right to Pay Taxes and Insurance Premiums</u>	26
ARTICLE 10 - GENERAL PROVISIONS		26
Section 10.1	<u>Enforcement</u>	26
Section 10.2	<u>Severability</u>	26
Section 10.3	<u>Term of Declaration</u>	27
Section 10.4	<u>Technical, Clerical, Typographical or Clarification Amendment by Declarant.</u>	27
Section 10.5	<u>Amendment of Declaration or Map by Unit Owners</u>	27
Section 10.6	<u>Amendment Required by Mortgage Agencies</u>	27
Section 10.7	<u>Required Consent of Declarant to Amendment</u>	28
Section 10.8	<u>Interpretation</u>	28
Section 10.9	<u>Singular Includes the Plural</u>	28
Section 10.10	<u>Captions</u>	28
Section 10.11	<u>General Declaration/Telluride Mountain Village Resort Company</u>	28
LENDER CONSENT		30
ASSOCIATION CONSENT		31
EXHIBIT A - DESCRIPTION OF REAL ESTATE		32
EXHIBIT B - TABLE OF INTERESTS		34
EXHIBIT C - PROPERTIES WHICH MAY BE ADDED TO THE DECLARATION		36

DECLARATION
OF
THE PALMYRA
AT TELLURIDE MOUNTAIN VILLAGE
A Condominium Community

THIS DECLARATION, made on the date hereinafter set forth, by SAMS-TELCO PARTNERSHIP, a Colorado general partnership, with an address of P.O. Box 11155, 565 Mountain Village Boulevard, Telluride, Colorado 81435 ("Declarant").

RECITALS:

(a) Declarant is the owner of certain real estate in the San Miguel County, State of Colorado, which is more particularly described as set forth in Exhibit A attached hereto and by reference made a part hereof.

(b) Declarant desires to create a Condominium Community on the real estate described in Exhibit A under the name of The Palmyra at Telluride Mountain Village, in which portions of the real estate described in Exhibit A will be designated for separate ownership and uses of either a commercial, retail, residential or garage nature, and in which portions of the real estate described in Exhibit A will be designated for common ownership by all Unit Owners.

(c) Declarant has caused "The Palmyra Condominium Association, Inc.," a Colorado nonprofit corporation, to be incorporated under the laws of the State of Colorado, for the purpose of exercising the functions as herein set forth.

ARTICLE 1

SUBMISSION/DEFINED TERMS

Section 1.1 Submission of Real Estate. The Declarant hereby submits the real estate described in Exhibit A, and such additional real estate as may be subsequently added, pursuant to the expansion rights reserved in this Declaration, together with all easements, rights, and appurtenances thereto and the buildings and improvements erected or to be erected thereon (collectively, the "Real Estate") to the provisions of the Colorado Common Interest Ownership Act, C.R.S. § 38-33.3-101, *et seq.*, as it may be amended from time to time (the "Act") and to the terms and conditions of this Declaration. In the event the Act is repealed, the Act on the effective date of this Declaration shall remain applicable. Declarant hereby declares that all of the Real Estate described in Exhibit A, and as added by expansion, shall be held or sold, and

conveyed subject to the following easements, restrictions, covenants, and conditions. Declarant further declares that this Declaration is made for the purpose of protecting the value and desirability of the Real Estate, that this Declaration shall run with the Real Estate and shall be binding on all parties having any right, title or interest in the Real Estate or any part thereof, their heirs, legal representatives, successors, and assigns and shall inure to the benefit of each Unit Owner thereof.

Section 1.2 Defined Terms. Each capitalized term in this Declaration or in the map shall have the meaning specified or used in the Act, unless otherwise defined in this Declaration or as set forth below:

- (a) Act means the Colorado Common Interest Ownership Act, C.R.S. § 38-33.3-101, *et seq.*, as it may be amended from time to time.
- (b) Allocated Interests means the undivided interest in the Common Expense liability and votes in the Association allocated to each Unit.
- (c) Association means The Palmyra Condominium Association, Inc., a Colorado nonprofit corporation.
- (d) Commercial Unit means any one of the Units designated as Commercial, subject to restrictions of record, and subject to the reserved right to re-designate the type of use allowed. Units which are designated as Commercial shall not be limited to uses of only a commercial nature; but rather, commercial, retail, residential and other uses shall be permitted within Commercial Units, to the extent permitted by local zoning.
- (e) Common Elements means the Real Estate within this Common Interest Community co-owned by the Unit Owners, other than a Unit; which is designated in the recorded map and which is also generally and sometimes specifically described in this Declaration.
- (f) Common Expense Assessment(s) means expenditures made or liabilities incurred by or on behalf of the Association, together with an allocation to reserves, and including late charges, attorneys' fees, fines and interest charged by the Association.
- (g) Declarant means the Declarant named in this Declaration, and any successor and/or assignee, designated by written notice or assignment executed by the Declarant in this Declaration and recorded, to the extent any rights or powers reserved to the Declarant are transferred or assigned to that party.
- (h) Eligible Holder means a holder, insurer or guarantor of a first lien Security Interest who has delivered a written request to the Association containing its name, address, the legal description and the address of the Unit upon which it holds a Security Interest.

- (i) Executive Board, Board or Board of Directors means the body, regardless of name, designated in this Declaration to act on behalf of the Association.
- (j) Garage Unit means any of the Units designated as a garage space on the map.
- (k) Governing Documents means this Declaration, the plat and map, the Articles of Incorporation, the Bylaws, and any rules and regulations of the Association, as all of the foregoing may be amended from time to time.
- (l) Improvement(s) means structures installed within or upon a Unit.
- (m) Limited Common Elements means those portions of the Common Elements, if any, designated for the exclusive use of one or more but fewer than all of the Units, including any assigned storage areas.
- (n) Residential Unit means any of the Units designated as Residential, subject to restrictions of record, and subject to the reserved right to re-designate the type of use allowed. Units which are designated as Residential shall be limited to residential uses.
- (o) Retail Unit means any of the Units designated as Retail, subject to restrictions of record, and subject to the reserved right to re-designate the type of use allowed. Units which are designated as Retail shall not be limited to uses of only a retail nature; but rather, retail, commercial, residential and other uses shall be permitted within Retail Units, to the extent permitted by local zoning.
- (p) Unit means a physical portion of the Common Interest Community, designated for separate ownership, shown as a Unit on the recorded map for the Common Interest Community, identified in Exhibit B and the boundaries of which are defined in the map and in Article 4 of this Declaration.
- (q) Real Estate means the property described in Exhibit A, and such additional property as may be subsequently added, pursuant to the expansion rights reserved in this Declaration, together with all easements, rights, and appurtenances thereto and the buildings and Improvements erected or to be erected thereon. All easements and licenses which the Common Interest Community is subject to as of the date of this Declaration are recited in Exhibit A.
- (r) Unit Owner or Owner means any person or entity that owns a Unit.

ARTICLE 2

NAMES/DESCRIPTION OF REAL ESTATE

Section 2.1 Name and Type. The type of Common Interest Community is a Condominium Community. The name of the Common Interest Community is "The Palmyra at Telluride Mountain Village, a Condominium Community." The name of the Association is "The Palmyra Condominium Association, Inc."

Section 2.2 Real Estate and Easements. The Common Interest Community is located San Miguel County, State of Colorado. The initial real estate of the Common Interest Community is described in Exhibit A. All easements and licenses to which the Common Interest Community is presently subject are recited in Exhibit A and as established in the Act. In addition, the Common Interest Community may be subject to other easements or licenses granted pursuant to this Declaration, or granted by authority reserved in any recorded document.

Section 2.3 Utility and Map Easements. Easements for utilities and other purposes over and across the Units and Common Elements may be as shown upon the recorded map of the Common Interest Community, and as may be established pursuant to the provisions of this Declaration, or granted by authority reserved in any recorded document.

Section 2.4 Easements for the Executive Board and Unit Owners. Each Unit shall be subject to an easement in favor of the Executive Board (including its agents, employees and contractors) and to each Unit Owner to allow for their performance of obligations in this Declaration. On exercising this easement right, the party exercising the right shall be responsible for any resulting damages, and a lien therefore is authorized and established against that party's property, pursuant to this Declaration.

Section 2.5 Emergency Easements. A nonexclusive easement for ingress and egress is hereby granted to all police, sheriff, fire protection, ambulance, and other similar emergency agencies or persons, now or hereafter servicing the Common Interest Community, to enter upon any part of the Common Interest Community in the performance of their duties.

ARTICLE 3

THE ASSOCIATION

Section 3.1 Membership. Every person who is a record Unit Owner of a fee interest in any Unit which is subject to this Declaration shall be a member of one of the classes of membership of the Association, including contract sellers, based on the designation of their Unit and regardless of actual use of the Unit. There shall be two (2) classes of membership. One class of membership shall consist of Unit Owners of Commercial and/or Retail Units. The other class of membership shall consist of Unit Owners of Residential and/or Garage Units. The initial designation of Units, and so, the class of membership of each Unit Owner, is set forth in Exhibit B. Membership shall be appurtenant to and may not be separated from ownership of any

Unit. Ownership of such Unit shall be the sole qualification for such membership. Where more than one (1) person holds an interest in any Unit, all such persons shall be members.

Section 3.2 General Purposes and Powers of the Association. The Association, through its Executive Board, shall perform functions and manage the Common Interest Community as provided in this Declaration so as to protect the value and desirability of the Community and the Units and to further the interests of the residents, occupants, tenants and guests of the Community and members of the Association. Any purchaser of a Unit shall be deemed to have assented to, ratified and approved such designation and management. The Association shall have all power necessary or desirable to effectuate such purposes.

Section 3.3 Authority of the Association. The business affairs of the Common Interest Community shall be managed by the Association. The Association shall be governed by the Act, this Declaration, the map, its Articles of Incorporation, Bylaws, and any rules and regulations, as all of the same may be amended from time to time; provided, however, in the event the Act is repealed, the Act on the effective date of this Declaration shall remain applicable. The Executive Board, may, by written resolution, delegate authority to a manager or managing agent for the Association, provided no such delegation shall relieve the Board of final responsibility.

Section 3.4 Specific Powers. The Association shall have the powers, authority and duties as follows and as necessary and proper to manage the business and affairs of the Common Interest Community. The Association shall have all of the powers, authority and duties permitted or set forth in the Act. The Association shall have the power to assign its right to future income, including the right to assign its right to receive Common Expense Assessments, but only upon the affirmative vote of the Unit Owners of Units to which at least fifty-one percent (51%) of the votes in the Association at a meeting called for that purpose.

Section 3.5 Allocated Interests. The Common Expense liability, percentage ownership interest of each Unit Owner in the Common Elements and votes in the Association allocated to each Unit are set forth in Exhibit B. The interests allocated to each Unit have been calculated as follows:

(a) the percentage of liability for Common Expenses, on the basis of square footage of each Unit as a fraction or percentage of the square footage of all Units in the Common Interest Community;

(b) the percentage of ownership interest of each Unit Owner in the Common Elements, on the basis of square footage of each Unit as a fraction or percentage of the square footage of all Units in the Common Interest Community;

(c) the number of votes in the Association, on the basis of square footage of each Unit as a fraction or percentage of the square footage of all Units in the Common Interest Community.

When Units are added to or withdrawn from the Common Interest Community, or use rights are re-designated, or the size of a Unit or of the Common Elements is changed, pursuant to the

provisions of this Declaration and the Act, the applicable formulas shall be used to reallocate the Allocated Interests.

Section 3.6 Classes of Directors. The affairs of the Common Interest Community and the Association shall be governed by an Executive Board of the Association. Two-thirds (2/3) of the members of the Executive Board are to be elected by Commercial and Retail Unit Owners, at the discretion of that class of members, and the remaining members of the Executive Board shall be elected by the Residential and Garage Unit Owners.

Section 3.7 Association Agreements. The Association may employ or engage professional management and other employees, agents or contractors. Any agreement for professional management of the Common Interest Community may not exceed one (1) year. Any agreement for professional management of the Association or the Community must, and shall be deemed to, provide for termination by either party without cause and without payment of a termination fee or penalty upon sixty (60) days' written notice.

Section 3.8 Indemnification. To the full extent permitted by law, each officer and director of the Association shall be and are hereby indemnified by the Unit Owners and the Association. This indemnification includes and is an indemnification against all damages, expenses and liabilities including attorneys' fees, reasonably incurred by or imposed upon them in any proceeding to which they may be a party, or in which they may become involved, by reason of being or having been an officer or director of the Association, or any settlements thereof. This indemnification shall extend to those parties, whether or not they are an officer or director of the Association at the time such expenses are incurred; except in such cases wherein such officer or director is adjudged guilty of willful misfeasance or malfeasance in the performance of his duties; provided that in the event of a settlement, the indemnification shall apply only when the Executive Board approves such settlement and reimbursement as being in the best interests of the Association.

Section 3.9 Right to Notice and Comment. Pursuant to C.R.S. § 38-33.3-205(1)(o), before the Board amends the Bylaws or adopts or amends Rules and Regulations governing the Common Interest Community, or whenever the Governing Documents require that an action be taken after "Notice and Comment," and at any other time the Executive Board determines, the Unit Owners have the right to receive notice of the proposed action and the right to comment orally or in writing. Further, any Unit Owner may give "Notice and Comment" to the Unit Owners of any matter affecting the Common Interest Community, and Unit Owners shall then have the right to comment, orally or in writing, on the matter. Notice shall be given to each Unit Owner in writing, delivered personally or by mail to all Unit Owners at such address as appears in the records of the Association, or notice shall be published in a newsletter or similar publication which is routinely circulated to all Unit Owners. The notice shall be given not less than seven (7) days before proposed action is to be taken. The Notice shall invite comment to the Executive Board or a Unit Owner, orally or in writing before the scheduled time of any meeting.

Section 3.10 Declarant Control. The Declarant shall have the reserved power, pursuant to Section 303(5) of the Act, to appoint and remove officers and members of the Executive Board.

ARTICLE 4

UNITS, COMMON ELEMENTS AND LIMITED COMMON ELEMENTS

Section 4.1 Number of Units. The number of Units currently in the Common Interest Community is thirty-seven (37). Declarant reserves the right, for itself and for its successors and assigns, as more fully set forth in this Declaration, and subject to the requirements of applicable zoning ordinances and regulations, to designate Units as Commercial, Retail or Residential. Garage Units shall not be subject to re-designation of use. In the event Declarant or a successor to Declarant exercises this reserved right to designate the uses allowed at a Unit, that party shall cause a supplement to this Declaration to be recorded reflecting such designation. The Declarant reserves the right to create and add up to the maximum number of Units allowed by any governmental entity having jurisdiction over the Real Estate.

Section 4.2 Identification of Units/Unit Descriptions. The identification number of each Unit is shown on the map and Exhibit B of this Declaration. Every contract for sale, deed, lease, Security Interest, will or other legal instrument may legally describe a Unit by its identifying Unit number followed by the name of the Community, with reference to this Declaration and the map. Illustrative descriptions are as follows:

"The Palmyra at Telluride Mountain Village, a Condominium Community," in accordance with the recorded Declaration and map, San Miguel County, Colorado.

or

"Palmyra Condominiums," in accordance with the recorded Declaration and map, San Miguel County, Colorado, together with the right to use the following Limited Common Elements: _____

Reference to this Declaration and the map in any instrument shall be deemed to include any supplement(s) or amendment(s), without specific references thereto.

Section 4.3 Unit Boundaries.

(a) The following are designated as boundaries of each Commercial, Retail or Residential Unit, as defined below and as depicted on the map: (i) Upper Boundaries. The horizontal plane of the unfinished lower surface of the ceilings, extended to an intersection with the vertical perimeter boundaries. Space above ceilings, to which access

is needed for repair and maintenance of the Unit and Common Elements above the Unit are Limited Common Elements to the Unit. (ii) Lower Boundaries. The horizontal plane of the undecorated or unfinished upper surfaces of the floors, extended to an intersection with the vertical perimeter boundaries. (iii) Vertical Perimeter Boundaries. The planes defined by the center or middle plane of the studs and framing or walls (if not built with studs and framing) of all perimeter walls between adjoining Units, the unfinished exterior surfaces of poured concrete or other exterior walls, the outside unfinished surfaces of corridor walls, the exterior unfinished surface of corridor doors to Common Elements, the interior surface of closed exterior windows and doors, areas depicted on the map as a deck or patio area of a Unit, and the vertical planes indicated by lines in common corridors as shown on the plat.

(b) The following are designated as the boundaries of each Garage Unit, as defined below and depicted on the map: (i) Upper Boundaries. The horizontal plane of the unfinished lower surface of the ceilings, extended to an intersection with the vertical perimeter boundaries. (ii) Lower Boundaries. The horizontal plane of the undecorated finished upper surfaces of the garage floor extended to an intersection with the vertical perimeter boundaries. (iii) Vertical Perimeter Boundaries. The planes defined by the boundary lines shown on the map between or as a part of each garage space, including perimeter walls of areas depicted on the map as finished inner surfaces of poured concrete or other exterior walls or an outside unfinished surface of a wall.

(c) Inclusions. Each Unit includes the spaces and Improvements lying within the boundaries described above, including decks or patio areas to Units, as depicted on the map. Each Unit also includes the spaces and Improvements containing utility meters, water heating facilities, all electrical switches, wiring, pipes, ducts, conduits, smoke detector or security systems and communications, television, telephone and electrical receptacles and boxes serving that Unit exclusively, the surface of these items being the boundaries of that Unit, whether or not the spaces are contiguous. Each Commercial, Retail and Residential Unit Owner may be required to purchase, install and maintain, at the Unit Owner's expense, such separate utility meters as the Association may require.

(d) Exclusions. Except when specifically included by other provisions of this Declaration or by the map, the following are excluded from each Unit; the spaces and Improvements lying outside the boundaries described above, air conditioners and heating systems, thresholds, exterior lighting and all chutes, pipes, flues, ducts, wires, conduits, skylights and other facilities running through or within any interior wall or partition for the purpose of furnishing utility and other service to other Units and the Common Elements.

(e) Noncontiguous Portions. Certain Units may include special portions or pieces of equipment, such as air conditioning compressors, utility meters, meter boxes, utility connection structures, air or gas pump and storage facilities and storage portions, which are situated in buildings or structures that are detached from the Unit. Such special equipment or storage portions are a part of the Unit, notwithstanding their non-contiguity with the principal portions.

Section 4.4 Unit Maintenance. Unit Owners are responsible for the maintenance, repair and replacement of the properties located within their Unit boundaries unless the Association is specifically obligated to maintain, repair or replace a portion of a Unit as elsewhere provided in this Declaration or the Association, without obligation, assumes that responsibility. In furtherance of the maintenance responsibility of the Unit Owners, the Association may adopt maintenance guidelines, rules, regulations or policies and procedures.

Section 4.5 Association Maintenance. The Association shall be responsible for the maintenance, repair and replacement of any Common Elements. The Executive Board of the Association shall determine the specifications, scope, extent, nature and parameters of the Association's maintenance responsibilities. The Association shall be responsible for: the maintenance, repair and replacement of the exterior of the buildings in which the Units are located; the improvement, maintenance, repair and replacement of the Common Elements, including snow removal, landscape care and trash removal; the improvement, upkeep and maintenance, repair and reconstruction of certain landscaped areas in dedicated public right of ways or public easements; or for the payment of expenses which may be incurred by virtue of agreement with or requirement of any local governmental authority, San Miguel County or other government authorities; and for such other maintenance and repair as set forth in this Declaration. In the event a Common Expense is associated with the maintenance, repair or replacement of a Limited Common Element, those Common Expenses may be assessed equally or in such reasonable proportion as determined by the Association against the Units to which the Limited Common Element is assigned. In furtherance of the maintenance responsibility of the Association, the Association may adopt maintenance guidelines, rules, regulations or policies and procedures.

Section 4.6 Common Elements. The portions of the Real Estate labeled as Common Elements in the map are the Common Elements. Portions of the Common Elements may be designated as Units or Limited Common Elements, and portions of Units may become Common Elements or Limited Common Elements, pursuant to rights reserved elsewhere in this Declaration. Subsequent to the expiration of those reserved development rights, the Common Elements may be changed, modified or improved from time to time as the Executive Board determines. Common Elements which contain apparatus or equipment to operate all or any part of the Community (i.e. mechanical, electrical, equipment rooms, janitorial or other storage rooms) shall not be available for use by the Owners or their guests, without the written approval or authorization of the Association or its managing agent (if any).

Section 4.7 Limited Common Elements. The Declarant reserves, through twenty (20) years after the recording of this Declaration, and to the Association, after expiration of Declarant's reserved rights (as the same may be extended) the right to allocate areas which constitute a part of the Common Elements as Limited Common Elements for the exclusive use of the Owners of Units to which those specified areas shall become appurtenant. The Declarant or Association may allocate or assign Limited Common Element areas (a) by making such an allocation in a recorded instrument, or (c) in the deed to the Unit to which such Limited Common Element shall be appurtenant, or (d) by recording an appropriate amendment or supplement to this Declaration or (e) by recording a supplement to the map or plat. Such allocations may be made as a matter of reserved right.

Section 4.8 Unit Owners' Easements of Enjoyment. Every Unit Owner shall have a right and easement access to their Unit and of enjoyment in and to any Common Elements and such easement shall be appurtenant to and shall pass with the title to every Unit, subject to the following provisions:

(a) The right of the Association to promulgate (subject to notice and comment) and publish rules and regulations which each Unit Owner and their guests shall strictly comply with;

(b) The right of the Association to suspend the voting rights and rights to use the Common Elements by an Unit Owner for any period during which any assessment against their Unit remains unpaid; and for a period not to exceed sixty (60) days for any infraction of its published rules and regulations;

(c) The right, power and authority of the Association to grant any easement, right-of-way, license, lease, dedication, transfer or conveyance or grant of any similar interest affecting the Common Elements, to the extent permitted by the Act;

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

(e) The Development and Special Declarant Rights of the Declarant reserved in this Declaration.

Section 4.9 Delegation of Use. Any Unit Owner may delegate their right of enjoyment to the Common Elements and facilities to the members of their family, their tenants, guests, or contract purchasers who reside at their Unit.

ARTICLE 5

COVENANT FOR COMMON EXPENSE ASSESSMENTS

Section 5.1 Creation of Association Lien and Personal Obligation to pay Common Expense Assessments. Declarant, for each Unit, shall be deemed to covenant and agree, and each Unit Owner, by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to covenant and agree to pay to the Association annual Common Expense Assessments, insurance assessments (assessed in proportion to risk), utility assessments (assessed in proportion to usage) and such other assessments as imposed by the Association. Such assessments, including fees, charges, late charges, attorneys' fees, fines and interest charged by the Association shall also be the personal obligation of the Unit Owner of such Unit at the time when the assessment or other charges became or fell due. The Association annual Common Expense Assessments, insurance assessments (assessed in proportion to risk), utility assessments (assessed in proportion to usage) and such other assessments as imposed by the Association, including fees, charges, late charges, attorneys' fees, fines and

interest charged by the Association, shall be a charge on each Unit and shall be a continuing lien upon the Unit against which each such assessment or charge is made. If any assessment is payable in installments, the full amount of the assessment is a lien from the time the first installment becomes due. The personal obligation to pay any past due sums due the Association shall not pass to a successor in title unless expressly assumed by them. No Unit Owner may become exempt from liability for payment of the Common Expense Assessments by waiver of the use or enjoyment of the Common Elements or by abandonment of the Unit against which the Common Expense Assessments are made. All assessments shall be payable in the amounts specified in the levy thereof, and no offsets or reduction thereof shall be permitted by any reason including, without limitation, any claim that the Association or the Executive Board is not properly exercising its duties and powers under this Declaration.

Section 5.2 Apportionment of Common Expenses. Except as provided in this Declaration, all Common Expense Assessments shall be assessed against all Units in accordance with formula for liability for the Common Expenses as set forth in this Declaration. Any common expense associated with the maintenance, repair or replacement of a Limited Common Element may be assessed against the Units to which the Limited Common Element is assigned or appurtenant, equally, or in such reasonable proportion as determined by the Association.

Section 5.3 Purpose of Assessments. The assessments levied by the Association through its Executive Board shall be used exclusively for the purposes of promoting the health, safety, and welfare of the residents and guests of the Common Interest Community and the members of the Association.

Section 5.4 Annual Assessment/Commencement of Common Expense Assessments. The Common Expense Assessment may be made on an annual basis against all Units and shall be based upon the Association's advance budget of the cash requirements needed by it to provide for the administration and performance of its duties during such assessment year. The budget shall be submitted to the Unit Owners for ratification pursuant to Section 303(4) of the Act. Common Expense Assessments shall be due and payable in monthly, quarterly, or annual installments, or in any other manner, as determined by the Executive Board. Common Expense Assessments may begin on the first day of the month in which conveyance of the first Unit to a Unit Owner other than the Declarant occurs. The omission or failure of the Executive Board to levy the assessment for any period shall not be deemed a waiver, modification or a release of the Unit Owners from their obligation to pay.

Section 5.5 Effect of Non-Payment of Assessments. Any assessment, charge or fee provided for in this Declaration, or any monthly or other installment thereof, which is not fully paid within ten (10) days after the due date thereof, as established by the Executive Board, shall bear interest at the rate of interest as established by the Executive Board, from time to time, and the Association may assess a reasonable late charge thereon as determined by the Executive Board. Failure to make payment within sixty (60) days of the due date thereof shall cause the total amount of such Unit Owner's Common Expense Assessment for the remainder of that fiscal year to become immediately due and payable at the option of the Board. Further, the Association may bring an action at law or in equity, or both, against any Unit Owner personally obligated to pay such overdue assessments, charges or fees, or monthly or other installments thereof, and may

also proceed to foreclose its lien against such Unit Owner's Unit. An action at law or in equity by the Association against a Unit Owner to recover a money judgment for unpaid assessments, charges or fees, or monthly or other installments thereof, may be commenced and pursued by the Association without foreclosing, or in any way waiving, the Association's lien therefor. Foreclosure or attempted foreclosure by the Association of its lien shall not be deemed to estop or otherwise preclude the Association from thereafter again foreclosing or attempting to foreclose its lien for any subsequent assessment, charges or fees, or monthly or other installments thereof, which are not fully paid when due. The Association shall have the power and right to bid on or purchase any Unit at foreclosure or other legal sale, and to acquire and hold, lease, mortgage, vote the Association votes appurtenant to ownership thereof, convey or otherwise deal with the same. If a foreclosure action is filed to foreclose any assessment lien, and a Unit Owner abandons or leaves vacant his or her Unit, the Board may take possession and rent said Unit or apply for the appointment of a receiver for the Unit without prior notice to the Unit Owner. The rights of the Association shall be expressly subordinate to the rights of any holder of a first lien Security Interest as set forth in its deed of trust or mortgage (including any assignment of rents), to the extent permitted under the Act.

Section 5.6 Lien Priority. The lien of the Association under this Section is prior to all other liens and encumbrances on a Unit except: liens and encumbrances recorded before the recordation of the Declaration; a first lien Security Interest on the Unit (except as allowed by the Act with regard to the limited lien priority allowed to the Association); and liens for real estate taxes and other governmental assessments or charges against the Unit. This Section does affect the priority of mechanics' or materialmen's liens. The lien of the Association under this Section and under Colorado law, is not subject to the provision of any homestead exemption as allowed under state or federal law. Sale or transfer of any Unit shall not affect the lien for said assessments or charges except that sale or transfer of any Unit pursuant to foreclosure of any first lien Security Interest, or any proceeding in lieu thereof, including deed in lieu of foreclosure, or cancellation or forfeiture shall only extinguish the lien of assessment charges as provided by applicable state law. No such sale, transfer, foreclosure, or any proceeding in lieu thereof, including deed in lieu of foreclosure, nor cancellation or forfeiture shall relieve any Unit from continuing liability for any assessment charges thereafter becoming due, nor from the lien thereof.

Section 5.7 Working Fund. The Association may require the first Unit Owner of each Unit (other than Declarant) to make a non-refundable payment to the Association in an amount equal to one-fourth (1/4) of the annual Common Expense Assessment against that Unit in effect at the closing thereof, which sum shall be held, without interest, by the Association as a working fund. Said working fund shall be collected and transferred to the Association at the time of closing of the initial sale by Declarant of each Unit, as aforesaid, and shall be for the use and benefit of the Association. Such payment shall not relieve a Unit Owner from making regular payments of assessments as the same become due. Upon the transfer of their Unit, a Unit Owner shall be entitled to a credit from their transferee for any unused portion of the aforesaid working fund. This account may be updated annually by the Association and notice shall be given to all Unit Owners whose individual account does not equal one-fourth (1/4) of the current annual assessment. Payment of any shortage shall be due with the next regular assessment payment, following written notice.

Section 5.8 Common Expenses Attributable to Fewer Than All Units. Any Common Expense associated with the maintenance, repair or replacement of components and elements attached to or a part of a Unit or Units or to a Unit or Units to which a Limited Common Element is assigned may be assessed against that or those Units. If any such Limited Common Element is assigned to more than one (1) Unit, the Common Expenses attributable to the Limited Common Element may be assessed equally among the Units to which it is assigned or in such reasonable proportions as determined by the Association. Any Common Expense for services provided by the Association to an individual Unit at the request of the Unit Owner may be assessed against that Unit. Any insurance premium increase attributable to a particular Unit by virtue of activities in or construction of the Unit shall be assessed against that Unit. An assessment to pay a judgment against the Association may be made only against the Units in the Common Interest Community at the time the judgment was entered, in proportion to their Common Expense liabilities. If a Common Expense is caused by the misconduct of a Unit Owner, the Association may assess that expense exclusively against that Unit Owner and their Unit. Fees, charges, taxes, impositions, late charges, fines, collection costs and interest charged against a Unit Owner pursuant to this Section are enforceable as Common Expense Assessments.

ARTICLE 6

RESTRICTIONS ON USE, ALIENATION AND OCCUPANCY

The strict application of the following limitations and restrictions in any specific case may be modified or waived, in whole or in part, by the Executive Board or by an appropriate committee (subject to review by the Executive Board) if such strict application would be unreasonable or unduly harsh under the circumstances. Any such modification or waiver must be in writing or must be contained in written guidelines or rules.

Section 6.1 Use/Occupancy. No Unit within the Common Interest Community shall be used for any purpose other than as allowed by the local zoning codes; provided, however, that uses described as "day care" or "child care" or "group homes" or other similar uses or facilities (licensed or unlicensed) are expressly prohibited. No Commercial, Retail or Residential Unit shall be occupied for business, living or sleeping purposes by more persons than the Unit was designed to safely accommodate. No Improvements located upon a Unit shall be occupied in any manner at any time prior to being fully completed in accordance with approved plans, nor shall any Improvements, when completed, be in any manner occupied until there is compliance with all requirements, conditions, covenants, and restrictions herein set forth. Residential Units shall not be used for any purpose other than a residential dwelling or a manager's unit, and commercial and business uses are strictly prohibited, unless approved by the Declarant or the Association, and allowed pursuant to restrictions of record and by local zoning ordinances and regulations. Garage Units shall not be used for other than vehicle parking, storage or other uses as expressly allowed by the Association.

Section 6.2 Leasing or Overnight Occupancy of a Unit. Any Unit Owner shall have the right to lease or allow occupancy of a Unit upon such terms and conditions as the Unit Owner may deem advisable, subject to the following:

(a) Short term occupancies and rentals (of less than thirty (30) days) of Residential Units for resort lodging to overnight and short term guests shall be subject to reasonable regulation of the Association. Specifically, the Association shall have the power and authority to require all short term occupancies or rentals to be through such management company or companies as the Association may approve and designate.

(b) Any long term lease or rental agreement (of over thirty (30) days) shall be in writing and shall provide that the lease or rental agreement is subject to the terms of this Declaration, the Bylaws of the Association, the Articles of Incorporation and the rules and regulations of the Association.

(c) All short and long term occupancies, leases and rental agreements of Residential Units shall be deemed to state that the failure of the tenant, renter or guest to comply with the terms of the Declaration or Bylaws of the Association, Articles of Incorporation or the rules and regulations of the Association shall constitute a default of the occupancy, lease or rental agreement and of this Declaration and such default shall be enforceable by either the Association or the landlord, or by both of them.

(d) All occupancies of guests of Residential Units shall be subject to the right of the Association to remove and/or evict the guest for failure to comply with the terms of the Declaration, the Bylaws of the Association, the Articles of Incorporation or the rules and regulations of the Association.

(e) Except as restricted in this Declaration, and such Rules and Regulations as the Association may promulgate, the right to lease or allow occupancy of a Unit shall not be restricted.

Section 6.3 Units to be Maintained. Unit Owners are responsible for the maintenance, repair and replacement of the properties located within their Unit boundaries, except as provided in this Declaration. Further, each Unit at all times shall be kept in a clean, sightly, and wholesome condition. No trash, litter, junk, boxes, containers, bottles, cans, implements, machinery, lumber or other building materials shall be permitted to remain exposed upon or within any Unit so that the same are visible from any neighboring Unit, or any street, except as necessary during a period of construction. The Association, and its agents, shall have the authority to enter, replace, maintain, repair and clean up Units which do not conform to the provisions of this Section, and to charge and collect from the Unit Owners thereof all reasonable costs related thereto as an assessment hereunder.

Section 6.4 Construction Use. Notwithstanding anything to the contrary contained in this Declaration, it shall be expressly permissible for Declarant, its assigns, employees and agents, to perform such reasonable activities, and to maintain upon portions of the Common Interest Community such facilities as deemed reasonably necessary or incidental to the construction and

sale of Units in the development of the Common Interest Community, specifically including, without limiting the generality of the foregoing, the maintenance of temporary business offices, storage areas, trash bins, construction yards and equipment, signs, model units, temporary sales offices, parking areas and lighting facilities.

Section 6.5 Restrictions on Animals and Pets. No dogs, cats, fish, birds, domestic animals, livestock, poultry or insects, of any kind, shall be raised, bred, kept or boarded within a Unit.

Section 6.6 Restrictions on Structural Alterations and Exterior Improvements. No structural alterations to any Unit or any Common or Limited Common Elements shall be done by any Owner, without the prior written approval of the Association. No Improvement to the exterior of a building which includes a Unit or to the Common Elements or to any landscaping shall be constructed, erected, placed or installed within the Common Interest Community, unless complete plans and specifications thereto shall have been first submitted to and approved in writing by the Executive Board.

Section 6.7 No Obstruction of Common Elements. There shall be no obstruction of the Common Elements, nor shall anything be stored outside of the Units without the prior written consent of the Executive Board, except as expressly provided. Patio furniture, consisting of all-weather chairs and tables, will be allowed on the deck and patio, provided that they remain in good condition and repair.

Section 6.8 Nuisances. No nuisance shall be permitted within the Common Interest Community, nor any use, activity or practice which is the source of unreasonable annoyance or embarrassment to, or which unreasonably offends or disturbs, any Unit Owner or which may unreasonably interfere with the peaceful enjoyment or possession of the proper use of a Unit or Common Element, or any portion of the Common Interest Community by Unit Owners. Further, no immoral, improper, offensive or unlawful use shall be permitted within the Common Interest Community or any portion thereof. All valid laws, ordinances and regulations of all governmental bodies having jurisdiction over the Common Interest Community or a portion thereof shall be observed. As used herein, the term nuisance shall not include any activities of Declarant or its assignees which are reasonably necessary to the development and construction of Improvements within this Common Interest Community; provided, however, that such activities shall not reasonably interfere with any Unit Owner's use and enjoyment of their Unit, or any Unit Owner's ingress and egress to or from their Unit and a public way.

Section 6.9 Vehicular Parking, Storage and Repairs.

(a) Garage Units are restricted to use as a parking space for vehicles and approved storage.

(b) Vehicular parking and driving upon the Common or Limited Common Elements shall be regulated by the Board of Directors.

(c) The conversion or alteration of Garage Units into living areas, work shop areas, or any other modification or alteration of Garages Units, which would hinder, preclude or prevent the parking of the number of vehicles for which the Garage Unit was originally designed, is prohibited.

(d) No oversized vehicles, trailers, camping trailer, boat trailer, hauling trailer, boat, or accessories thereto, truck, self contained motorized recreational vehicle, or other oversized type of vehicle or equipment, may be parked or stored within the Common Interest Community unless such parking or storage is entirely within a Garage Unit. This restriction shall not apply to trucks or other commercial vehicles temporarily located within the Common Interest Community which are necessary for construction or for the maintenance of the Common Elements, Units, or any Improvement located thereon.

(e) Abandoned or inoperable automobiles or vehicles may be subject to regulation and removal by the Association.

(f) No activity such as, but not limited to, maintenance, repair, rebuilding, dismantling, repainting, or servicing of any kind of vehicle, trailer or boat, may be performed or conducted within the Common Interest Community.

Section 6.10 Prohibited Uses. No building, structure, Improvement, Residential Unit, Commercial Unit, Retail Unit, Garage Unit, Common Element or other portion of the Common Interest Community shall be used or occupied for use by any of the following:

(a) "Adult Book or Adult Video Store" which shall mean an establishment having as a substantial or significant portion of its sales and/or stock in trade in: (i) books, (ii) magazines, (iii) films and/or videos for sale, rental or viewing on the premises and (iv) other periodicals which are distinguished or characterized by their emphasis on material depicting, describing or relating to human genitals or sexual activities (collectively referred to as "Adult Material"). Adult Book or Video Stores shall also mean an establishment with a segment or section devoted to the sale or display of Adult Material, or an establishment that holds itself out to the public as a purveyor of Adult Material based on its signage, advertising, displays, actual sales, or any other factor indicating that the establishment's primary purpose is to purvey Adult Material.

(b) "Adult Entertainment Cabaret" which shall mean a public or private establishment which, live or by pictorial, electronic, or projected image, offers, promotes, or operates entertainment including, but not limited to, topless dancers, strippers, or any other entertainers who, by reason of their appearance or conduct, perform in a manner which is designed primarily to appeal to the prurient interest of the patron.

(c) "Adult Motion Picture Theater" which shall mean an enclosed building or an area within a building, which is used regularly and routinely for presenting motion picture films, video cassettes, cable television and/or any other such visual media, which materials so presented are distinguished or characterized by an emphasis on matter

depicting, describing or relating to human genitals or sexual activities, for observation by patrons therein.

(d) "Adult Material Retail or Service Establishment" which shall mean any establishment having as a substantial or significant portion of its sales, stock in trade and/or serves in merchandise or massage or other personal services of any description or type which is designed primarily to appeal to the prurient interest of the patron or the performance of manipulative exercises upon the human body of another by rubbing, kneading, stroking or tapping with hand or the hands, or with any mechanical or bathing device, with or without supplementary aids.

Section 6.11 No Annoying Lights, Sounds or Odors. No light shall be emitted from any portion of the Common Interest Community which is unreasonably bright or causes unreasonable glare, and no sound or odor shall be emitted from any portion of the Common Interest Community which would reasonably be found by others to be noxious or offensive. Without limiting the generality of the foregoing, no exterior spot lights, searchlights, speakers, horns, whistles, bells or other light or sound devices shall be located or used on any portion of the Common Interest Community except with the prior written approval of the Executive Board.

Section 6.12 No Hazardous Activities. No activity shall be conducted on any portion of the Common Interest Community which is 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 portion of the Common Interest Community and no open fires shall be lighted or permitted on any portion of the Common Interest Community.

Section 6.13 Compliance with Insurance Requirements. Except as may be approved in writing by the Executive Board, nothing shall be done or kept on the Common Interest Community which may result in a material increase in the rates of insurance or would result in the cancellation of any insurance maintained by the Association.

Section 6.14 No Unsightliness. All unsightly conditions, structures, facilities, equipment, objects and conditions shall be enclosed within an approved structure.

Section 6.15 Restriction on Signs and Advertising Devices. No sign, poster, billboard, advertizing device or display of any kind shall be erected or maintained anywhere within the Common Interest Community except such sign or signs as may be approved in writing by the Executive Board, and as such signs are regulated by local government or any architectural or design review committee.

Section 6.16 Restrictions on Loads. No Owner of a Unit may place a load on any floor which exceeds the floor load for which the floor was designed to support. No Owners of a Unit shall install, operate or maintain any item of heavy equipment or other installation, except in a manner designed to achieve a proper distribution of weight.

Section 6.17 No Restrictions on Sale of a Unit. The right of a Unit Owner to sell, transfer or otherwise convey their Unit shall not be subject to any right of first refusal or similar restriction and such Unit may be sold free of any such restrictions.

Section 6.18 No Restrictions on Mortgaging of a Unit. There are no restrictions on the right of the Unit Owners to mortgage or otherwise encumber their Unit. There is no requirement for the use of a specific lending institution or particular type of lender.

Section 6.19 No Time Shares. A Unit may not be conveyed pursuant to a time-sharing arrangement described in Sections 38-33-110 to 113, Colorado Revised Statutes without the written consent of Declarant for twenty (20) years from the date of recording of this Declaration, and thereafter, without the consent of the Association.

Section 6.20 Rules and Regulations. In furtherance of the provisions of this Declaration, and the general plan, rules and regulations concerning and governing the Common Interest Community or any portion thereof may be adopted, amended, or repealed, from time to time, (subject to notice and comment) by the Executive Board, or its successors and assigns. The Executive Board may establish and enforce penalties for the infraction thereof.

ARTICLE 7

DEVELOPMENT RIGHTS AND SPECIAL DECLARANT RIGHTS

Section 7.1 Development Rights and Special Declarant Rights. The Declarant reserves for twenty (20) years after the recording of this Declaration, the following Development Rights and Special Declarant Rights:

- (a) the right to relocate boundaries between adjoining Units, enlarge Units, enlarge the Common Elements, reduce or diminish the size of Units, reduce or diminish the size of areas of the Common Elements, subdivide Units or complete or make improvements, generally, and/or specifically, as the same may be indicated on maps or plats filed of record or filed with the Declaration;
- (b) the right to add a mezzanine level to Unit 1A, create or construct additional Units, Common Elements and Limited Common Elements, to subdivide Units and to convert Units into Common Elements;
- (c) the right to designate a Unit as Commercial, Retail or Residential (with Garage Units not being subject to redesignation);
- (d) the right to exercise any development rights reserved or allowed in the Act;
- (e) the right to use, and to permit others to use, easements through the Common Elements as may be reasonably necessary;

- (f) the right to make the Common Interest Community subject to a master association and master declaration;
- (g) the right to merge or consolidate the Common Interest Community with another Common Interest Community;
- (h) the right to appoint or remove any officer of the Association or any Director during the Declarant Control period;
- (i) the right to add Units and to subject all or any part of the property described in Exhibit C attached hereto and hereby incorporated by reference and additional unspecified real estate to the provisions of this Declaration upon the substantial completion of Improvements on any portion of that property;
- (j) the right to amend the Declaration in connection with the exercise of any development right; and
- (k) the right to amend the maps or plat in connection with the exercise of any development right.

As to the properties described in Exhibit C, Declarant makes no assurances concerning the construction, building types, architectural style and/or size of Units as may be created; provided, however, that the quality of construction will be consistent with the Improvements constructed on the property described in Exhibit A. Subsequent to the initial Real Estate and Improvements made subject to this Declaration, any additional buildings, structures and types of Improvements to be placed on the Real Estate or any part thereof may be of such quality and type as the persons developing the same may determine, and those Improvements need not be of the same quality or type as the Improvements previously constructed on the Real Estate, nor of the same size, style or configuration. The Improvements may be located anywhere in the Common Elements of the Common Interest Community, the same being reserved for future development, or on the additional real estate as may be added or as shown on the map.

Section 7.2 Additional Reserved Rights. In addition to the rights set forth above, Declarant for itself, and for its successors in title, (if specifically recited in the deed or grant to them from Declarant) also reserves the following additional rights:

- (a) Sales. The right to maintain sales offices, management offices and models in Units or on the Common Elements.
- (b) Signs. The right to maintain signs and advertising on the Common Interest Community to advertise the Common Interest Community or other communities developed or managed by, or affiliated with the Declarant.
- (c) Dedications. The right to establish, from time to time, by dedication or otherwise, public streets, utility and other easements for purposes including but not limited to public access, access, paths, walkways, skiways, drainage, recreation areas, parking

areas, ducts, shafts, flues, conduit installation areas, and to create other reservations, exceptions and exclusions.

(d) Use Agreements. The right to enter into, establish, execute, amend, and otherwise deal with contracts and agreements for the use, lease, repair, maintenance or regulations of parking and/or recreational facilities and/or Common Elements, which may or may not be a part of the Common Interest Community.

(e) Construction and Access Easement. Declarant and its assignees expressly reserve the right to perform warranty work, and repairs and construction work and to store materials in secure areas, in Units and in Common Elements, and the future right to control such work and repairs, and the right of access thereto, until completion. All work may be performed without the consent or approval of any Unit Owner or holder of a Security Interest. Declarant and its assignees have such an easement through the Common Elements as may be reasonably necessary for exercising reserved rights in this Declaration and for access and utilities to any properties which Declarant may have or had the right to add, even if not added to the Community. Such easement includes the right to construct underground utility lines, pipes, wires, ducts, conduits, and other facilities across the real estate.

(f) Other Rights. The right to exercise any additional reserved right created by any other provision of this Declaration.

Section 7.3 Rights Transferable/Rights Transferred. Any rights created or reserved under this Section or the Act for the benefit of Declarant may be transferred to any person by an instrument describing the rights transferred recorded in the real property records of San Miguel County. Such instrument shall be executed by the transferor Declarant and the transferee. The rights transferred may then be exercised in compliance with the requirements of C.R.S. § 38-33.3-210 and C.R.S. § 38-33.3-209(6) without the consent of the Association, any Unit Owners or any holders of Security Interest.

Section 7.4 No Further Authorizations Needed. The consent of Unit Owners or holders of Security Interests shall not be required for exercise of any reserved rights, and Declarant or its assignees may proceed without limitation at their sole option. Declarant or its assignees may exercise any reserved rights on all or any portion of the property in whatever order determined. Declarant or its assignees shall not be obligated to exercise any reserved rights or to expand the Common Interest Community beyond the number of Units initially submitted.

Section 7.5 Amendment of the Declaration or Map. If Declarant or its assignee elects to exercise any reserved rights, that party shall comply with the Act.

Section 7.6 Interpretation. Recording of amendments to the Declaration and the map or plat pursuant to reserved rights in this Declaration shall automatically effectuate the terms and provisions of that amendment. Further, such amendment shall automatically: (i) vest in each existing Unit Owner the reallocated Allocated Interests appurtenant to their Unit; and (ii) vest in each existing Security Interest a perfected security interest in the reallocated Allocated Interests

appurtenant to the encumbered Unit. Further, upon the recording of an amendment to the Declaration, the definitions used in this Declaration shall automatically be extended to encompass and to refer to the Common Interest Community as expanded and to any Additional Improvements, and the same shall be added to and become a part of the Common Interest Community for all purposes. All conveyances of Units after such amendment is recorded shall be effective to transfer rights in all Common Elements, whether or not reference is made to any Amendment of the Declaration map. Reference to the Declaration and map in any instrument shall be deemed to include all Amendments to the Declaration, and the map without specific reference thereto.

Section 7.7 Maximum Number of Units. The maximum number of Units shall not exceed the maximum number of Units allowed by any governmental entity having jurisdiction.

Section 7.8 Termination of Reserved Rights. The rights reserved to Declarant, for itself, its successors and assigns, shall expire as set forth above or in the Act, unless (a) reinstated or extended by the Association, subject to whatever terms, conditions, and limitations the Executive Board may impose on the subsequent exercise of the expansion rights by Declarant, (b) extended as allowed by law, or (c) terminated by written instrument executed by the Declarant, recorded in the records of the Clerk and Recorder of San Miguel County, Colorado.

Section 7.9 Additions by Others. Additions of Units to the Common Interest Community may be made by others than the Declarant, or its successors and assigns or Owners, upon approval of the Association pursuant to a vote of a majority of a quorum of its members and upon approval of two-thirds (2/3) of the Eligible Holders of first lien Security Interests (based on one vote for each Unit encumbered). Such approval by the members and Eligible Holders of first lien Security Interests shall be evidenced by a certified copy of such resolution of approval and a supplement or amendment to this Declaration, both recorded in records of the San Miguel County Clerk and Recorder.

ARTICLE 8

INSURANCE/CONDEMNATION

Section 8.1 Insurance Carried. The Association shall obtain and maintain in full force and effect to the extent reasonably available, and at all times, the insurance coverage set forth herein and as set forth in the Act, which insurance coverage shall be provided by financially responsible and able companies duly authorized to do business in the State of Colorado. Commencing not later than the time of the first conveyance of a Unit to a person other than a Declarant, the Association shall maintain, to the extent reasonably available, policies with the following terms or provisions:

- (a) All policies of insurance shall contain waivers of subrogation and waivers of any defense based on invalidity arising from any acts of a Unit Owner and shall provide that such policies may not be cancelled or modified without at least thirty (30) days' prior written notice to all of the Unit Owners, holders of first lien Security Interests and the Association.

(b) If requested, duplicate originals of all policies and renewals thereof, together with proof of payments of premiums, shall be delivered to all holders of first lien Security Interests at least ten (10) days prior to expiration of the then current policies.

(c) All liability insurance shall be carried in blanket form naming the Association, the Board, the manager or managing agent, if any, the officers of the Association, the Declarant, holders of first lien Security Interests, their successors and assigns and Unit Owners as insureds.

(d) Prior to obtaining any policy of casualty insurance or renewal thereof, pursuant to the provisions hereof, the Board may obtain an appraisal from a duly qualified real estate or insurance appraiser, which appraiser shall reasonably estimate the full replacement value of the Units and the Common Elements, without deduction for depreciation, review any increases in the cost of living, and/or consider other factors, for the purpose of determining the amount of the insurance to be effected pursuant to the provisions hereof. In no event shall any casualty insurance policy contain a co-insurance clause for less than one hundred percent (100%) of the full insurable replacement cost.

(e) Unit Owners may carry and are advised to carry other insurance for their benefit and at their expense, provided that the liability of the carriers issuing insurance obtained by the Association shall not be affected or diminished by reason of any such additional insurance carried by Unit Owners and provided, further, that the policies of insurance carried by the Association shall be primary, even if a Unit Owner has other insurance that covers the same loss or losses as covered by policies of the Association. In this regard, Declarant discloses that the Association's insurance coverage, as specified hereunder and under the Act, does not obviate the need for Unit Owners to obtain insurance for their own benefit.

(f) All policies of insurance shall provide that the insurance thereunder shall be invalidated or suspended only in respect to the interest of any particular Unit Owner guilty of a breach of warranty, act, omission, negligence or non-compliance of any provision of such policy, including payment of the insurance premium applicable to the Unit Owner's interest, or who permits or fails to prevent the happening of any event, whether occurring before or after a loss, which under the provisions of such policy would otherwise invalidate or suspend the entire policy, but the insurance under any such policy, as to the interests of all other insured Unit Owners not guilty of any such act or omission, shall not be invalidated or suspended and shall remain in full force and effect.

Section 8.2 Hazard Insurance on the Units and Common Elements. The Association shall obtain adequate hazard insurance covering loss, damage or destruction by fire or other casualty to the Units, to the Common Elements and the other property of the Association. The insurance obtained on the Units is not required to include Improvements and betterments installed by Unit Owners. If coverage purchased by the Association includes Improvements and betterments installed by Unit Owners, the cost thereof shall be assessed to each Unit in proportion to risk. All policies shall contain a standard non-contributory mortgage clause in favor of each holder of first lien Security Interests, and their successors and assigns, which shall provide that the loss,

if any thereunder, shall be payable to the Association for the use and benefit of such holders of first lien Security Interests, and their successors and assigns, as their interests may appear of record in the records of the office of the Clerk and Recorder of the County of San Miguel, Colorado. If obtainable, the Association shall also obtain the following and any additional endorsements deemed advisable by the Executive Board: (a) an Inflation guard endorsement, (b) a Construction Code endorsement, (c) a demolition cost endorsement, (d) a contingent liability from operation of building laws endorsement, (e) an increased cost of construction endorsement, and/or (f) any special PUD/Multifamily endorsements.

Section 8.3 Liability Insurance. The Association shall obtain adequate comprehensive policy of public liability and property damage liability insurance covering all of the Units and the Common Elements, including structural coverage of the Units, in such limits as the Board may from time to time determine, but not in any amount less than Two Million Dollars (\$2,000,000.00) per injury, per person, and per occurrence, and in all cases covering all claims for bodily injury or property damage. Coverage shall include, without limitation, liability for personal injuries, operation of automobiles on behalf of the Association, and activities in connection with the ownership, operation, maintenance and other uses of the Common Interest Community. All liability insurance shall name the Association as the insured. If there are steam boilers in operation on the Common Interest Community, or if the Community has central heating or cooling, there must be in force boiler explosion and machinery coverage insurance providing for not less than Two Million and 00/100 Dollars (\$2,000,000.00) per accident, per location.

Section 8.4 Fidelity Insurance. The Association shall obtain adequate fidelity coverage or fidelity bonds to protect against dishonest acts on the parts of its officers, directors, trustees and employees and on the part of all others who handle or are responsible for handling the funds of the Association, including persons who serve the Association with or without compensation. The clause "officers, directors, trustees and employees" shall not include any officer, director, agent or employee of Declarant or any officer, director, agent or employee of any independent, professional manager or managing agent heretofore or hereafter employed by the Association. The fidelity coverage or bonds should be in an amount sufficient to cover the maximum funds that will be in the control of the Association, its officers, directors, trustees and employees.

Section 8.5 Worker's Compensation and Employer's Liability Insurance. The Association shall obtain worker's compensation and employer's liability insurance and all other similar insurance with respect to its employees in the amounts and forms as may now or hereafter be required by law.

Section 8.6 Officers' and Directors' Personal Liability Insurance. The Association may obtain officers' and directors' personal liability insurance to protect the officers and directors from personal liability in relation to their duties and responsibilities in acting as officers and directors on behalf of the Association. Neither the term "officers" nor the term "directors" shall include any officer, director, agent or employee of Declarant nor any officer, director, employee or agent of any professional manager or managing agent heretofore or hereafter employed by the Association.

Section 8.7 Other Insurance. The Association may obtain insurance against such other risks, of similar or dissimilar nature, including flood insurance, as it shall deem appropriate with respect to the Association responsibilities and duties.

Section 8.8 Insurance Premium. Except as assessed in proportion to risk, if permitted under the terms of this Declaration, insurance premiums for the above provided insurance shall be a Common Expense to be included as a part of the annual assessments levied by the Association.

Section 8.9 Managing Agent Insurance. The manager or managing agent, if any, shall be adequately insured for the benefit of the Association, and shall maintain and submit evidence of such coverage to the Association.

Section 8.10 Waiver of Claims Against Association. As to all policies of insurance maintained by or for the benefit of the Association and Unit Owners, the Association and the Unit Owners hereby waive and release all claims against one another, the Board and Declarant, to the extent of the insurance proceeds available, whether or not the insurance damage or injury is caused by the negligence of or breach of any agreement by and of said persons.

Section 8.11 Annual Insurance Review. The Board shall review the insurance carried by and on behalf of the Association at least annually, for the purpose of determining the amount of insurance required.

Section 8.12 Adjustments by the Association. Any loss covered by an insurance policy described above shall be adjusted by the Association, and the insurance proceeds for that loss shall be payable to the Association, and not to any holder of a first lien Security Interest. The Association shall hold any insurance proceeds in trust for the Association, Unit Owners and holders of first lien Security Interests as their interests may appear. The proceeds must be distributed first for the repair or restoration of the damaged property, and the Association, Unit Owners and holders of first lien Security Interests are not entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the damaged property has been completely repaired or restored.

Section 8.13 Duty to Repair. Any portion of the Common Interest Community for which insurance is required under this Section which is damaged or destroyed must be repaired or replaced promptly by the Association, except as provided in the Act.

Section 8.14 Condemnation and Hazard Insurance Allocations and Distributions. In the event of a distribution of condemnation proceeds or hazard insurance proceeds to the Unit Owners, the distribution shall be as the parties with interests and rights are determined or allocated by record, and pursuant to the Act.

ARTICLE 9

SPECIAL RIGHTS OF HOLDERS OF FIRST LIEN SECURITY INTERESTS

Section 9.1 General Provisions. The provisions of this Section are for the benefit of holders, insurers, or guarantors of holders of first lien Security Interests recorded within the Common Interest Community. To the extent applicable, necessary or proper, the provisions of this Section apply to both this Declaration and to the Articles and Bylaws of the Association. A holder, insurer or guarantor of a first lien Security Interest who has delivered a written request to the Association containing its name, address, the legal description and the address of the Unit upon which it holds a Security Interest, shall be considered an "Eligible Holder." Eligible insurers and guarantors of a first lien Security Interest shall have the same rights as Eligible Holder.

Section 9.2 Special Rights. Eligible Holders shall be entitled to: (a) timely written notice from the Association of any default by a mortgagor of a Unit in the performance of the mortgagor's obligations under this Declaration, the Articles of Incorporation, the Bylaws or the Rules and Regulations, which default is not cured within sixty (60) days after the Association learns of such default; (b) examine the books and records of the Association during normal business hours; (c) receive a copy of financial statements of the Association, including any annual audited financial statement; (d) receive written notice of all meetings of the Executive Board or Members of the Association; (e) designate a representative to attend any such meetings; (f) written notice of any lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association; (g) written notice of abandonment or termination of the Association of the plan contemplated under this Declaration; (h) thirty (30) days' written notice prior to the effective date of any proposed, material amendment to this Declaration, the Articles of Incorporation, or the Bylaws; (i) thirty (30) days' written notice prior to the effective date of termination of any agreement for professional management of the Association or the Common Elements, when professional management had been required previously under the legal documents for the Common Interest Community or by an Eligible Holder; and (j) immediate written notice as soon as the Association receives notice or otherwise learns of any damage to the Common Elements or to the Unit on which the Eligible Holder holds a Security Interest, if the cost of reconstruction exceeds Twenty Thousand Dollars (\$20,000.00) and as soon as the Association receives notice or otherwise learns of any condemnation or eminent domain proceedings or other proposed acquisition with respect to any portion of the Common Elements or any Units.

Section 9.3 Special Approvals. Unless at least sixty-seven percent (67%) of the Eligible Holders of first lien Security Interests (based on one (1) vote for each Unit encumbered) of Units in the Association and requisite Unit Owners have given their written approval, neither the Association nor any Member shall (a) by act or omission seek to abandon, partition, subdivide, encumber, sell or transfer the Common Elements or any Improvements thereon which are owned, directly or indirectly, by the Association (except that the granting of access easements, utility easements, drainage easements and water facilities easements or easements for other public purposes consistent with the intended use of such real estate by the Association shall not be

deemed within the meaning of this provision); (b) change the method of determining the obligations, assessments or other charges which may be levied against Members or the method of allocating distributions of hazard insurance policy proceeds or condemnation awards; (c) by act or omission change, waive or abandon any scheme or regulation, or enforcement thereof, pertaining to architectural approval of improvement of Units, including the architectural design of the exterior appearance of Units, or the upkeep of the Common Elements; (d) fail to maintain the casualty, fire and extended coverage insurance as elsewhere provided in this Declaration; (e) use hazard insurance proceeds for losses other than the repair, replacement or reconstruction of the Improvements which were damaged or destroyed; (f) take action to terminate the legal status of the Common Interest Community after substantial destruction or condemnation occurs; (g) amend any material provision of this Declaration; and (h) establish self-management by the Association when professional management has previously been required by the legal documents for the Common Interest Community or by an Eligible Holder. An amendment shall not be deemed material if it is for the purpose of correcting technical errors, or for clarification only. If an Eligible Holder of a first lien Security Interest receives written request for approval of the proposed act, omission, change or amendment by certified or registered mail, with a return receipt requested, and does not deliver or post to the requesting party a negative response within thirty (30) days, it shall be deemed to have approved such request.

Section 9.4 Right to Pay Taxes and Insurance Premiums. Any holder of a first lien Security Interest shall be entitled to pay any taxes or other charges which are in default and which may or have become a lien against a Unit or any of the Common Elements and may pay any overdue premiums on hazard insurance policies or secure new hazard insurance coverage for the Common Elements or Units, and the holder of a first lien Security Interest making such payments shall be entitled to immediate reimbursement therefor from the Association.

ARTICLE 10

GENERAL PROVISIONS

Section 10.1 Enforcement. The Association or a Unit Owner or Unit Owners of any of the Units may enforce the restrictions, conditions, covenants and reservations imposed by the provisions of this Declaration by proceedings at law or in equity against any person or persons, either to recover damages for such violation, including reasonable attorneys' fees incurred in enforcing these covenants, or to restrain such violation or attempted violation. Failure of the Association or of any Unit Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter. The Executive Board may post on a bulletin board at a conspicuous place on the Common Area notices of any covenant violations by members and copies of any recorded statements. Failure to post shall not affect the validity of any lien or covenant violation.

Section 10.2 Severability. Each of the provisions of this Declaration shall be deemed independent and severable. If any provision of this Declaration or the application thereof to any person or circumstances is held invalid, the invalidity shall not affect other provisions or

applications of this Declaration which can be given effect without the invalid provisions or applications.

Section 10.3 Term of Declaration. The covenants and restrictions of this Declaration shall run with and bind the land in perpetuity.

Section 10.4 Technical, Clerical, Typographical or Clarification Amendment by Declarant. If Declarant shall determine that any amendments to this Declaration or the map or plat shall be necessary in order to make non-material changes, such as for the correction of a technical, clerical or typographical error or clarification of a statement or for any changes to property not yet part of the Community, then, subject to the following sentence of this Section, Declarant shall have the right and power to make and execute any such amendments without obtaining the approval of any Unit Owners. Each such amendment of this Declaration shall be made, if at all, by Declarant prior to the expiration of seven (7) years from the date this Declaration is recorded. In furtherance of the foregoing, a power coupled with an interest is hereby reserved and granted to Declarant to make or consent to an amendment under this section on behalf of each Unit Owner and holder of a Security Interest. Each deed, Security Interest, other evidence of obligation or other instrument affecting a Unit and the acceptance thereof shall be deemed to be a grant and acknowledgment of, and a consent to the reservation of, the power of Declarant to make, execute and record an amendment under this Section. Further, until the first Unit has been conveyed by Declarant by deed recorded in the office of the County Clerk and Recorder of San Miguel County, any of the provisions, covenants, conditions, restrictions and equitable servitudes contained in this Declaration or Exhibits of this Declaration, the map or the plat may be amended by Declarant by the recordation of a written instrument, executed by Declarant, setting forth such amendment.

Section 10.5 Amendment of Declaration or Map by Unit Owners. Except as otherwise provided in this Declaration, and subject to provisions elsewhere contained in this Declaration requiring the consent of Declarant or others, any provision, covenant, condition, restriction or equitable servitude contained in this Declaration may be amended at any time and from time to time upon approval of at least sixty-seven percent (67%) of the votes in the Association and with the written consent of the Association. Except as otherwise provided in this Declaration or the map, and as provided by the Act, the map may not be amended or supplemented, except with the approval of at least sixty-seven percent (67%) of the votes in the Association and with the written consent of the Association. The amendment shall be effective upon the recordation in the office of the Clerk and Recorder of San Miguel County, State of Colorado, of a certificate, setting forth the amendment in full and certifying that the amendment has been approved as set forth above, and containing the written consent and approval of the Association.

Section 10.6 Amendment Required by Mortgage Agencies. Prior to seven (7) years after recording of this Declaration, any provision, covenant, condition, restriction or equitable servitude contained in this Declaration or anything contained in the map which a holder of a first lien Security Interest, or FHA, VA, FHLMC, GNMA, FNMA or any similar entity authorized to insure, guarantee, make or purchase mortgage loans requires to be amended or repealed may be amended or repealed by Declarant or the Association. Any such amendment or repeal shall be

effective upon the recordation in the office of the Clerk and Recorder of San Miguel County, State of Colorado, of a certificate, setting forth the amendment or repeal in full.

Section 10.7 Required Consent of Declarant to Amendment. Notwithstanding any other provision in this Declaration to the contrary, any proposed amendment or repeal of any provision of this Declaration or of the map reserving development rights or for the benefit of the Declarant, or its assignees, shall not be effective unless Declarant, and its assignees, if any, have given written consent to such amendment or repeal, which consent may be evidenced by the execution by Declarant or its assignees of any certificate of amendment or repeal. The foregoing requirement for consent to any amendment or repeal shall terminate twenty (20) years after the recording of this Declaration, or upon conveyance of one hundred percent (100%) of the Units to Unit Owners, whichever occurs first.

Section 10.8 Interpretation. The provisions of this Declaration shall be liberally construed to effectuate their purposes of creating a uniform plan for the development of the Units and of promoting and effectuating the fundamental concepts as set forth in the recitals of this Declaration. This Declaration shall be construed and governed under the laws of the State of Colorado.

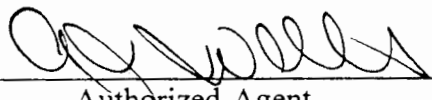
Section 10.9 Singular Includes the Plural. Unless the context otherwise requires, the singular shall include the plural, and the plural shall include the singular, and each gender referral shall be deemed to include the masculine, feminine and neuter.

Section 10.10 Captions. All captions and titles used in this Declaration are intended solely for convenience of reference and shall not enlarge, limit or otherwise affect that which is set forth in any paragraph, section or article hereof.

Section 10.11 General Declaration/Telluride Mountain Village Resort Company. The provisions of this Declaration, the Articles of Incorporation of the Association, the Bylaws of the Association and the rules and regulations of the Association are subject and subordinate to the General Declaration recorded March 9, 1984 in Book 409 at Page 714, as amended, all in the records of the Clerk and Recorder of San Miguel County, Colorado.

IN WITNESS WHEREOF, the Declarant has caused this Declaration to be executed by its duly authorized agent this 10th day of October, 1995.

SAMS-TELCO PARTNERSHIP,
a Colorado general partnership,

By: 
Authorized Agent

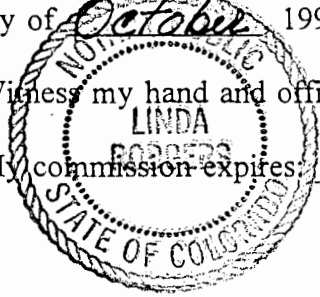
STATE OF COLORADO)
) ss.
COUNTY OF San Miguel

The foregoing Declaration was acknowledged before me by A.J. Wells
as authorized agent of SAMS-TELCO PARTNERSHIP, a Colorado general partnership, on this
10th day of October 1995

Witness my hand and official seal.

My commission expires

7-5-96

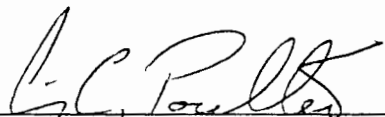


Linda Rodgers
Notary Public

LENDER CONSENT

Consent is hereby given to the above Declaration. Lender agrees and acknowledges that any foreclosure or enforcement of any other remedy available to Lender under a deed or deeds of trust or other security agreements will not render void or otherwise impair the validity of this Declaration or of the covenants running with the land described in this Declaration.

Dated in Denver, Colorado, this 5TH day of October, 1995.

By: 
 Authorized Agent

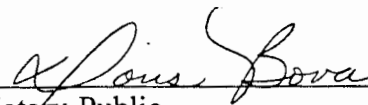
STATE OF COLORADO)
) ss.
 COUNTY OF DENVER)

The foregoing was acknowledged before me by Craig A. Bulter, as Authorized Agent of Colorado National Bank, this 5TH day of October, 1995.

Witness my hand and official seal.

My Commission Expires: 12-21-95




 Notary Public

ASSOCIATION CONSENT

Consent is hereby given to the above Declaration.

Dated in Mountain Village, Colorado, this 10th day of October, 1995.

THE PALMYRA CONDOMINIUM
ASSOCIATION, INC., a Colorado nonprofit cor-
poration

By: [Signature]
Gary Gilmore, President

[Signature]
Linda Rodgers, Secretary

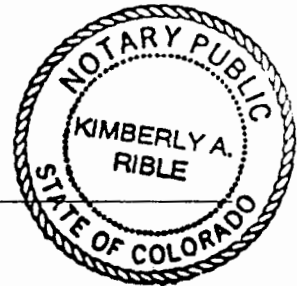
STATE OF COLORADO)
) ss.
COUNTY OF San Miguel)

The foregoing Consent to Declaration was acknowledged before me by Gary Gilmore,
as President of The Palmyra Condominium Association, Inc., this 10th day of October,
1995.

Witness my hand and official seal.

My Commission Expires: May 26, 1998

[Signature]
Notary Public



STATE OF COLORADO)
) ss.
COUNTY OF San Miguel)

The foregoing Consent to Declaration was acknowledged before me by Linda Rodgers,
as Secretary of The Palmyra Condominium Association, Inc., this 10th day of October,
1995.

Witness my hand and official seal.

My Commission Expires: May 26, 1998

[Signature]
Notary Public

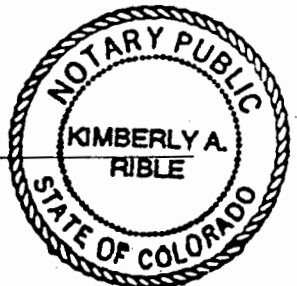


EXHIBIT A

DESCRIPTION OF REAL ESTATE

Lot 68R, Telluride Mountain Village, Filing 1, according to the Replat and Re-Zoning of Lot 68R of Replat No. 3 Telluride Mountain Village, Filing 1, recorded in the office of the Clerk and Recorder in Plat Book 1 at page 1258; and the Insubstantial Amendment to Final Plat of Lot 68R, Filing 1, Telluride Mountain Village, recorded in Plat Book 1 at page 1727;

TOGETHER WITH easement rights as established by easement recorded September 9, 1994, in Book 534, at page 726;

LESS AND EXCEPT an easement on, across, over and under Lot 68R, Replat No. 3, Telluride Mountain Village, Filing 1, according to the plat recorded in the office of the Clerk and Recorder in Plat Book 1 at page 577, for the purpose of a constructing, operating and maintaining pedestrian and vehicular access to and from Lot 69R-2, Telluride Mountain Village, Filing 1, according to the replat recorded in Plat Book 1 at page 959, through the parking garage of Lot 69R-1, Telluride Mountain Village, Filing 1;

County of San Miguel, State of Colorado.

Subject to the terms, conditions, obligations and provisions within the following documents or exceptions to title:

1. Unpatented mining claims; reservations or exceptions in patents or an act authorizing the issuance thereof, water rights, claims or title to water.
2. Inclusion of the subject property in the Mountain Village Metropolitan District, by document recorded in Book 409 at page 275.
3. Interests of the San Miguel Power Association, Inc., as recorded in Book 398 at page 145.
4. Mountain Village P.U.D. Improvements Bonding Agreement dated June 21, 1990, recorded July 17, 1990 in Book 468 at page 212.
5. San Miguel County/Mountain Village Metropolitan District Intergovernment Agreement, recorded February 17, 1984 in Book 409 at page 369.
6. Plat of Telluride Mountain Village, Filing 1, recorded in Plat Book 1 at page 476; Technical Amendment concerning density recorded in Book 462 at page 759; Plat of Telluride Mountain Village, or Filing 1, recorded in Plat Book 1 at page 577; instrument recorded July 21, 1989, in Book 455 at page 550; Replat and Re-

- Zoning of Lot 68R of Replat No. 3 Telluride Mountain Village, Filing 1, Recorded in Plat Book 1 at page 1258; and Insubstantial Amendment to Final Plat of Lot 68R, Filing No. 1, Telluride Mountain Village, recorded in Plat Book 1 at page 1727.
7. Mountain Village P.U.D. Subdivision Improvements Approval by the San Miguel County Planning Commission, recorded March 9, 1984 in Book 409 at page 708, as amended in Book 411 at page 211.
 8. General Declaration for Telluride Mountain Village, regarding covenants, conditions and restrictions recorded March 9, 1984 in Book 409 at page 714, as amended, or supplemented.
 9. Mountain Village Metropolitan District Water and Sewer Operation Rules and Regulations, as recorded April 14, 1987 in Book 435 page at 603.
 10. Development Fee Agreement recorded January 3, 1989 in Book 449 at page 969.
 11. Tap Fee Agreement dated May 15, 1992, recorded May 29, 1992 in Book 492 at page 991.
 12. Notice recorded July 24, 1992 in Book 495, at page 574.
 13. Deed recorded in Book 506 at page 44.
 14. Restrictions in Deed recorded in Book 506 at page 48.
 15. 1992 Facilities, Water Rights and Easement Agreement recorded April 27, 1992 in Book 491 at page 359; FIRST SUPPLEMENT, recorded November 13, 1992 in Book 501 at page 433; FIRST AMENDMENT, recorded November 13, 1992 in Book 501 at page 437; FIRST AMENDMENT TO THE FIRST SUPPLEMENT, recorded April 26, 1993, in Book 510 at page 8; and SECOND AMENDMENT recorded April 26, 1993, in Book 510 at Page 11.
 16. Covenant recorded March 8, 1990 in Book 463 at Page 589.
 17. Final Development Plan Approval recorded January 19, 1993, in Book 504 at Page 788.
 18. Easement recorded September 9, 1994 in Book 534 at page 726.
 19. Easement recorded September 9, 1994, in Book 534 at page 734.
 20. Deed recorded May 22, 1991, in Book 477, at Page 961.

EXHIBIT B

TABLE OF INTERESTS

Unit No.	Unit Type (Commercial Retail, Residential or Garage)	Square Footage	Percentage Share of Ownership in the Common Elements and of the Common Expense Liabilities	Vote in the Affairs of the Association
1A	Retail	1,874	.050	.050
1B	Retail	4,270	.114	.114
2A	Commercial	7,321	.196	.196
3A	Residential	1,718	.046	.046
3B	Residential	869	.023	.023
3C	Residential	803	.021	.021
3D	Residential	1,007	.027	.027
3E	Residential	740	.020	.020
3F	Residential	1,038	.028	.028
3G	Residential	873	.023	.023
3H	Residential	851	.023	.023
4A	Residential	1,688	.045	.045
4B	Residential	872	.023	.023
4C	Residential	800	.021	.021
4D	Residential	1,010	.027	.027
4E	Residential	677	.018	.018
4F	Residential	980	.026	.026
4G	Residential	814	.022	.022
4H	Residential	849	.023	.023
Penthouse	Residential	*5,385	.145	.145
G-1	Garage	155	.004	.004
G-2	Garage	214	.006	.006
G-3	Garage	211	.006	.006
G-4	Garage	214	.006	.006
G-5	Garage	166	.004	.004
G-6	Garage	152	.004	.004
G-7	Garage	172	.004	.004

Unit No.	Unit Type (Commercial Retail, Residential or Garage)	Square Footage	Percentage Share of Ownership in the Common Elements and of the Common Expense Liabilities	Vote in the Affairs of the Association
G-8	Garage	164	.004	.004
G-9	Garage	160	.004	.004
G-10	Garage	195	.005	.005
G-11	Garage	186	.005	.005
G-12	Garage	163	.004	.004
G-13	Garage	169	.004	.004
G-14	Garage	161	.004	.004
G-15	Garage	228	.006	.006
G-16	Garage	202	.005	.005
G-17	Garage	173	.004	.004
37 Units	TOTAL	37,524	1.000	1.000

* The penthouse unit's square footage is based on estimated useable square footage with a reasonable ceiling height.

EXHIBIT C

**PROPERTIES WHICH MAY
BE ADDED TO THE DECLARATION**

All or any part of a lot or parcel located in Telluride Mountain Village, San Miguel County, Colorado, provided, the owners thereof consent.