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Cheri Brunvand - Summit County Recorder 12/9/2008 14:42 DF:0.00

**DECLARATION OF COVENANTS,
CONDITIONS, RESTRICTIONS AND EASEMENTS
FOR THE COTTAGES AT SHOCK HILL**

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**DECLARATION OF COVENANTS, CONDITIONS,
RESTRICTIONS AND EASEMENTS
FOR THE COTTAGES AT SHOCK HILL**

This Declaration of Covenants, Conditions, Restrictions and Easements for The Cottages at Shock Hill ("Declaration") is made as of the 9th day of December, 2008, by SHOCK HILL DEVELOPMENT LLC, a Colorado limited liability company ("Declarant").

RECITALS

A. Declarant is the owner of the real property legally described in Exhibit A, which exhibit is attached hereto and incorporated herein by this reference (the "Property"). This Declaration imposes upon the Property mutually beneficial restrictions for the benefit of the owners of each portion of the Property and establishes a flexible and reasonable procedure for overall development, administration, maintenance and preservation of the Property.

B. The Association, as hereinafter defined and provided for hereunder, is intended to be a related association as provided in Section 4.2 of the Master Declaration, as defined below. This Declaration shall be construed to be consistent with and supplemental to the Master Declaration.

C. This Declaration is made pursuant to the Colorado Common Interest Ownership Act, as hereafter defined, and shall be construed in accordance with the Act.

D. This Declaration creates a planned community (as defined by the Act) to be called "The Cottages at Shock Hill".

Declarant hereby declares that the Property shall be held, sold and conveyed subject to the following covenants, conditions, restrictions, and easements, which are for the purpose of protecting the value and desirability of the Property, and which shall run with the land and be binding upon all parties having any right, title, or interest in, and to the Property and their heirs, successors, assigns, and transferees.

ARTICLE I
DEFINITIONS

The following words, when used in this Declaration, unless inconsistent with the context hereof, shall have the following meanings:

A. "Act" shall, mean the Colorado Common Interest Ownership Act, as the same may be amended from time to time.

B. "Additional Improvement to a Lot" means construction and related improvements on Lot after the sale of the Lot by Declarant to an Owner as more fully described in Section 11.2.

C. "Architectural Advisory Committee" means the architectural review committee formed pursuant to Article XI of this Declaration.

D. "Base Assessment" means the annual assessment imposed on all Owners under Section 15.1 below for the payment of Common Expenses.

E. "Board of Directors" or "Board" means the governing body of The Cottages at Shock Hill Association appointed or elected to perform the obligations of The Cottages at Shock Hill Association relative to the operation, maintenance, and management of the Property and all improvements to the Property.

F. "Budget" shall mean the Cottages at Shock Hill Association annual budget adopted in accordance with the procedures set forth in the Declaration, the Bylaws and the Act.

G. "Bylaws" shall mean the bylaws governing the administration of the Association duly adopted by the Board of Directors of The Cottages at Shock Hill Association.

H. "Common Expenses" means expenses incurred or anticipated to be incurred by The Cottages at Shock Hill Association for the general benefit of all Lots, including a reasonable reserve for capital repairs and replacements. Common expenses will not include the costs of initial development, original construction or installation of infrastructure, original capital improvements or other original construction costs.

I. "Declarant" means Shock Hill Development LLC, a Colorado limited liability company, its successors and assigns. Declarant may assign all or any part of its rights or obligations under this Declaration. For the purpose of evidencing an assignment of Declarant's rights and obligations hereunder and an assumption of such rights and obligations by any party, Declarant shall record an assignment or deed in the records of Summit County, Colorado, evidencing such transfer and transferee shall execute such assignment. Upon such recording, Declarant's rights and obligations hereunder shall cease and terminate to the extent provided in such document and the assignee's right should thereafter be effective.

J. "Declaration" shall mean and refer to this Declaration of Covenants, Conditions, Restrictions and Easements for The Cottages at Shock Hill.

K. "Design Guidelines" means the Shock Hill Design Guidelines Guide as referred to in the Master Declaration, as amended, and as may be hereafter amended from time to time.

L. "First Mortgage" means the unpaid and outstanding mortgage or deed of trust encumbering a Lot having priority of record over all other recorded liens except those governmental liens made superior by statute (including, but not limited to general ad valorem tax liens and special assessments).

M. "First Mortgagee" means the Mortgagee under a First Mortgage.

N. "Improvements to a Lot" means the initial construction of a residence and related improvements constructed by Declarant prior to the conveyance of a Lot to an Owner.

O. "Lot" means any plot of land shown upon a Town Plat of all or a part of the Property designated for construction of a residential dwelling unit, together with all appurtenances and improvements now or hereafter thereon.

P. "Manager" means any person or entity engaged by The Cottages at Shock Hill Association to manage all or any part of the Association's business or affairs.

Q. "Master Association" means the Shock Hill Property Owners Association, Inc., a nonprofit membership corporation formed pursuant to the Master Declaration.

R. "Master Declaration" means the Amended and Restated Declaration of Land Use Restrictions for Shock Hill Subdivision dated August 18, 1999 and recorded on August 20, 1999 at Reception No. 603276 in the records of the Clerk and Recorder of Summit County, Colorado, as the same may be amended from time to time.

S. "Member" means and refers to every person or entity who holds membership in The Cottages at Shock Hill Association.

T. "Mortgagee" means and refers to any person named as a mortgagee or beneficiary of any mortgage or deed of trust under which the interest of any Owner is encumbered, or any successor to the interest of any such person under such mortgage.

U. "Owner" means the record owner, whether one or more persons or entities, of fee simple title to any Lot that is a part of the Property, including the purchaser under an installment land sales contract, but excluding those having an interest merely as security for the performance of an obligation, such as a Mortgagee, unless and until such person has acquired fee simple title pursuant to foreclosure or other proceedings.

V. "Private Driveway" means a driveway constructed on a Lot for the purpose of serving that Lot exclusively, as more fully described in Section 6.2 below.

W. "Property" means and refers to the Property as described on Exhibit A attached hereto and such additional property as may hereafter be subjected to this Declaration in accordance with Article X hereof.

X. "Records" shall mean the real property records of Summit County, Colorado.

Y. "Review Board" means the architectural advisory committee of the Master Association formed pursuant to Article IX of the Master Declaration.

Z. "Roadway Tract" shall mean the roadway, and improvements thereon, owned by the Association for purposes of vehicular and pedestrian traffic to the Private Driveways as more fully described in Section 6.2 below.

AA. "Rules and Regulations" shall mean the rules, regulations and policies duly adopted by the Board of Directors of The Cottages at Shock Hill Association.

BB. "The Cottages at Shock Hill" means the planned community developed by the Declarant on the Property.

CC. "The Cottages at Shock Hill Association" or "Association" means The Cottages at Shock Hill Association, a Colorado nonprofit corporation.

DD. "The Cottages at Shock Hill Common Area" or "Common Area" means (i) all portions of the Property and improvements thereon, if any, to be owned by The Cottages at Shock Hill Association for the common use and enjoyment of the Owners in The Cottages at Shock Hill Association on a non-exclusive basis as depicted on the Town Plats, and (ii) the Employee Unit, as hereinafter defined.

EE. "The Cottages at Shock Hill Lot Maintenance Easement" means the easement burdening a Lot for the benefit of The Cottages at Shock Hill Association as set forth in Section 18.3 of this Declaration.

FF. "Town Plat" means a final plat, approved by the Town of Breckenridge, Colorado, for subdivision of all or a portion of the Property pursuant to the Development Guide and Development Plan. The Town Plats will set forth the Lots, Roadway Tract, The Cottages at Shock Hill Common Area, easements and other obligations to which the Property will be subject.

ARTICLE II

ASSOCIATION FORMATION, MEMBERSHIP AND VOTING RIGHTS

Section 2.1 Formation of Association. Declarant has caused The Cottages at Shock Hill Association to be formed as a Colorado nonprofit corporation in accordance with, and for the purposes set forth in, this Declaration and the Act.

Section 2.2 Membership. Every Owner of a Lot shall be a Member of The Cottages at Shock Hill Association and of the Master Association. Ownership of a Lot shall be the sole qualification for membership. When one or more person holds an interest in a Lot, all such persons shall be Members, but each Lot shall be entitled to only one vote regardless of the number of Owners. Membership shall be appurtenant to and may not be separated from the ownership of any Lot.

ARTICLE III

DEVELOPMENT OF PROPERTY

The Declarant intends to create and develop a planned community on the Property called The Cottages at Shock Hill. The maximum number of Lots that may be created in The Cottages at Shock Hill is 14 Lots. The actual number of Lots developed may be less. Lots up to a maximum of 14 may be subjected to the Declaration by Declarant pursuant to Article X of this Declaration.

ARTICLE IV
VOTING RIGHTS

Section 4.1 Voting – Master Association. Each Member shall be entitled to vote in all Master Association matters for which Members are entitled to vote in the manner provided in the Master Declaration.

Section 4.2 Voting – The Cottages at Shock Hill Association. Each Member shall be entitled to one vote in all The Cottages at Shock Hill Association matters for which Members are entitled to vote. When more than one person owns a Lot, all such persons shall be deemed to be one Member for voting and quorum purposes and the vote for such Lot shall be exercised by one of them designated by written instrument to be the sole voting Member. In no event shall more than one vote be cast with respect to any such Lot. If the Owners of a Lot cannot agree on the manner for voting, then such Lot Owners shall be deemed to have abstained from any vote.

Section 4.3 Declarant Control Rights. Notwithstanding the foregoing and subject to Sections 5.2A and B, the Declarant, or its designee, shall have the power to appoint and remove officers and directors of The Cottages at Shock Hill Association until such time as a new Board of Directors is appointed pursuant to Section 5.3A below. The Declarant may voluntarily surrender the right to appoint and remove officers and directors before a new Board of Directors is appointed pursuant to Section 5.3 below, but, in such event, the Declarant may require, until such new Board of Directors is appointed, that specified actions of The Cottages at Shock Hill Association or Board of Directors, as described in a recorded instrument executed by the Declarant, be approved by the Declarant before they become effective.

Section 4.4 Reversion of Rights. Once a new Board of Directors is appointed pursuant to Section 5.3 below, the right to appoint directors shall be vested in the Members and the right to elect officers shall be vested in the new Board of Directors.

ARTICLE V
BOARD OF DIRECTORS OF THE COTTAGES AT SHOCK HILL ASSOCIATION

Section 5.1 Initial Board of Directors. The Declarant shall appoint the initial Board of Directors of The Cottages at Shock Hill Association.

Section 5.2 Additional Directors.

A. Not later than sixty (60) days after conveyance of Lots constituting twenty-five percent (25%) or more of the maximum number of Lots in the Property to Owners other than the Declarant, one member of the Board of Directors shall be elected by the Members other than the Declarant so that not less than twenty-five percent (25%) of the directors shall be elected by the Members other than the Declarant.

B. Not later than sixty (60) days after conveyance of Lots constituting fifty percent (50%) or more of the maximum number of Lots in the Property to Owners other than the Declarant, one additional member of the Board of Directors shall be elected by the Members

other than the Declarant so that not less than thirty-three and one-third percent (33-1/3%) of the directors shall be elected by Members other than the Declarant.

Section 5.3 New Board of Directors.

A. Notwithstanding the provisions of Sections 5.1 and 5.2 above, a new Board of Directors shall be appointed no later than:

- (1) Ten (10) years after the first sale of any Lot;
- (2) Sixty (60) days after conveyance of Lots constituting seventy-five percent (75%) or more of the maximum number of Lots in the Property to Owners other than the Declarant;
- (3) Two (2) years after the last conveyance of a Lot by the Declarant in the ordinary course of business; or
- (4) Sixty (60) days following Declarant's voluntary relinquishment of its right to appoint members of the Board of Directors.

B. Such new Board of Directors shall be elected by the Members. A majority of such new Board of Directors must be Members other than the Declarant or designated representatives of the Members other than the Declarant.

Section 5.4 Powers of the Board of Directors. The Board of Directors shall have power to:

A. Adopt and publish Rules and Regulations governing the use of The Cottages at Shock Hill Common Area and any recreation or other facilities which may be constructed on the Common Area and personal conduct of the Members and their guests thereon, and to establish penalties, including without limitation, the imposition of fines, for the infraction thereof;

B. Suspend the voting rights of a Member during any period in which such Member shall be in default in the payment of any assessment levied by The Cottages at Shock Hill Association. Such rights may also be suspended after notice and hearing for a period not to exceed ninety (90) days for infraction of rules and regulations, unless such infraction is ongoing, in which case the rights may be suspended during the period of the infraction and for up to ninety (90) days thereafter;

C. Impose a fine against a Member for infraction of rules and regulations not to exceed \$100 per day for each infraction. Such penalty shall not be imposed until the Board of Directors has provided the Member with written notice of the infraction and provided the Member an opportunity to respond to the infraction. If the Board of Directors imposes such a fine on a Member and the Member against whom the fine is imposed fails to pay such fine within thirty (30) days of delivery of notice to such Member of the fine, such fine shall be deemed an assessment for Owner misconduct for purposes of Section 15.7 of this Declaration and the

Association shall have the lien rights against such Member's Lot provided in Section 15.8 as though such Member failed to pay an assessment;

D. Except in the event of an emergency, The Cottages at Shock Hill Association shall notify in writing any Owner of the need for maintenance prior to taking any corrective action. In the event of an emergency (as determined by the Board of Directors or the Association Manager), The Cottages at Shock Hill Association may immediately take such action as it deems necessary or advisable to address and correct the problems;

E. Administer, manage, repair, and maintain The Cottages at Shock Hill Association Common Area; provided, however, that in the event the Board of Directors shall not repair or maintain The Cottages at Shock Hill Association Common Area, the Declarant shall have the right, but not the obligation, to do so at the expense of The Cottages at Shock Hill Association; and

F. Exercise for The Cottages at Shock Hill Association all powers, duties, and authority vested in or delegated to the Board of Directors of The Cottages at Shock Hill Association (and not reserved to the membership or the Declarant) by other provisions of the Declaration, the Articles of Incorporation, the Bylaws of The Cottages at Shock Hill Association, or the Act.

Section 5.5 Implied Rights. The Board of Directors may exercise any other right or privilege given to it expressly by this Declaration, the Articles of Incorporation, the Bylaws or the Act, and every other right or privilege reasonably to be implied from the existence of any right or privilege given to it herein or reasonably necessary to effectuate any such right or privilege.

Section 5.6 Limitations on Liability. The Articles of Incorporation and Bylaws of The Cottages at Shock Hill Association shall provide for limitations on the personal liability of directors and officers of The Cottages at Shock Hill Association acting in their official capacities to the maximum extent permitted by Colorado law.

ARTICLE VI COMMON AREA, PRIVATE DRIVEWAYS AND ROADWAY TRACT

Section 6.1 The Cottages at Shock Hill Common Area. The Declarant has designated, and may hereafter designate, on the Town Plat(s) for the Property certain areas of land intended for use by the Owners within the Property as landscaped areas, an employee unit ("Employee Unit"), a maintenance facility, recreational areas, open space and related uses. Such areas are referred to herein as the "The Cottages at Shock Hill Common Area." The Cottages at Shock Hill Common Area is not for use by the general public but are dedicated to the common use and enjoyment of the Owners as more fully provided in Article VII hereof, subject to the development rights and limitations set forth therein.

Section 6.2 Private Driveways and Roadway Tract.

A. The Declarant has created, and will hereafter create, Private Driveways that service each Lot in the Property. The Private Driveways are, or will be, constructed within each

Lot. The Declarant will initially construct the Private Driveways. From and after initial construction of the Private Driveways, the use of the Private Driveways shall be restricted to the Owners of the Lot which it serves and the invitees of such Owner and the Association shall be responsible for, and shall pay for, the repair and maintenance of, and snow removal from, the Private Driveways.

B. The Declarant has designated, and may hereafter designate, on the Town Plat(s) certain tracts of land to serve as a roadway for the community (the "Roadway Tract"). The Roadway Tract hereby is dedicated and conveyed to the Association by the Declarant. The Roadway Tract will be constructed and paved by the Declarant. The Association is responsible for repair and maintenance of, and snow removal from, the Roadway Tract.

ARTICLE VII RIGHTS IN THE COTTAGES AT SHOCK HILL COMMON AREA

Section 7.1 Owners' Easements of Enjoyment. Every Owner shall have a right and easement of enjoyment in and to The Cottages at Shock Hill Common Area which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

A. The development rights of the Declarant as more fully provided for in Article X, including, but not limited to, the right to construct Improvements to a Lot and to create Lots;

B. The right of Declarant to build one building, not to exceed two stories in elevation, in the Common Area at a location to be shown on a Town Plat. The first or main floor of the building shall be operated by The Cottages at Shock Hill Association as a maintenance and storage facility for the use of the Association and the Declarant and the second floor shall be the Employee Unit to be operated by The Cottages at Shock Hill Association pursuant to condition #27 of Development Permit 2006176 issued by the Town of Breckenridge;

C. The right of the Declarant or The Cottages at Shock Hill Association, at any time and from time to time, to build recreational or other facilities on, over, under, and above The Cottages at Shock Hill Association Common Area; provided that no recreational or other facilities shall be built by the Declarant or The Cottages at Shock Hill Association on any part of a Lot;

D. The right of the Declarant or The Cottages at Shock Hill Association to suspend the voting rights and right of use by an Owner of The Cottages at Shock Hill Association Common Area or portions thereof and any recreational or other facilities which may be constructed thereon for any period during which any assessment against his Lot remains unpaid; and for a period not to exceed ninety (90) days from the last date of infraction for any infraction of its published Rules and Regulations, except that such suspension shall not, in any manner, interfere with the rights of the Owner, his family members, his guests, licensees, invitees, and tenants to free access for purposes of ingress and egress to and from his Lot, and to impose a fine against a Member for infraction of any rules and regulations not to exceed \$100 for each infraction in accordance with the provisions of Section 5.4C; and

E. The right of the Declarant or The Cottages at Shock Hill Association to dedicate, transfer, assign, or grant permission to use all or any part of The Cottages at Shock Hill Common Area to any governmental subdivision, public agency, authority, or public or private utility for such purposes and subject to such conditions as may be agreed upon by the parties thereto.

Section 7.2 Delegation of Use and Restriction. Subject to the provisions of Section 7.1A, B and D above, the Declarant hereby declares that use of The Cottages at Shock Hill Common Area is restricted to Owners of Lots in the Property for their mutual use and enjoyment and such use restriction shall be deemed to run with the land. Any Owner may delegate his rights of use and enjoyment to The Cottages at Shock Hill Common Area and facilities to the members of his family, his tenants, guests, licensees and invitees, but only in accordance with, and subject to the limitations of the Bylaws of The Cottages at Shock Hill Association, and any rules and regulations promulgated in accordance with this Declaration.

Section 7.3 Membership in the Master Association. All Owners are, upon becoming Owners, members in the Master Association. All members shall abide by all rules and regulations of the Master Association and the Master Declaration. Each Lot shall be assessed a fee for membership in the Master Association which shall be determined by the Board of Directors of the Master Association. Each Member shall pay directly to the Master Association all fees or assessments (including without limitation the Master Association monthly assessment) charged by the Master Association. Facilities owned or controlled by the Master Association shall be available to Owners as members of the Master Association, subject to its rules and regulations.

ARTICLE VIII MAINTENANCE

Section 8.1 Association's Responsibility. The Cottages at Shock Hill Association shall maintain and keep in good repair the exterior of Improvements to a Lot and The Cottages at Shock Hill Common Areas, which shall include, but need not be limited to:

A. The exterior of the Improvements to a Lot, including but not limited to, the exterior connections at the foundation level, walls, driveway, stairs, patios, decks, steps, walkways and roof of the residences;

B. All landscaping and other flora, parks, signage, structures, and improvements, including any private streets, bike and pedestrian pathways/trails; situated upon the Lots outside of the footprint of the Improvements to The Cottages at Shock Hill Common Area which are not owned or maintained by the Association; and

C. All landscaping, sidewalks, street lights and signage within public rights-of-way within or abutting the Property, and landscaping and other flora within any public utility easements and conservation easements within the Property which are not owned or maintained by the Master Association.

There are hereby reserved to The Cottages at Shock Hill Association easements over the Property as necessary to enable The Cottages at Shock Hill Association to fulfill such

responsibilities. The Cottages at Shock Hill Association shall maintain the facilities and improvements within The Cottages at Shock Hill Common Area open and available to the Members and in continuous operation, except for reasonable periods as necessary to perform required maintenance or repairs.

The Cottages at Shock Hill Association may maintain other property which it does not own, including, without limitation, publicly owned property, conservation easements held by nonprofit entities, and other property dedicated to public use, if the Board determines that such maintenance is necessary or desirable to maintain the maintenance standards at Shock Hill.

All costs associated with maintenance, repair and replacement of The Cottages at Shock Hill Common Area shall be a Common Expense to be allocated among all Lots in the manner of and as a part of the Base Assessment.

Section 8.2 Owner's Responsibility. Each Owner shall maintain the interior of his residence and Additional Improvements to a Lot, if any, in a manner consistent with the standards prevalent at Shock Hill and all applicable covenants, unless such maintenance responsibility is otherwise assumed by or assigned to The Cottages at Shock Hill Association pursuant to this Declaration. In addition to any other enforcement rights, if an Owner fails properly to perform his maintenance responsibility, The Cottages at Shock Hill Association may perform such maintenance responsibilities and assess all costs incurred by The Cottages at Shock Hill Association against the Lot and the Owner in accordance with Section 15 of this Declaration and the Association shall have lien rights against the Lot under Section 15 of this Declaration as though the owner failed to pay an assessment. Except in emergency situations, The Cottages at Shock Hill Association shall notify the Owner in writing of any alleged failure at least ten (10) days prior to taking corrective action. In the event of an emergency (as determined by the Board of Directors or the Association Manager), The Cottages at Shock Hill Association may immediately take such action as it deems necessary or advisable to address and correct the problems.

Section 8.3 Standard of Performance. Maintenance, as used in this Article, shall include, without limitation, repair and replacement as needed, as well as such other duties, which may include irrigation, as the Board of Directors may determine necessary or appropriate.

Notwithstanding anything to the contrary contained herein, The Cottages at Shock Hill Association, and/or an Owner shall not be liable for property damage or personal injury occurring on, or arising out of the condition of, property which it does not own unless and only to the extent that it has been negligent in the performance of its maintenance responsibilities.

ARTICLE IX LANDSCAPING OF LOTS

Section 9.1 Landscaping Guidelines. The Declarant shall adopt guidelines (the "Landscaping Guidelines") for landscaping all Lots. The Architectural Advisory Committee may modify the Landscaping Guidelines from time to time and grant variances from the Landscaping

Guidelines, in its discretion, subject to review and approval of the Architectural Advisory Committee.

Section 9.2 Obligation to Landscape. The Declarant shall be responsible for landscaping the Lot in accordance with the Landscaping Guidelines either before the sale of a Lot or as soon thereafter as weather permits.

Section 9.3 Drainage Swales. The Declarant may designate on a Lot any drainage swales across the Lot that may be necessary for providing drainage for the Lot, adjacent Lots or other parts of the Property. The Declarant initially shall be responsible for establishing the grade of the drainage swales on any Lot affected thereby. The Declarant shall be required to complete the landscaping of each drainage swale in accordance with the Landscape Guidelines and an Owner shall not thereafter retard, restrict or otherwise impede such drainage swale.

ARTICLE X DEVELOPMENT RIGHTS

Section 10.1 Development Rights. Declarant expressly reserves the right to construct Improvements to a Lot on all or any part of the Property identified as Subject to Development Rights on a Town Plat ("Development Area") and to convert all or any part of such Development Area into Lots. The consent of the existing Owners, Mortgagees or the Association shall not be required for any such construction or conversion, and Declarant may proceed with such construction or conversion without limitation at its sole option.

Section 10.2 Exercise of Development Rights. Declarant may exercise any or all of the development rights reserved in this Declaration at any time with respect to any part or all of the Development Area. Exercise of any development right with respect to any Development Area does not require the exercise of any such rights for any other Development Area. The Declarant alone is liable for all expenses in connection with constructing any Improvements to a Lot or converting any Development Area to a Lot, except for expenses for maintenance and preservation of any easements or other property rights thereon created for the benefit of the Property, which expenses shall be a Common Expense.

Section 10.3 Amendment of this Declaration and Town Plat. If Declarant elects to convert any of the Development Area to Lots pursuant to this Declaration, Declarant may record an amendment to this Declaration, which may contain such provisions, restrictions and requirements relating to the Development Area as Declarant deems necessary or desirable, and shall record an amendment to the previously recorded Town Plats showing and describing any part of the Development Area converted to a Lot or Lots. Any amendment to the Town Plats shall substantially conform to the requirements contained in this Declaration.

Section 10.4 Interpretation. Upon the recording of an amendment to this Declaration or to any Town Plat, the covenants, conditions, restrictions, easements and definitions used in this Declaration shall automatically be extended to encompass and to refer to the Lots created by the conversion of Development Areas. Reference to this Declaration or the Town Plats in any

instrument shall be deemed to include all amendments to this Declaration and the Town Plats without specific reference thereto.

Section 10.5 Construction Easement. Declarant expressly reserves the right to perform warranty work, repairs and construction work and to store materials in secure areas, in The Cottages at Shock Hill Common Area, and the future right to control such work and repairs, and the right of access thereto, until completion thereof. All work may be performed by Declarant without the consent or approval of any Owner or Mortgagee or the Association. Declarant hereby reserves such easements through The Common Area as may be reasonably necessary for the purpose of discharging Declarant's obligations and exercising Declarant's reserved rights in this Declaration. Such easements include the right to construct underground utility lines, pipes, wires, ducts, conduits, and other facilities across the Property for the purpose of furnishing utility and other services to buildings and improvements to be constructed on any of the Development Areas. Declarant's reserved construction easements include the right to grant easements to public utility companies and to convey improvements within those easements anywhere in the Common Area.

Section 10.6 Termination of Development Rights. The development rights reserved to Declarant, for itself, its successors and assigns, shall expire ten (10) years after the date of recordation of this Declaration in the Records, unless the development rights are reinstated or extended by the Board of Directors of the Association, subject to whatever terms, conditions and limitations the Board of Directors may impose on the subsequent exercise of the development rights by Declarant as provided by the Act.

Section 10.7 Interference with Development Rights. Neither the Association nor any Owner may take any action that will interfere with or in any manner limit or diminish any development right reserved by this Article X without the prior written consent of the Declarant. In the event of any controversy, dispute or litigation involving exercise of the reserved development rights by Declarant, this Declaration shall be interpreted so as to give the Declarant the broadest, most flexible development rights allowed by the Act.

Section 10.8 Transfer of Development Rights. The development rights created or reserved under this Article X for the benefit of the Declarant may be transferred by an instrument describing the rights so transferred, executed by the transferor Declarant and the intended transferee, and recorded in the Records.

ARTICLE XI ARCHITECTURAL CONTROL

Section 11.1 Approval of Additional Improvement to a Lot Required. The approval of the Architectural Advisory Committee shall be required for any Additional Improvement to any Lot, except (i) for any Additional Improvement to a Lot made by Declarant, and (ii) where prior approval of an Additional Improvement to a Lot may be waived or a certain Additional Improvement to a Lot may be exempted in writing or under written guidelines or rules promulgated by the Architectural Advisory Committee. The Architectural Advisory Committee may delegate some or all of its authority under this Declaration to the Review Board of the Master

Association or such subcommittee or subcommittees as it may elect to establish from time to time. Membership on any subcommittee may include Owners and non-Owners and need not include members of the Architectural Advisory Committee. Procedures governing the operations of such subcommittees shall be adopted by the Architectural Advisory Committee and any delegation of authority to a subcommittee may be revoked at any time by the Architectural Advisory Committee.

The approvals required in this Article XI shall be in addition to any approvals required by the Review Board under the Master Declaration and by applicable local governments. Each Owner is responsible for determining what additional approvals are required. All requests must be approved by the Architectural Advisory Committee prior to submission of the request to the Master Association's Review Board.

Section 11.2 Additional Improvement to Lot Defined. "Additional Improvement to a Lot" requiring approval of the Architectural Advisory Committee shall mean and include, without limitation: (a) the construction, installation, erection or expansion of any building, structure or other Additional Improvement to a Lot after the initial construction of a residence on a Lot by Declarant, including utility facilities, porches, patios and fences; (b) the demolition, removal or destruction, by voluntary action, of any building, structure, living plant material or other Additional Improvement; (c) the grading, excavation, filing or similar disturbance to the surface of the land including, without limitation, change of grade, change of ground level, change of drainage pattern, or change of drainage swale; (d) installation of landscaping on a Lot; (e) children's play equipment, dog runs (including invisible fences), satellite dishes, ornamental statues, flags (other than the United States flag), awnings or lawn decorations; and (f) any change or alteration of any previously approved Additional Improvement to a Lot, including any change of exterior appearance, color or texture.

Section 11.3 Membership of Committee. The Cottages at Shock Hill Association Board of Directors also shall serve as the Architectural Advisory Committee.

Section 11.4 Address of Architectural Advisory Committee. The address of the Architectural Advisory Committee shall be at the principal office of The Cottages at Shock Hill Association.

Section 11.5 Submission of Plans. Prior to commencement of work to accomplish any proposed Additional Improvement to a Lot, the person proposing to make such Additional Improvement to a Lot ("Applicant") shall submit to the Architectural Advisory Committee at its offices such descriptions, surveys, plot plans, drainage plans, elevation drawings, construction plans, specifications and samples of materials and colors as the Architectural Advisory Committee shall reasonably request showing the nature, kind, shape, height, width, color, materials and location of the proposed Additional Improvement to the Lot. The Architectural Advisory Committee may require submission of additional plans, specifications or other information prior to approving or disapproving the proposed Additional Improvement to a Lot. Until receipt by the Architectural Advisory Committee of all required materials in connection with the proposed Additional Improvement to a Lot, the Architectural Advisory Committee may postpone review of any materials submitted for approval.

Section 11.6 Criteria for Approval. The Architectural Advisory Committee shall approve any proposed Additional Improvement to a Lot only if it deems in its reasonable discretion that the Additional Improvement to a Lot in the location indicated will not be detrimental to the appearance of the surrounding areas of the Property as a whole; that the appearance, exterior design, materials and colors of the proposed Additional Improvement to a Lot will be in harmony with the surrounding areas of the Property; that the Additional Improvement to a Lot will not detract from the beauty, wholesomeness and attractiveness of the Property or the enjoyment thereof by Owners; that the proposed change in topography, if any, properly relates to adjacent Lots and the Property as a whole; that the upkeep and maintenance of the proposed Additional Improvement to a Lot will not become a burden on the Association; and that the Applicant will obtain the approval of the Review Board created under the Master Declaration, if such approval is required under the Master Declaration, and the approval of those governmental agencies having jurisdiction to require approval of the Additional Improvement. The Architectural Advisory Committee may condition its approval of any proposed Additional Improvement to a Lot upon the making of such change therein or satisfaction of such conditions as the Architectural Advisory Committee may deem appropriate.

Section 11.7 Design Standards. The Architectural Advisory Committee shall adopt the Design Guidelines as applicable to the Property.

Section 11.8 Design Review Fee. The Architectural Advisory Committee may, in the Design Standards, provide for the payment of a fee to accompany each request for approval of any proposed Additional Improvement to a Lot. The Architectural Advisory Committee may provide that the amount of such fee shall be uniform for similar types of any proposed Additional Improvement to a Lot or that the fee shall be determined in any other reasonable manner, such as based upon the estimated cost of the proposed Improvement to a Lot.

Section 11.9 Decision of Committee. Any decision of the Architectural Advisory Committee shall be made within forty-five (45) days after receipt by the Architectural Advisory Committee of all materials required by the Architectural Advisory Committee, unless such time period is extended by mutual agreement. The decision shall be in writing. The decision of the Architectural Advisory Committee shall be promptly transmitted to the Applicant at the address furnished by the Applicant to the Architectural Advisory Committee.

Section 11.10 Failure of Committee to Act on Plans. Any request for approval of a proposed Additional Improvement to a Lot shall be deemed approved, unless disapproval or a request for additional information or materials is transmitted to the Applicant by the Architectural Advisory Committee within forty-five (45) days after the date of receipt by the Architectural Advisory Committee of all required materials.

Section 11.11 Prosecution of Work After Approval. After approval of any proposed Additional Improvement to a Lot, the proposed Additional Improvement to a Lot shall be accomplished as promptly and diligently as possible and in complete conformity with the description of the proposed Additional Improvement to a Lot, any materials submitted to the Architectural Advisory Committee in connection with the proposed Additional Improvement to a Lot, and any conditions imposed by the Architectural Advisory Committee. Failure to complete

the proposed Additional Improvement to a Lot within twelve (12) months after the date of approval or such shorter period as specified in writing by the Architectural Advisory Committee, or to complete the Additional Improvement to a Lot in accordance with the description and materials furnished to, and the conditions imposed by, the Architectural Advisory Committee, shall constitute noncompliance with the requirements for approval of the Additional Improvement to a Lot.

Section 11.12 Notice of Completion. Upon completion of the Additional Improvement to a Lot, the Applicant must give written Notice of Completion to the Architectural Advisory Committee. Until the date of receipt of such Notice of Completion, the Architectural Advisory Committee shall not be deemed to have a notice of completion of such Additional Improvement to a Lot.

Section 11.13 Inspection of Work. The Architectural Advisory Committee or its duly authorized representative shall have the right to inspect any Additional Improvement to a Lot prior to, during or after completion, provided that the right of inspection shall terminate thirty (30) days after the Architectural Advisory Committee shall have received a Notice of Completion from Applicant.

Section 11.14 Notice of Noncompliance. If, as a result of inspections or otherwise, the Architectural Advisory Committee finds that any Additional Improvement to a Lot has been done without obtaining the approval of the Architectural Advisory Committee or was not done in complete conformity with the description and materials furnished to, and any conditions imposed by, the Architectural Advisory Committee, or was not completed within twelve (12) months after the date of approval by the Architectural Advisory Committee or such shorter period as specified in writing, the Architectural Advisory Committee shall notify the Applicant in writing of the noncompliance. The notice shall specify the particulars of the noncompliance and shall require the Applicant to take such action as may be necessary to remedy the noncompliance.

Section 11.15 Failure of Committee to Act After Completion. Failure of the Architectural Advisory Committee to inspect the work shall not relieve the Applicant from its obligations to comply with this Declaration or all conditions of approval or prevent the Architectural Advisory Committee from pursuing all remedies available to it in the event of any noncompliance.

Section 11.16 Correction of Noncompliance. If the Architectural Advisory Committee determines that a noncompliance exists, the Applicant shall remedy or remove the same within a period of not more than forty-five (45) days from the date of receipt by the Applicant of notice of noncompliance from the Architectural Advisory Committee. If the Applicant does not comply with the Committee ruling within such period, the Committee may, at its option, record a Notice of Noncompliance against the real property on which the noncompliance exists, may enter upon such property and remove the noncomplying Additional Improvement to a Lot, or may otherwise remedy the noncompliance, and the Applicant shall reimburse the Association, upon demand, for all expenses, including attorneys' fees, incurred therewith. If such expenses are not promptly repaid by the Applicant or Owner to the Association, the Board may levy an assessment against the Owner of the Lot for such costs and expenses. The right of the Association to remedy or

remove any noncompliance shall be in addition to all other rights and remedies which the Association may have in law, in equity, or under this Declaration. The Applicant and Owner of the Lot shall have no claim for damages or otherwise on account of the entry upon the property and removal of the noncomplying Additional Improvement to a Lot.

Section 11.17 No Implied Waiver or Estoppel. No action or failure to act by the Architectural Advisory Committee shall constitute a waiver or estoppel with respect to future action by the Architectural Advisory Committee with respect to any Additional Improvement to the Lot. Specifically, the approval of the Architectural Advisory Committee of any Additional Improvement to a Lot shall not be deemed a waiver of any right or an estoppel to withhold approval or consent for any similar Additional Improvement to a Lot or any similar proposals, plans, specifications or other materials submitted with respect to any other Additional Improvement to a Lot.

Section 11.18 Committee Power to Grant Variances. The Architectural Advisory Committee may authorize variances from compliance with any of the provisions of this Declaration, including restrictions upon height, size, floor area, or placement of structures or similar restrictions, when circumstances such as topography, natural obstructions, hardship, aesthetic or environmental consideration may require. Such variances must be evidenced in writing and shall become effective when signed by at least a majority of the members of the Architectural Advisory Committee. If any such variance is granted, no violation of the provisions of this Declaration shall be deemed to have occurred with respect to the matter for which the variance was granted; provided, however, that the granting of a variance shall not operate to waive any of the provisions of this Declaration for any purpose except as to the particular property and particular provision hereof covered by the variance, nor shall the granting of a variance affect in any way the Owner's obligation to comply with all governmental laws and regulations affecting the property concerned, including, but not limited to, zoning ordinances and setback fines or requirements imposed by any governmental authority having jurisdiction, or by the Master Association.

Section 11.19 Meetings of Committee. The Architectural Advisory Committee shall meet from time to time as necessary to perform its duties hereunder. The Architectural Advisory Committee may from time to time, by resolution in writing adopted by a majority of the members, designate a Committee Representative (who may but need not be one of its members) to take any action or perform any duties for or on behalf of the Architectural Advisory Committee, except the granting of approval to any Additional Improvement to a Lot and granting of variances. The action of such Committee Representative within the authority of such Committee Representative or the written consent or the vote of a majority of the members of the Architectural Advisory Committee shall constitute action of the Architectural Advisory Committee.

Section 11.20 Records of Actions. The Architectural Advisory Committee shall keep a permanent record of all final actions taken by the Committee.

Section 11.21 Estoppel Certificates. The Board of Directors shall, upon the reasonable request of any interested person and after confirming any necessary facts with the Architectural Advisory Committee, furnish a certificate with respect to the approval or disapproval of any

Additional Improvement to a Lot or with respect to whether any Additional Improvement to a Lot was made in compliance herewith. Any person, without actual notice to the contrary, shall be entitled to rely on said certificate with respect to all matters set forth therein.

Section 11.22 Nonliability of Committee Action. There shall be no liability imposed on the Architectural Advisory Committee, any member of the Architectural Advisory Committee, any Committee Representative, the Association, any member of the Board of Directors, or Declarant, for any loss, damage, or injury arising out of or in any way connected with the performance of the duties of the Architectural Advisory Committee unless due to the willful misconduct of the party to be held liable. In reviewing any matter, the Architectural Advisory Committee shall not be responsible for reviewing, nor shall its approval of an Additional Improvement to a Lot be deemed approval of the Additional Improvement to a Lot from the standpoint of safety, whether structural or otherwise, or conformance with building codes or other governmental laws or regulations. Members of the Architectural Advisory Committee shall be indemnified by the Association to the same extent as the Board of Directors of the Association, as set forth in the Articles of Incorporation or Bylaws of the Association.

Section 11.23 Construction Period Exception. During the course of actual construction of any permitted structure or Additional Improvement on a Lot, and provided construction is proceeding with due diligence, the Architectural Advisory Committee shall temporarily suspend the provisions contained in this Declaration as to the Lot upon which the construction is taking place to the extent necessary to permit such construction, provided that, during the course of any such construction, nothing is done which will result in a violation of any of the provisions of this Declaration upon completion of construction and nothing is done which will constitute a nuisance or unreasonable interference with the use and enjoyment of other property.

ARTICLE XII AMENDMENT

This Declaration shall not be amended without the prior written consent of Declarant so long as the Declarant owns any property described in Exhibit A.

ARTICLE XIII INSURANCE AND FIDELITY BONDS

Section 13.1 Duty to Obtain and Maintain Insurance. The Cottages at Shock Hill Association shall, to the extent reasonably practical, obtain and maintain in full force and effect at all times the insurance coverage set forth in Sections 13.3, 13.4, 13.5, 13.7 and 13.8 below, and any other insurance that may be required by the Act. The Cottages at Shock Hill Association shall comply at all times with the provisions of the Act governing the acquisition and maintenance of insurance conveyance and disposition of insurance proceeds.

Section 13.2 Waiver of Subrogation. Each Owner and The Cottages at Shock Hill Association waives its rights to subrogation as to any claims against each other or their respective agents, employees or tenants with respect to claims covered by insurance policies described in this Article XIII.

Section 13.3 Property Insurance. The Cottages at Shock Hill Association shall obtain property insurance on improvements, if any, within The Cottages at Shock Hill Association Common Area in the form of a "master" or "blanket" policy of property insurance in an amount equal to full replacement value (i.e., 100% of the current "replacement cost" exclusive of land, foundation, excavation, and other items normally excluded from coverage) of the insured property, less applicable deductibles. Such master or blanket policy shall afford protection against at least the following:

A. Loss or damage by fire and other hazards covered by the standard all-risk or special form coverage and include debris removal and cost of demolition for damaged or undamaged property. Coverage should be on a replacement cost and agreed amount basis; and

B. Such other risks as shall customarily be covered with respect to projects similar in construction, location, and use to improvements, if any, within The Cottages at Shock Hill Association Common Area.

If there are no improvements within The Cottages at Shock Hill Association Common Area, no property insurance need be obtained by The Cottages at Shock Hill Association.

Section 13.4 Liability Insurance.

A. The Cottages at Shock Hill Association shall obtain a commercial general liability policy insuring against claims and liabilities arising in connection with the ownership, existence, use or management of The Cottages at Shock Hill Association Common Area within the Property. The policy shall provide limits of amounts determined by the Board of Directors but, in any event, not less than \$1,000,000 for claims for personal injury, bodily injury or property damage arising out of a single occurrence. The policy shall provide insurance coverage to The Cottages at Shock Hill Association, the Board of Directors, any managing agents, their respective employees, agents and all persons acting as agents. The Declarant shall be included as an additional insured in its capacity as a Lot Owner. The Lot Owners shall be included as additional insureds but only for claims and liabilities arising in connection with the ownership, existence, use or management of The Cottages at Shock Hill Association Common Area. The insurance shall cover claims of one or more insured parties against other insured parties. The liability protection insurance may also include contractual liability, host liquor liability and such other risks as the Board of Directors shall determine in its discretion should be covered.

B. The Cottages at Shock Hill Association shall obtain general motor vehicle liability insurance for vehicles owned by The Cottages at Shock Hill Association, if any, and for non-owned and hired automobiles.

Section 13.5 Fidelity Bonds. The Cottages at Shock Hill Association shall obtain fidelity bonds to protect against dishonest acts on the part of its officers, directors, trustees, and employees and on the part of all others who handle or are responsible for handling the funds belonging to or administered by The Cottages at Shock Hill Association. In addition, if responsibility for handling funds is delegated to a managing agent, such bonds shall be required of the managing agent and its officers, employees, and agents and shall provide for coverage of

The Cottages at Shock Hill Association and its property. Such fidelity coverage shall name The Cottages at Shock Hill Association as an obligee and shall be written in an amount equal to at least 150 percent of the estimated annual operating expenses of The Cottages at Shock Hill Association, including reserves. The definition of “employees” or similar terms or expressions in the policy should include non-compensated personnel and volunteers.

Section 13.6 Provisions Common to Property Insurance, Liability Insurance, and Fidelity Bonds. Any insurance policies and bonds obtained by The Cottages at Shock Hill Association under the provisions of Sections 13.3, 13.4 and 13.5 of this Article shall be subject to the following provisions and limitations:

A. The named insured under any such policies and bonds shall be the Declarant (or its successor in interest), until the Declarant no longer controls or has the right to control the appointment of the Board of Directors pursuant to Section 5.3 of this Declaration and The Cottages at Shock Hill Association, as a trustee for the Owners, or its authorized representative, including any trustee with which The Cottages at Shock Hill Association may enter into an insurance trust agreement, or any successor trustee (each of which is sometimes referred to in this Section 13.6 as the “Insurance Trustee”) who shall have exclusive authority to negotiate losses under such policies and bonds;

B. The Cottages at Shock Hill Association insurance coverage shall be deemed “primary” with respect to The Cottages at Shock Hill Association, its officers, directors and employees, the Lot Owners and The Cottages at Shock Hill Association Common Area;

C. The policies and bonds shall provide that coverage shall not be prejudiced by: (a) any act or neglect of the Owners, unless acting within the scope of such Owner’s authority on behalf of The Cottages at Shock Hill Association; or (b) any act or neglect or failure of The Cottages at Shock Hill Association to comply with any warranty or condition with regard to any portion of the Property over which The Cottages at Shock Hill Association has no control;

D. The policies and bonds shall provide that coverage may not be canceled or substantially modified or reduced (other than for nonpayment) without at least 30 days prior written notice to The Cottages at Shock Hill Association and any other named insured therein. In the event of nonpayment, the policies and bonds shall provide that coverage may not be canceled without at least 10 days prior written notice to The Cottages at Shock Hill Association and any other named insured therein;

E. The insurance policies and bonds shall contain a waiver of subrogation by the insurer as to any and all claims against The Cottages at Shock Hill Association and any Lot Owner or their respective agents, employees or tenants; and

F. All policies and bonds shall be written with a company that (i) is licensed to do business in Colorado, and (ii) has financial ratings which are reasonably acceptable to the Board of Directors.

Section 13.7 Personal Liability Insurance of Officers and Directors. To the extent obtainable at reasonable cost, appropriate director and officers liability insurance shall be

obtained by The Cottages at Shock Hill Association to protect The Cottages at Shock Hill Association and the officers and directors from personal liability in relation to their duties and responsibilities in acting in good faith and in the best interests of The Cottages at Shock Hill Association as such officers and directors on behalf of The Cottages at Shock Hill Association.

Section 13.8 Workers' Compensation Insurance. The Cottages at Shock Hill Association shall obtain workers' compensation or similar insurance with respect to its employees, if any, in the amounts and forms as may now or hereafter be required by law.

Section 13.9 Other Insurance. The Cottages at Shock Hill Association may obtain insurance against such other risks, of a similar or dissimilar nature, as it shall deem appropriate with respect to The Cottages at Shock Hill Association's responsibilities and duties.

Section 13.10 Insurance Premiums. Insurance premiums for the insurance coverage provided for in this Article shall be a common expense to be paid by monthly assessments levied by The Cottages at Shock Hill Association.

Section 13.11 Insurance Obtained by Owners. It shall be the responsibility of each Owner, at such Owner's expense, to obtain insurance coverage on and in relation to his or her Lot and the improvements thereon as such Owner in such Owner's sole discretion shall conclude to be desirable and neither Declarant nor The Cottages at Shock Hill Association shall have any responsibility therefor; provided, however, that none of such insurance coverages obtained by such Owner shall adversely affect any insurance coverage obtained by The Cottages at Shock Hill Association nor cause the diminution or termination thereof.

ARTICLE XIV INCIDENTS OF OWNERSHIP

Section 14.1 Inseparability. Every gift, devise, bequest, transfer, encumbrance, conveyance, or other disposition of a Lot and improvements thereon shall be presumed to be a gift, devise, bequest, transfer, encumbrance, or conveyance respectively of the entire Lot, including each easement, license, if any, together with all other appurtenant rights created by law or by this Declaration.

Section 14.2 No Partition. The Cottages at Shock Hill Association Common Area shall be owned by The Cottages at Shock Hill Association, and neither any Owner, group of Owners, nor The Cottages at Shock Hill Association shall bring any action for partition or division of such area. Similarly, no Lot shall be divided or partitioned between or among the Owners thereof.

Section 14.3 The Cottages at Shock Hill Association Access to Lots for Maintenance and Repairs. The Board of Directors of The Cottages at Shock Hill Association or their delegated representatives, or the Declarant should the Board of Directors fail to act, shall have the irrevocable right to have access to each Lot from time to time as may be necessary for the maintenance or repair of any improvements on a Lot or any of The Cottages at Shock Hill Association Common Area accessible from the Lot. Such right of access shall be immediate for the making of emergency repairs on the Lot in order to prevent property damage or personal injury. All improvements on a Lot and damaged by The Cottages at Shock Hill Association

representatives shall be restored to substantially the same condition in which they existed prior to the damage.

Section 14.4 Declarant's Right to Use of The Cottages at Shock Hill Common Area. The Declarant shall have a nonexclusive easement to make such use of The Cottages at Shock Hill Common Area, if any, as may be necessary or appropriate to perform the duties and functions which it is obligated or permitted to perform pursuant to this Declaration, including the right to construct and maintain in The Cottages at Shock Hill Common Area maintenance and storage facilities for use by The Cottages at Shock Hill Association or the Declarant.

ARTICLE XV ASSESSMENTS

Section 15.1 Base Assessment. All Owners shall be obligated to pay the annual assessments (the "Base Assessment") imposed by the Board of Directors of The Cottages at Shock Hill Association to meet the Common Expenses of maintenance, operation, and management of the Property and performance functions of The Cottages at Shock Hill Association. The Base Assessment shall be allocated as provided in Section 15.3 below. Estimated expenses comprising the Base Assessment shall include, but shall not be limited to: the cost of improvements, maintenance and operation of The Cottages at Shock Hill Common Area and/or Improvement to a Lot; expenses of management; taxes and special governmental assessments appertaining to The Cottages at Shock Hill Common Area unless separately assessed to each Lot; insurance premiums for insurance coverage as deemed desirable or necessary by The Cottages at Shock Hill Association; landscaping, care of grounds, common lighting and irrigation systems within The Cottages at Shock Hill Common Area; wages; common water and utility charges; legal and accounting fees; management fees; expenses and liabilities incurred by The Cottages at Shock Hill Association under or by reason of this Declaration; payment of any deficit remaining from a previous assessment period; and the creating of a reasonable contingency or other reserve or surplus fund for maintenance, repairs, and replacement of improvements within the Common Area or on a Lot on a periodic basis, as needed.

Section 15.2 Determination of Assessments. The Board of Directors of The Cottages at Shock Hill Association may establish any reasonable system for assessment and collection periodically of the Base Assessment, in advance or arrears, as deemed desirable and as is consistent with the Articles of Incorporation, the Bylaws, and the Act. Assessments made shall be based upon the duly adopted Budget of The Cottages at Shock Hill Association. The Budget shall be adopted by the Board of Directors and ratified by the Members not less than annually in accordance with the procedures set forth in The Cottages at Shock Hill Association Bylaws and the Act. The Budget may be modified from time to time as provided in the Bylaws of The Cottages at Shock Hill Association. The omission or failure of The Cottages at Shock Hill Association to fix the assessments for any assessment period shall not be deemed a waiver, modification, or release of the Owners from their obligation to pay the same. The Cottages at Shock Hill Association shall have the right, but not the obligation, to make pro rata refunds of any assessments in excess of the actual expenses incurred prior to the end of the fiscal year. The Base Assessment may be adjusted annually (or more frequently if the Board of Directors of The Cottages at Shock Hill Association determines it to be necessary) to account for actual

expenditures in excess of or less than was anticipated. Such adjustment shall be reflected by an adjustment in the monthly payments to be made pursuant to Section 15.3, after written notice to the Owners of the increase or decrease in the monthly payments.

Section 15.3 Apportionments. Each Owner shall be responsible for his share of the Base Assessment, which share shall be determined by dividing the total estimated Common Expenses for a particular period by the total number of Lots.

Section 15.4 Time for Payment of Assessments. Unless otherwise determined by The Cottages at Shock Hill Association, the annual Base Assessment shall be paid monthly in advance and shall be due and payable to The Cottages at Shock Hill Association at its office, or to any other address The Cottages at Shock Hill Association may otherwise direct, without notice, on the first day of each month. Any assessment not paid by the 15th day of the month shall be assessed a late fee in an amount determined by the Board of Directors from time to time. Initially, the late fee shall be \$25. The Board of Directors also may assess a late fee for each additional month thereafter that any assessment is not paid and/or charge interest on any unpaid balance at a rate not to exceed eighteen percent (18%) per annum.

Section 15.5 Special Assessments. In addition to the annual assessments authorized by this Article, The Cottages at Shock Hill Association may levy in any assessment year a special assessment, payable over such a period as The Cottages at Shock Hill Association may determine, for the purpose of deferring, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of improvements within The Cottages at Shock Hill Association Common Area, if any, or for any other expense or purchase incurred or to be incurred, as provided in this Declaration. This Section shall not be construed as an independent source of authority for The Cottages at Shock Hill Association to incur expense, but shall be construed to prescribe the manner of assessing expenses authorized by other sections hereof. Any amounts assessed pursuant hereto shall be assessed to Owners in the same proportion as provided for regular assessments in Section 15.3 of this Article. Any special assessment must be authorized as a part of the annual Budget or an amendment to the annual Budget in the manner provided in Section 15.2, The Cottages at Shock Hill Association Bylaws and the Act. Notice in writing of the amount of such special assessments and the time for payment thereof shall be given promptly to the Owners, and no payment shall be due less than 15 days after such notice shall have been given. A special assessment shall bear interest at the same rate as applies to regular assessments as set forth in Section 15.3 of this Article from the date it becomes due and payable if not paid within 15 days after such date.

Section 15.6 Owner Misconduct. If any The Cottages at Shock Hill Association Common Area or other expense is caused by the misconduct of any Lot Owner, The Cottages at Shock Hill Association may assess that expense exclusively against such Owner's Lot.

Section 15.7 Lien for Assessments. The Cottages at Shock Hill Association shall have the lien and lien rights against each Lot as provided in the Act for the purpose of enforcing and collecting the Base Assessment, the Community Assessment and all other assessments under this Article XV. The amount of the lien shall include all items permitted by the Act and shall have the priority specified in the Act. The Cottages at Shock Hill Association shall have the right, power

and authority to bid on a Lot and improvements thereon at foreclosure sale and to acquire, hold, lease, mortgage, and/or convey the same.

Section 15.8 Personal Obligation. The amount of any assessment chargeable against any Lot and improvements thereon shall be a personal and individual debt of the Owner thereof, but shall be limited to the respective Owner's share of such assessments. No Owner may exempt himself from liability for the assessment by abandonment of a Lot or waiver of the use or enjoyment of all or any part of The Cottages at Shock Hill Common Area or waiver of the benefit of Community Expenses. Suit to recover a money judgment for unpaid common expenses, any penalties and interest thereon, the cost and expenses of such proceedings, and all reasonable attorneys' fees incurred by The Cottages at Shock Hill Association in connection therewith, shall be maintainable without foreclosing on or waiving the assessment lien provided herein.

Section 15.9 Statement of Status of Assessment Payment. Upon payment of a reasonable fee not to exceed \$100 and upon the written request of the Lot Owner, the Lot Owner's designee or holder of a security interest or its designee, The Cottages at Shock Hill Association shall issue a written statement setting forth the amount of the unpaid assessments, if any, with respect to such Lot and cause such statement to be mailed to the requesting party. Unless such statement shall be issued (which shall include personal delivery or deposit in the United States mails certified mail, first-class postage prepaid, return receipt requested) by The Cottages at Shock Hill Association within 14 days of receipt of the request, then The Cottages at Shock Hill Association shall have no right to assert a lien upon the Lot for unpaid assessments which were due as of the date of the request.

Section 15.10 Personal Liability of Purchaser for Assessments. Subject to the provisions of Section 15.9 of this Article, a purchaser of a Lot shall be jointly and severally liable with the seller for all unpaid assessments against the Lot up to the time of conveyance to the purchaser, without prejudice to the purchaser's right to recover from the seller the amount paid by the purchaser for such assessments.

ARTICLE XVI MASTER DECLARATION

Section 16.1 Master Association Covenants. The Cottages at Shock Hill Association shall have the power, subject to the primary power of the Board of Directors of the Master Association, to enforce the covenants and restrictions contained in the Master Declaration only as said covenants and restrictions relate to the Property.

Section 16.2 Master Association Rules and Regulations. The Members shall be subject to any rules and regulations duly adopted by the Master Association. Rules and regulations adopted by The Cottages at Shock Hill Association shall not be inconsistent with the Master Declaration or rules and regulations adopted by the Master Association, which shall at all times be deemed to control. The Cottages at Shock Hill Association rules and regulations may be more restrictive, but not less restrictive, than the Master Association rules and regulations.

Section 16.3 Delegation. Notwithstanding the provisions of Section 16.1 or Section 16.2 above, or any other provision of this Declaration, The Cottages at Shock Hill Association may delegate its authority to exercise its power on behalf of The Cottages at Shock Hill Association to the Master Association, and (ii) the Master Association may exercise such powers on behalf of The Cottages at Shock Hill Association.

ARTICLE XVII USE RESTRICTIONS

Section 17.1 Compliance with Zoning. All Lots shall be used for residential purposes only and shall not be used for any business, manufacturing, or commercial purpose whatsoever; provided, however, if the applicable zoning and Master Association rules and regulations so allow and if prior written approval of The Cottages at Shock Hill Association is obtained, an Owner may use a specifically designated portion of his/her residence on his Lot as a home business office, which approval may be withdrawn or terminated by The Cottages at Shock Hill Association at any time, with or without cause.

Section 17.2 Use of The Cottages at Shock Hill Common Area. There shall be no obstruction of The Cottages at Shock Hill Common Area, nor shall anything be kept or stored or any part of The Cottages at Shock Hill Common Area by any Owner without the prior written approval of The Cottages at Shock Hill Association. Nothing shall be altered on, constructed in, or removed from The Cottages at Shock Hill Common Area by any Owner without the prior written approval of The Cottages at Shock Hill Association.

Section 17.3 Prohibition of Increases in Insurable Risks and Certain Activities. Nothing shall be done or kept on any Lot or in or on The Cottages at Shock Hill Association Common Area, or any part thereof, which would result in the cancellation of the insurance on the Lot, or any part thereof, or is an increase in the rate of the insurance on the Property, or any part thereof, over what The Cottages at Shock Hill Association, but for such activity, would pay, without the prior written approval of The Cottages at Shock Hill Association. Nothing shall be done or kept on any Lot or in or on The Cottages at Shock Hill Common Area, or any part thereof, which would be in violation of any statute, rule, ordinance, regulation, permit, or other imposed requirement of any governmental body. No damage to, or waste of, The Cottages at Shock Hill Common Area or any part thereof shall be committed by any Owner, or by any member of the Owner's family, or by any guest, invitee, or contract purchaser of any Owner, and such Owner shall indemnify and hold The Cottages at Shock Hill Association and the other Owners harmless against all loss resulting from any such damage or waste caused by him, the members of his family, or his guests, invitees, or contract purchasers. Failure to so indemnify shall be a default by such Owner under this Section, and such amount to be indemnified shall automatically become a default assessment determined and levied against such Lot. At its own initiative or upon the written request of any Owner (and if the Association determines that further action by The Cottages at Shock Hill Association is proper), The Cottages at Shock Hill Association shall enforce the foregoing indemnity as an Owner misconduct assessment as provided in Section 15.10 of the Declaration.

Section 17.4 Rules and Regulations. No Owner shall violate (i) the Rules and Regulations, as adopted from time to time by The Cottages at Shock Hill Association or (ii) the Master Association rules and regulations adopted from time to time.

Section 17.5 Annoying Lights, Sounds, or Odors. No lights shall be emitted from any Lot which are unreasonably bright or cause unreasonable glare; no sound shall be emitted from any Lot which is unreasonably loud or annoying; and no odor shall be emitted from any Lot which is noxious or offensive to others.

Section 17.6 Declarant's Use. Notwithstanding any provisions contained in this Declaration to the contrary, it shall be expressly permissible and proper for Declarant and its respective employees, agents, independent contractors, successors, and assigns involved in the construction of improvements on Lots or in the development of the Property or in the development or construction of any other adjacent project or the provision of utility service therefor to perform such activities and to maintain upon such portions of the Property as Declarant deems necessary such facilities as in the sole opinion of Declarant may be reasonably required, convenient, necessary, or incidental to the construction upon and sale of Lots and to the development and sale of the Property, specifically including, without limiting the generality of the foregoing, maintaining business offices, storage areas, construction yards and equipment, signs, model units, and sales offices. It is expressly understood that Declarant may be obliged to block access to a portion of the Property in the exercise of its rights hereunder, but Declarant shall use its best efforts to minimize the interference with the use and enjoyment of all Owners and their family members, guests, and invitees.

Section 17.7 Preservation of Trees and Shrubs. No trees or shrubs shall be removed from any of The Cottages at Shock Hill Common Area without the prior written consent of the Architectural Advisory Committee, the Board of Directors or the Association Manager.

Section 17.8 Leasing and Fractional Ownership. The Owner of a Lot shall have the right to lease such Owner's Lot, provided: that any such lease and any lessee's occupancy of the Lot shall be subject in all respects to the provisions of this Declaration and the Master Declaration, the provisions of the Articles of Incorporation, Bylaws, and any rules and regulations of the Master Association, and the Articles of Incorporation, Bylaws and Rules and Regulations of The Cottages at Shock Hill Association; and that any failure by a lessee to comply therewith shall be a default under the lease. The use, lease or rental of any Lot as a Chalet House, as such term currently is defined in the Breckenridge Town Code, is prohibited. A Lot may be subjected to Fractional Ownership and divided into Fractional Interests of one-quarter or larger (i.e. 1/3 or 1/2) but in no event shall any Fractional Interest be smaller than one-quarter (i.e. 1/8, 1/20, 1/50). Fractional Ownership or Fractional Interest, as used herein shall include timesharing, fractional ownership, interval exchange or any similar program whereby the right to exclusive use of a property rotates among participants in the program on a fixed or floating time schedule over a period of years, or for the operation of a reservation or time-use system among co-owners of a property managed by a party other than the co-owners themselves, or for the operation of a reservation or time-use system among co-owners whereby co-owners are required as a condition of purchase of a fractional interest in the property to subject the fractional interest to a pre-determined reservation or time-use system among co-owners, regardless of whether or not the co-

owner may later opt out of such system and regardless of whether the reservation or time-use system is recorded or unrecorded, fixed or floating.

ARTICLE XVIII EASEMENTS

Section 18.1 Recorded Easements. The Property shall be subject to any easements as shown on any recorded plat affecting the Property, or any portion thereof, as shown on any Town Plat, and as reserved or granted under this Declaration. The recording data for recorded easements and licenses appurtenant to or included in the Property or to which any part of the Property may become subject is set forth on Exhibit B, which Exhibit is attached to and incorporated herein by this reference.

Section 18.2 Easements for Encroachments. The Property, and all portions thereof, shall be subject to an easement for encroachments from a Lot created by construction and overhangs of Improvements on a Lot as designed or constructed by the Declarant or its successors and for settling, shifting, and movement of any portion of the Property. A valid easement for said encroachments and for the maintenance thereof shall exist. Encroachments referred to herein include, but are not limited to, encroachments caused by error or variance from the original plans in the construction of any improvement on any Lot, by error in the plat, by settling, rising, or shifting of the earth, or by changes in position caused by repair or reconstruction of any improvements on a Lot.

Section 18.3 The Cottages at Shock Hill Association Maintenance Easements.

A. The Cottages at Shock Hill Association is hereby granted an easement (the "The Cottages at Shock Hill Association Lot Maintenance Easement") over, across and upon each Lot from the boundary line of each Lot to the foundation of the dwelling unit on the Lot, if any, for the purpose of installation, maintenance and repair of landscaping and other activities necessary for landscaping and maintaining such areas. If no dwelling unit exists on the Lot, The Cottages at Shock Hill Association Lot Maintenance Easement shall extend over, across and upon the entire Lot until a dwelling unit is constructed on the Lot. Upon completion of construction of a dwelling unit, this easement shall be limited to the area of the Lot described in the first sentence of this paragraph.

B. The Cottages at Shock Hill Association is hereby granted an easement (the "The Cottages at Shock Hill Association Home Maintenance Easement") upon the exterior of the dwelling units constructed on Lots for the purpose of maintaining, repairing and replacing the exterior of the dwelling units including the roof. The Cottages at Shock Hill Association Home Maintenance Easement shall grant the Association rights to maintain dwelling units. The Cottages at Shock Hill Association is hereby granted an easement over, across and upon such Lot and the improvements or other structures to the extent necessary or desirable to conduct the maintenance, repair or other activity for which it has responsibility.

Section 18.4 Utility Easements. There are hereby created those general easements upon, across, over, in, and under the Property for ingress and egress and for installation,

replacement, repair, and maintenance of all utilities, including but not limited to water, sewer, gas, telephone and electricity. By virtue of these easements, it shall be expressly permissible and proper for the companies providing electrical and telephone services to erect and maintain the necessary equipment on the Property and to affix and maintain electrical and telephone wires, circuits, and conduits underground on the Lots and The Cottages at Shock Hill Common Area. Should any utility company furnishing a service covered by the general easement herein created request a specific easement by separate recordable document, Declarant, or the Board of Directors, shall have, and are hereby given, the right and authority to grant such easement upon, across, over, or under any part or all of The Cottages at Shock Hill Common Area without conflicting with the terms hereof so long as such easement will not unreasonably cause irreparable injury to any Owner. The easements provided for in this Section 18.4 shall in no way affect, avoid, extinguish, or modify any other recorded easement on the Property or any easement shown on the plat of the Property.

Section 18.5 General Reservation of Easements and Exceptions . Declarant reserves to itself and hereby grants to the Association the concurrent right to establish from time to time by declaration or otherwise, utility and other easements in, on, under or through The Cottages at Shock Hill Common Area or other property owned by Declarant for purposes, including, but not limited to, streets, roads, driveways, paths, walkways, drainage, recreation areas, parking areas, and to create other reservations and exceptions consistent with the ownership of the Property for the best interest of all of the Owners and the Association, in order to serve all of the Owners within the Property as initially built and as expanded. Declarant further reserves the right to establish from time to time, by dedication or otherwise, utility and other easements, and to create other reservations and exceptions convenient or necessary, in its sole discretion, for the use and operation of any other property of the Declarant, as long as it does not hamper the enjoyment of the Property, as built or subsequently expanded, by the Owners and/or the ownership rights of such Owners in and to the Lots.

Section 18.6 Emergency Easements. A general easement is hereby granted to all police, sheriff, fire protection, ambulance, and all other similar emergency agencies or persons to enter upon all streets, roads, and Private Driveways and upon all other parts of the Property in the proper performance of their duties.

Section 18.7 Maintenance Easement. An easement is hereby granted to the Association and any Manager and their respective officers, agents, employees, and assigns upon, across, over, in, and under The Cottages at Shock Hill Common Area and a right to make such use of The Cottages at Shock Hill Common Area as may be necessary or appropriate to perform the duties and functions which they are obligated or permitted to perform pursuant to this Declaration, including the right to construct and maintain storage and maintenance facilities on The Cottages at Shock Hill Common Area for use by the Association.

Section 18.8 Drainage Easement. An easement is hereby reserved to Declarant and granted to the Association and its officers, agents, employees, successors, and assigns to enter upon, across, over, in, and under any portion of the Property for the purpose of changing, correcting, or otherwise modifying the grade or drainage channels on the Property.

Section 18.9 Walkway Easements. Declarant, for itself, its successors and assigns, and all guests, employees, business invitees, Owners, and all other persons present thereon by permission or invitation of Declarant does hereby create a perpetual easement and right-of-way to use the system of walkways now or hereafter constructed upon the Property for access purposes to or across the Property.

Section 18.10 Declarant's Rights Incident to Construction and Marketing. Declarant, for itself and its successors and assigns, hereby retains a right and easement of ingress and egress over, in, upon, under, and across The Cottages at Shock Hill Common Area any other property owned by Declarant and the right to store materials thereon and to make such other use thereof as may be reasonably necessary or incident to the complete construction and sale of the Property including, but not limited to, construction trailers, temporary construction offices, storage of materials, sales offices and directional and marketing signs. It is expressly understood that Declarant may be obliged to block access to a portion of the Property is the exercise of its rights hereunder, but Declarant shall use its best efforts to minimize the interference with the use and enjoyment of all Owners and their family members, guests, and invitees. Declarant shall have the right to remove any construction or sale facilities placed upon, or constructed by it upon The Cottages at Shock Hill Common Area at such time as it completes use of such facilities.

Section 18.11 Rights of Association to Own Lots and to Use Common Area. The Association shall have the right, but not the obligation, to purchase and own any Lot for the purpose of maintaining an office for the Association, for any resident managers or caretakers employed by the Association, for a storage, recreation, or conference area, or for any other use which the Association determines is consistent with this Declaration. The Association may also maintain offices, storage areas, conference areas, and recreation areas elsewhere within The Cottages at Shock Hill Common Area. The costs, expenses, and carrying charges incurred by the Association in purchasing and owning said Lot shall be part of the annual assessments.

Section 18.12 Easements Deemed Created. All conveyances of Lots hereafter made, whether by the Declarant or otherwise, shall be construed to grant and reserve the easements contained in this Article XVIII, even though no specific reference to such easements or to this Article XVIII appears in the instrument for such conveyance.

ARTICLE XIX SPECIAL DECLARANT RIGHTS

Section 19.1 Maintain Offices. The Declarant shall have the right to maintain construction, sales and management offices and model homes on the Property.

Section 19.2 Development Rights. Declarant has the right to construct additional Improvements to a Lot and to create additional Lots to be subjected to this Declaration as more fully provided in Article X above.

Section 19.3 Limitation on Exercise of Rights. Declarant's rights under this Article shall terminate upon the earlier of the sale of all the Lots to third parties, 10 years from the date this Declaration is recorded in the Records, or such earlier date as may be prescribed by the Act.

ARTICLE XX MORTGAGEE'S RIGHTS

The following provisions are for the benefit of holders, insurers, or guarantors of First Mortgages on Lots. To the extent applicable, necessary, or proper, the provisions of this Article XX apply to this Declaration and also to the Articles of Incorporation and Bylaws of The Cottages at Shock Hill Association.

Section 20.1 Approval Requirements. Unless 67 percent or more of the First Mortgagees (based on one vote for each First Mortgage owned) and 67 percent or more of the Owners have given their prior written approval, The Cottages at Shock Hill Association shall not be entitled to:

A. By act or omission seek to abandon, partition, subdivide, encumber, sell, or transfer all or part of The Cottages at Shock Hill Association Common Area (the granting of easements for public utilities or for other public purposes consistent with the intended use of such The Cottages at Shock Hill Association Common Area shall not be deemed a transfer within the meaning of this clause);

B. Change the method of determining the obligations, assessments, dues, or other charges which may be levied against an Owner;

C. Fail to maintain fire and extended coverage on insurable Common Area property in an amount not less than 100 percent of current replacement cost or, in the alternative, fail to provide another method of protection for The Cottages at Shock Hill Association Common Area in lieu of insurance; or

D. Use hazard insurance proceeds for losses to improvements in The Cottages at Shock Hill Common Area for other than the repair, replacement, or reconstruction of such common property.

Section 20.2 Title Taken by Mortgagee. Any Mortgagee holding a First Mortgage of record against a Lot who obtains title to the Lot and any improvements thereon pursuant to the remedies provided in the mortgage, including foreclosure of the mortgage, will be liable for any unpaid dues or charges attributable to the Lot which accrue prior to the acquisition of title to the Lot by the Mortgagee to the extent permitted by Colorado law.

Section 20.3 Right to Pay Taxes and Charges. Mortgagees who hold First Mortgages against Lots may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against any The Cottages at Shock Hill Common Area and may pay overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy, for such The Cottages at Shock Hill Common Area, and First Mortgagees

making such payments shall be owed immediate reimbursement therefor from The Cottages at Shock Hill Association.

ARTICLE XXI
OBLIGATION TO REBUILD

If any residence on a Lot is partially or totally destroyed by fire, flood, earthquake or other natural disaster or by any other action not authorized by this Declaration, the Owner of such dwelling unit shall promptly repair or rebuild the dwelling unit to substantially the same condition as prior to the incident which caused the partial or total destruction. All plans for repairs and rebuilding shall be subject to approval of the Architectural Advisory Committee and the Board of Directors.

ARTICLE XXII
GENERAL PROVISIONS

Section 22.1 Enforcement. Except as otherwise provided herein, the Board of Directors of The Cottages at Shock Hill Association, the Declarant, or any Owner shall have the right to enforce by a proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens, and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Board of Directors of The Cottages at Shock Hill Association, the Declarant, or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 22.2 Severability. Invalidation of any one of these covenants or restrictions by judgment, court order or interpretation of the Act shall in no way affect any other provisions which shall remain in full force and effect.

Section 22.3 Amendment or Revocation. Unless amended or revoked as provided in this Section, the covenants and restrictions of this Declaration shall run with and bind the land in perpetuity. Prior to the conveyance of any of the Lots by Declarant to purchasers, this Declaration may be amended or revoked by Declarant at any time. Subsequent to the first conveyance of a Lot by Declarant to a purchaser, this Declaration may be amended or revoked by the affirmative vote of (i) Owners of 67 percent or more of the Lots and (ii) holders of 67 percent of the First Mortgages (based on the number of First Mortgages outstanding). Any amendment or revocation must be recorded, and approval of such amendment or revocation may be shown by attaching a certificate of the Secretary of The Cottages at Shock Hill Association to the recorded instrument certifying that the affirmative vote of a sufficient number of Owners has been received by The Cottages at Shock Hill Association in accordance with its voting procedures.

Section 22.4 Management Agreement. The Board of Directors is authorized to enter into a management agreement on behalf of The Cottages at Shock Hill Association with the Declarant, the Master Association or any other person or entity it may select. The management agreement may grant such powers to the manager as the Board of Directors may determine are appropriate or advisable including without limitation the power to manage, maintain, and operate the Common Area or any part thereof. The duration of any management agreement shall not

exceed three years from the date of execution, and by its terms, shall be terminable by either party without cause and without payment of a termination fee upon ninety (90) days prior written notice.

Section 22.5 Lot Owners' and Association's Addresses for Notices. All Lot Owners of each Lot shall have one and the same registered mailing address to be used by the Association or other Lot Owners for notices, demands, and all other communications regarding Association matters. The registered address for each Lot shall be furnished to the secretary of the Association within 10 days after transfer of title to the Lot. If no address is registered or if all of the Lot Owners of any Lot cannot agree, then the address of the Lot shall be deemed their registered address until another registered address is furnished as required under this Section. All notices and demands intended to be served upon the Board of Directors shall be sent to the following address or such other address as the Board of Directors may designate from time to time by notice to the Lot Owners:

Board of Directors
The Cottages at Shock Hill Association
P. O. Box 7
Breckenridge, Colorado 80424

Notices given in accordance with this Section may be delivered or sent: by personal delivery, which shall be effective upon receipt; by overnight courier service, which shall be effective one (1) day after deposit with the courier service; or by regular, registered or certified mail, postage prepaid, which shall be effective three (3) days after deposit in the U.S. mail.

Section 22.6 Conflicts in Legal Documents. In case of conflicts between the provisions in this Declaration and the Articles of Incorporation of The Cottages at Shock Hill Association and the Bylaws of The Cottages at Shock Hill Association, this Declaration shall control. In case of conflicts in the provisions of the Articles of Incorporation and the Bylaws, the Articles of Incorporation shall control. In case of conflict between the provisions of this Declaration and the Master Declaration, the more restrictive provision shall control.

Section 22.7 Interpretation; Conflicts with the Act. This Declaration shall be governed by and construed in accordance with the Act. To the extent that the provisions of this Declaration are in conflict with the Act, the provisions of the Act shall control.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has hereunto set its hand and seal.

DECLARANT:

SHOCK HILL DEVELOPMENT LLC,
a Colorado limited liability company

By: Breckenridge Lands, LLC
Its Manager

By: *Don M. Nilsson*
Don M. Nilsson, Manager

ACKNOWLEDGMENT

STATE OF COLORADO)
) ss.
COUNTY OF SUMMIT)

The foregoing instrument was acknowledged before me this 14th day of December, 2008, by Don M. Nilsson, Manager of Breckenridge Lands, LLC, Manager of Shock Hill Development LLC, a Colorado limited liability company.

Witness my hand and official seal.

My commission expires: March 13, 2011



Jessica Laguarda
Notary Public

EXHIBIT A

Legal Description of Property

TRACT F, SHOCK HILL SUBDIVISION, ACCORDING TO THE PLAT OF TRACT F AND TRACT H, SHOCK HILL SUBDIVISION RECORDED SEPTEMBER 13, 2007 AT RECEPTION NO. 867895, SUMMIT COUNTY, COLORADO.

EXHIBIT B

Easements and Licenses of Record

1. RIGHT OF WAY FOR DITCHES OR CANALS CONSTRUCTED BY THE AUTHORITY OF THE UNITED STATES, AS RESERVED IN UNITED STATES PATENT RECORDED MAY 31, 1988, AT RECEPTION NO. 354410 AND SEPTEMBER 16, 1994, AT RECEPTION NO. 476175.
2. RIGHT OF WAY FOR DITCHES OR CANALS CONSTRUCTED BY THE AUTHORITY OF THE UNITED STATES, AS RESERVED IN UNITED STATES PATENT RECORDED FEBRUARY 1, 1904, IN BOOK 85 AT PAGE 24, (CLIFTON, GREEN MOUNTAIN AND VERMONT LODES, M.S. 15341), AUGUST 22, 1995, AT RECEPTION NO. 497073, (OHIO LODE, M.S. 705), AUGUST 22, 1995, AT RECEPTION NO. 497072, (BONANZA LODE, M.S. 1597) AND AUGUST 22, 1995, AT RECEPTION NO. 497074, (CALIFORNIA, NEVADA, VIRGINIA, ELDORADO, COLORADO, IDAHO, APEX, UNION AND PEERLESS LODES, M.S. 12364).
3. EASEMENTS, RIGHTS OF WAY AND RESTRICTIONS AS SHOWN ON THE PLAT OF SHOCK HILL SUBDIVISION FILED JUNE 17, 1999, AT RECEPTION NO. 598532.
4. EASEMENT AND RIGHT OF WAY FOR PUBLIC PEDESTRIAN AND NON-MOTORIZED VEHICULAR INGRESS AND EGRESS (INCLUDING NORDIC SKIING) PURPOSES, AS GRANTED BY SHOCK HILL DEVELOPMENT LLC, A COLORADO LIMITED LIABILITY COMPANY TO TOWN OF BRECKENRIDGE BY INSTRUMENT RECORDED JUNE 17, 1999, AT RECEPTION NO. 598537 AND AMENDMENT TO GRANT OF EASEMENT RECORDED SEPTEMBER 13, 2007, AT RECEPTION NO. 867896.
5. AMENDED AND RESTATED DECLARATION OF LAND USE RESTRICTIONS FOR SHOCK HILL SUBDIVISION RECORDED AUGUST 20, 1999, AT RECEPTION NO. 603276.
6. EASEMENT AND RIGHT OF WAY FOR DRAINAGE AND SEWAGE FACILITIES PURPOSES, AS GRANTED BY SHOCK HILL DEVELOPMENT LLC, A COLORADO LIMITED LIABILITY COMPANY TO BRECKENRIDGE SANITATION DISTRICT, RECORDED SEPTEMBER 18, 2001 AT RECEPTION NO. 662830.
7. EASEMENT AND RIGHT OF WAY FOR DRAINAGE AND SEWAGE FACILITIES PURPOSES, AS GRANTED BY SHOCK HILL DEVELOPMENT LLC, A COLORADO LIMITED LIABILITY COMPANY TO BRECKENRIDGE SANITATION DISTRICT, BY INSTRUMENT RECORDED SEPTEMBER 18, 2001, AT RECEPTION NO. 662828.
8. EASEMENTS, RIGHTS OF WAY AND ALL OTHER MATTERS AS SHOWN ON THE PLAT OF SHOCK HILL SUBDIVISION FILED SEPTEMBER 13, 2007, AT RECEPTION NO. 867895.