

AMENDMENT NO. 4
TO THE
COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS
FOR FRISCO BAY TOWNHOMES, a Planned Community

Richmond & Neiley, L.L.C., a Colorado limited liability company, as Trustee of Frisco Bay Townhomes Limited Liability Company, ("Trustee") makes this Amendment No. 4 to the Declaration of Covenants, Conditions, Restrictions and Easements for Frisco Bay Townhomes, for the purpose of reallocating a particular Limited Common Element garage to another Frisco Bay Townhomes Unit ("Project")

RECITALS

A. Jim R. Hayes as Manager of the Frisco Bay Townhomes Limited Liability Company executed the Declaration of Covenants, Conditions, Restrictions and Easements for Frisco Bay Townhomes, a Planned Community (the "Declaration") on July 7, 1993 which Declaration was recorded on July 7, 1993 under reception no. 446189; Plat for Frisco Bay Homes Filing 1 was recorded July 5, 1993 under reception no. 446188; Amended Filing No. 1 was recorded December 16, 1993 under reception no. 458447; Amendment No. 2 to the Declaration of Covenants, Conditions, Restrictions and Easements for Frisco Bay Townhomes, a Planned Community recorded March 15, 1994 under reception no. 464091; Amendment No. 3 to the Declaration of Covenants, Conditions, Restriction and Easements for Frisco Bay Townhomes, a Planned Community recorded February 28, 1997 under reception no. 534489; and the Plat of Frisco Bay Homes Filing 2 recorded February 16, 1994 under reception no. 462144 of the Summit County, Colorado; all filings in the Summit County, Colorado records.

B. Frisco Bay Townhomes Limited Liability Company as Declarant under the Declaration, transferred all its special declarant rights set forth under the Declaration to Richmond & Neiley, L.L.C., Trustee, pursuant to that Assignment of Special Declarant Rights recorded February 28, 1997 under Reception Number 534488

C. Trustee, pursuant to Amendment No. 3 to the Covenants, Conditions, Restrictions and Easements recorded February 28, 1997 under Reception Number 534489, converted the Common Area Garage depicted as "Maint." on the Plat of Frisco Bay Homes Filing 2 to one garage designated as a "Common Element" and one Limited Common Element Garage designated as an appurtenance to Unit 416 D. Amendment No. 3, further reserved to Declarant, or its assigns, the right to reallocate the Limited Common Element garage appurtenant to Unit 416 D to another Frisco Bay Unit, which reservation was authorized by the Association, so long as any reallocation was documented in a form similar to Amendment No. 3.

D. The Trustee now desires to reallocate the Limited Common Element Garage appurtenant to Unit 416 D as a result of Amendment No. 3 to another Frisco Bay Unit.

NOW THEREFORE, Trustee amends the Declaration of Covenants, Conditions, Restrictions and Easements for Frisco Bay Townhomes as follows:

1. Transfer of Limited Common Element Garage from 416 D to 410 D. Trustee reallocates the Limited Common Element Garage designated for use of Unit 416 D in Amendment No. 3 to Unit 410 D as an appurtenance to such unit.

2. ~~Incorporation of Declaration Provisions.~~ Declarant ratifies and affirms all of the terms and the provisions of the Declaration. All references to the Declaration shall be and are hereby deemed to include this Amendment No. 4 to the Declaration unless specific provisions to the contrary are made.

RICHMOND & NEILEY, L.L.C., TRUSTEE
FOR FRISCO BAY TOWNHOMES, A DISSOLVED
LIMITED LIABILITY COMPANY

Mark Richmond
By: Mark Richmond, Manager

STATE OF COLORADO)
) ss
COUNTY OF SUMMIT)

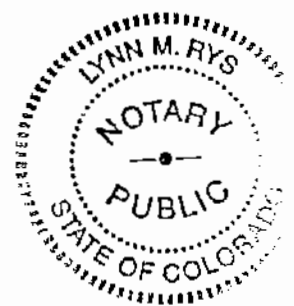
The foregoing instrument was acknowledged before me this 24th day of June, 1998 by Mark Richmond, Manager of Richmond & Neiley, L.L.C. as Trustee for Frisco Bay Townhomes Limited Liability Company, a dissolved Colorado limited liability company.

Witness my hand and official seal.

My commission expires
February 18, 2002

Lynn M. Rys
Notary Public

C:\MARK\FRISCOBA\4THAMEN.DEC



AMENDMENT NO. 3
TO THE
COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS
FOR FRISCO BAY TOWNHOMES, a Planned Community

Frisco Bay Townhomes Limited Liability Company, a Colorado limited liability company, through its Trustee, Richmond & Neiley, L.L.C. ("Declarant") and the Frisco Bay Townhomes Homeowners Association ("Association") make this Amendment No. 3 to the Declaration of Covenants, Conditions, Restrictions and Easements for Frisco Bay Townhomes for the purpose of converting General Common Elements to Limited Common Elements.

RECITALS

A. Jim R. Hayes as Manager of the Frisco Bay Townhomes Limited Liability Company executed the Declaration of Covenants, Conditions, Restrictions and Easements for Frisco Bay Townhomes, a Planned Community (the "Declaration") on July 7, 1993 which Declaration was recorded on July 7, 1993 under reception no. 446189; a Plat for Frisco Bay Homes Filing 1 was recorded July 5, 1993 under reception no. 446188; Amended Filing No. 1 was recorded December 16, 1993 under reception no. 458447; Amendment No. 2 to the Declaration of Covenants, Conditions, Restrictions and Easements for Frisco Bay Townhomes, a Planned Community recorded March 15, 1994 under reception no. 464091 and the Plat of Frisco Bay Homes Filing 2 recorded February 16, 1994 under reception no. 462144 of the Summit County, Colorado; all filings in the Summit County, Colorado records.

B. The Declaration at Article XIX expressly reserves the right to Declarant to expand the property subject of the Declaration without the consent of the existing Owners or Mortgagees;

C. Declarant now desires to expand the Project by converting Common Area into Limited Common Elements.

NOW THEREFORE, Declarant and the Association amend the Declaration of Covenants, Conditions, Restrictions and Easements for Frisco Bay Townhomes as follows:

1. Conversion of Common Area Garage Labeled Maintenance. The Common Area garage depicted as "Maint." on the Plat of Frisco Bay Homes Filing 2 is hereby converted into one garage designated on the attached map of Frisco Bay Homes Filing 2 as "Common Element" and one Limited Common Element Garage as an appurtenance to Unit 416D. The Declarant, or its assigns, reserves the right to reallocate the Limited Common Element garage from Unit 416D to another Frisco Bay Unit. The Association authorizes such reallocation, conditioned upon filing another Amendment in a form similar to this Amendment. The Declarant gives and conveys the garage depicted as Common Element to the Association, without cost, to be held as a Common Element.

2. Incorporation of Declaration Provisions. Declarant ratifies and affirms all of the terms and the provisions of the Declaration. All references to the Declaration shall be and are hereby deemed to include this Amendment No. 3 to the Declaration unless specific provisions to the contrary are made.

DECLARANT. FRISCO BAY TOWNHOMES LIMITED LIABILITY COMPANY,
A Colorado limited liability company

Mark Richmond

By: Richmond & Neiley, L.L.C. as Trustee by
Mark Richmond, Manager

FRISCO BAY TOWNHOMES HOMEOWNERS ASSOCIATION, a
Colorado nonprofit corporation

Homer L Walker

By: *President Homeowners Assoc.*
Title: *President Homeowners Assoc.*

ATTEST: *Jana A. Stone*
Secretary

STATE OF COLORADO)
) ss
COUNTY OF SUMMIT)

The foregoing instrument was acknowledged before me this 14th day of February, 1997 by Mark Richmond, Manager of Richmond & Neiley, L.L.C. as Trustee for Frisco Bay Townhomes Limited Liability Company, a Colorado limited liability company.

Witness my hand and official seal
My Commission Expires 6-14-2000

Jana A. Stone
Notary Public

STATE OF COLORADO)
) ss
COUNTY OF SUMMIT)

The foregoing instrument was acknowledged before me this 14th day of February, 1997 by Homer L. Walker as President of Frisco Bay Townhomes Homeowners Association

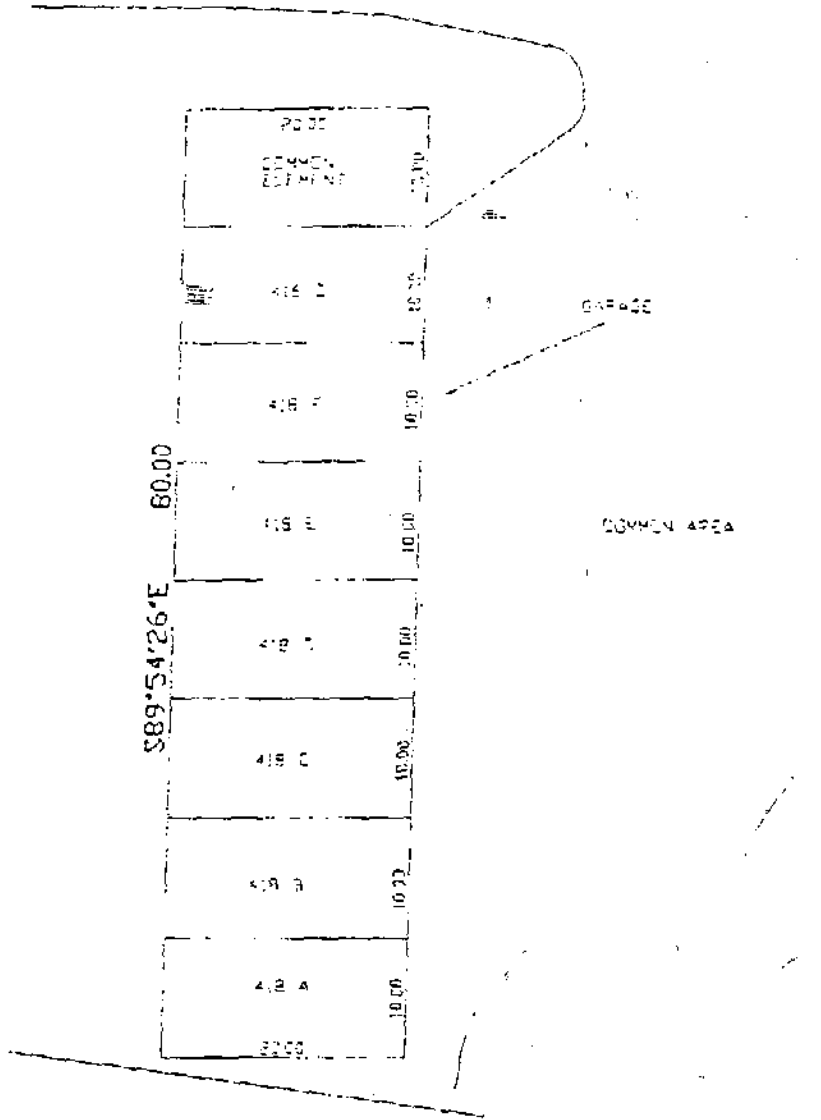
Witness my hand and official seal
My Commission Expires 6-14-2000

Jana A. Stone
Notary Public

ELIMAR FRISSON, JR. DAMEN, D.D.

FRISCO BAY HOMES
 FILING NO. 2
 TOWN OF FRISCO, SUMMIT COUNTY, COLORADO

— HIGHWAY 9
 ENTRANCE



589'54"26"E
 60.00

LOT 418 F



BACKLUND LAND SURVEYS

SCALE 1" = 10'



P.O. BOX 814
 FRISCO, CO. 80443
 PHONE (303) 666-3730

7552

AMENDMENT NO. 2 TO THE DECLARATION
OF COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS
FOR
FRISCO BAY TOWNHOMES, A Planned Community

Frisco Bay Townhomes Limited Liability Company, a Colorado limited liability company, ("Declarant") and The Bank, N.A. make this Amendment No. 2 to the Declaration of Covenants, Conditions, Restrictions and Easements for Frisco Bay Townhomes, a Planned Community for the purpose of expanding the Project and hereby revokes previous Amendment No. 1 to the Declaration of Covenants, Conditions, Restrictions and Easements for Frisco Bay Townhomes, a Planned Community due to typographical errors.

RECITALS

A. James R. Hayes, Manager of Frisco Bay Townhomes Limited Liability Company, a Colorado limited liability company, executed the Declaration of Covenants, Conditions, Restrictions and Easements for Frisco Bay Townhomes, a Planned Community (the "Declaration") on July 7, 1993, which Declaration was recorded July 7, 1993, at Reception No. 446189; a Plat for Frisco Bay Homes Filing 1 was recorded July 7, 1993, at Reception No. 446188 and Amended Filing No. 1 was recorded December 16, 1993 at Reception No. 458447.

B. The Declaration at Article XIX provides for the right of the Declarant, for itself, its successors and assigns, to enlarge the Townhome Project by subjecting additional real property to the Declaration and creating additional lots, Common Area and Limited Common Elements.

C. Amendment No. 1 to the Declaration was recorded October 11, 1993 under Reception No. 453069 and re-recorded October 19, 1993 under Reception No. 453651. This Amendment contained errors in the description of the lots to be created by the Plat of the Expansion Property and the Declarant wishes to revoke and replace Amendment No. 1 in its entirety by this Amendment No. 2.

D. The Declaration may be amended pursuant to §17.2 upon consent of Declarant, Owners holding not less than 67% of the votes and 51% of the First Mortgagees.

E. Declarant owns lots entitling it to more than 67% of the votes and The Bank, N.A. owns more than 51% of the First Mortgagees.

NOW THEREFORE, Declarant and The Bank, N.A. amends the Declaration of Covenants, Conditions, Restrictions and Easements for Frisco Bay Townhomes as follows:

1. Townhome Lots and Common Area. Declarant elects to submit the Expansion Property described on the attached Exhibit A to be subject to the provisions of the Declaration. The Expansion Property shall be subdivided into 40 residential, fee simple estates (each such estate consisting of one Lot), Common Area and Limited Common Elements. The Common Area shall be owned by the Frisco Bay Townhome Homeowners Association. The owners of the Lots created by the Declaration and the owners of the Lots created by this Amendment No. 2 to the Declaration shall equally share the Assessments as provided in Article XI of the Declaration so that each owner bears a 1/56 share of the Assessments.

2. Plat of Frisco Bay Homes Filing 2. The Plat of Frisco Bay Homes, Filing 2 means the map of Lots: 400A through 400D, 402A through 402B, 404A through 404D, 406A through 406D, 408A through 408D, 410A through 410D, 412A through 412D, 414A through 414D, 416A through 416D, and 418A through 418F of the Frisco Bay Townhomes, as recorded in the office of the Summit County, Colorado Clerk and Recorder records.

DORIS L. BRILL

464091

SUMMIT COUNTY RECORDER

1994 MAR 15 P 2:39

3. Description of the Townhome Lot. A contract for sale of a Lot written prior to the filing for record of this Amendment No. 2 to the Declaration and a Townhome Map of Frisco Bay Homes may legally describe a Townhome Lot by its identifying Lot number as then designated on the Plat, followed by the words "Frisco Bay Townhomes, a Planned Community" without further reference to this Amendment No. 2 to the Declaration or Plat of Frisco Bay Homes Filing 2.

Subsequent to the filing of a Townhome Map of Frisco Bay Homes Filing 1 and the recording of this Amendment No. 2 to the Declaration, every deed, lease, mortgage, trust deed, will or other instrument may legally describe a condominium unit created under this Amendment No. 2 to the Declaration as follows:

"Townhome Lot _____, according to the Declaration of Covenants, Conditions, Restrictions and Easements for Frisco Bay Townhomes, a Planned Community recorded July 7, 1993, at Reception No. 446189; a Plat for Frisco Bay Homes Filing 1 was recorded July 7, 1993, at Reception No. 446188, Amended Filing No. 1 was recorded December 16, 1993 at Reception No. 458447; Amendment No. 2 to the Declaration of Covenants, Conditions, Restrictions and Easements for Frisco Bay Townhomes, a Planned Community recorded March 15, 1994, at Reception No. 464091 and the Plat of Frisco Bay Homes Filing 2 recorded on Feb. 16, 1994, at Reception No. 462144, of the Summit County, Colorado records."

4. Incorporation of Declaration Provisions. Declarant ratifies and affirms all of the terms and the provisions of the Declaration. All references to the Declaration are deemed to include this Amendment No. 2 to the Declaration unless specific provisions to the contrary are made.

5. Revocation of Amendment No. 1. Declarant revokes, terminates, vacates, and extinguishes Amendment No. 1 to the Declaration.

Declarant has executed this Amendment No. 2 to the Declaration of Covenants, Conditions, Restrictions and Easements for Frisco Bay Townhomes, a Planned Community this 23rd day of February, 1994.

DECLARANT: FRISCO BAY TOWNHOMES LIMITED
LIABILITY COMPANY

James R. Hayes

By: James R. Hayes, Manager

Robert R. Fulton

Robert R. Fulton, Manager

STATE OF ^{Florida} ~~COLORADO~~)
 Lee) ss.
County of ~~Summit~~)

The foregoing instrument was acknowledged before me this 23rd day of February, 1994, by James R. Hayes, and ~~Robert R. Fulton~~, Managers of Frisco Bay Townhomes Limited Liability Company, a Colorado limited liability company. *He is personally known to me.*

My Commission expires: _____

Patricia J. Murty
Notary Public

PATRICIA J. MURTY
Notary Public - State of Florida
My Commission Expires
April 28, 1994
CC 001247

STATE OF COLORADO)
)ss.
County of Summit)

The foregoing instrument was acknowledged before me this 14th day of March, 1994, by Robert R. Fulton, Manager of Frisco Bay Townhomes Limited Liability Company, a Colorado limited liability company.

My Commission expires: June 24, 1995.

Maurice B. ...
Notary Public



15.80

AMENDMENT NO. 1 TO THE DECLARATION
OF COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS
FOR
FRISCO BAY TOWNHOMES, A Planned Community

Frisco Bay Townhomes Limited Liability Company, a Colorado limited liability company, ("Declarant") makes this Amendment No. 1 to the Declaration of Covenants, Conditions, Restrictions and Easements for Frisco Bay Townhomes, a Planned Community for the purpose of expanding the Project.

RECITALS

A. James R. Hayes, Manager of Frisco Bay Townhomes Limited Liability Company, a Colorado limited liability company, executed the Declaration of Covenants, Conditions, Restrictions and Easements for Frisco Bay Townhomes, a Planned Community (the "Declaration") on July 7, 1993, which Declaration was recorded July 7, 1993, at Reception No. 446189; a Plat for Frisco Bay Homes Filing 1 was recorded July 7, 1993, at Reception No. 446188.

B. The Declaration at Article XIX provides for the right of the Declarant, for itself, its successors and assigns, to enlarge the Townhome Project by subjecting additional real property to the Declaration and creating additional lots, Common Area and Limited Common Elements.

NOW THEREFORE, Declarant amends the Declaration of Covenants, Conditions, Restrictions and Easements for Frisco Bay Townhomes as follows:

1. Townhome Lots and Common Area. Declarant elects to submit the Expansion Property described on the attached Exhibit A to be subject to the provisions of the Declaration. The Expansion Property shall be subdivided into 40 residential, fee simple estates (each such estate consisting of one Lot), Common Area and Limited Common Elements. The Common Area shall be owned by the Frisco Bay Townhome Homeowners Association. The owners of the Lots created by the Declaration and the owners of the Lots created by this Amendment No. 1 to the Declaration shall equally share the Assessments as provided in Article XI of the Declaration so that each owner bears a 1/56 share of the Assessments.

2. A Townhome Map of Frisco Bay Homes Filing 2. The Plat of Frisco Bay Homes, Filing 2 means the map of Lots: 201 through 240 of the Frisco Bay Townhomes, as recorded in the office of the Summit County, Colorado Clerk and Recorder records.

3. Description of the Townhome Lot. A contract for sale of a Lot written prior to the filing for record of this Amendment No. 1 to the Declaration and a Townhome Map of Frisco Bay Homes may legally describe a Townhome Lot by its identifying Lot number as then designated on the Plat, followed by the words "Frisco Bay Townhomes, a Planned Community" without further reference to this Amendment No. 1 to the Declaration or Plat of Frisco Bay Homes Filing 2.

Subsequent to the filing of a Townhome Map of Frisco Bay Homes Filing 1 and the recording of this Amendment No. 1 to the Declaration, every deed, lease, mortgage, trust deed, will or other instrument may legally describe a condominium unit created under this Amendment No. 1 to the Declaration as follows:

"Townhome Lot _____, according to the Declaration of Covenants, Conditions, Restrictions and Easements for Frisco Bay Townhomes, a Planned Community recorded July 7, 1993, at Reception No. 446189; a Plat for Frisco Bay Homes Filing 1 was recorded July 5, 1993, at Reception No. 446188; Amendment No. 1 to the Declaration of Covenants, Conditions, Restrictions and Easements for Frisco Bay Townhomes, a Planned Community recorded October 11, 1993, at Reception No. 453069 and rerecorded _____ at Reception No. _____ and the Plat of Frisco Bay Homes Filing 2 recorded on _____, at Reception No. _____, of the Summit County, Colorado records."

453651
DORIS L. BRILL
1993 OCT 19 P 3 01
SUMMIT COUNTY RECORDER

4. Incorporation of Declaration Provisions. Declarant ratifies and affirms all of the terms and the provisions of the Declaration. All references to the Declaration are deemed to include this Amendment No. 1 to the Declaration unless specific provisions to the contrary are made.

Declarant has executed this Amendment No. 1 to the Declaration of Covenants, Conditions, Restrictions and Easements for Frisco Bay Townhomes, a Planned Community this 1st day of October, 1993.

DECLARANT: FRISCO BAY TOWNHOMES LIMITED
LIABILITY COMPANY

James R. Hayes
By: James R. Hayes, Manager

Robert R. Fulton
Robert R. Fulton, Manager

STATE OF COLORADO)
) ss.
County of Summit)

The foregoing instrument was acknowledged before me this 5th day of October, 1993, by James R. Hayes, and Robert R. Fulton, Managers of Frisco Bay Townhomes Limited Liability Company, a Colorado limited liability company.

My Commission expires: Sept. 7, 1997
Robert J. Caldwell
Notary Public

EXHIBIT A

EXPANSION PROPERTY

A TRACT OF LAND LOCATED IN THE NORTHEAST ONE-QUARTER OF SECTION 35, TOWNSHIP 5 SOUTH, RANGE 78 WEST OF THE SIXTH PRINCIPAL MERIDIAN, TOWN OF FRISCO, SUMMIT COUNTY, COLORADO. SAID TRACT BEING A PORTION OF TRACT 2, RAINBOW FOREST SUBDIVISION, A SUBDIVISION FILED FOR RECORD IN THE OFFICE OF THE SUMMIT COUNTY CLERK AND RECORDER SAID, TRACT BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE SE CORNER OF GOVERNMENT LOT 6 SAID SECTION 35, ALSO BEING A POINT ON THE SOUTH LINE OF SAID TRACT 2, RAINBOW FOREST SUBDIVISION, THENCE N 89°51'31" W ALONG THE SOUTH LINE OF SAID GOVERNMENT LOT 6 A DISTANCE OF 969.85 FEET; THENCE, N 00°08'29" E A DISTANCE OF 288.84 FEET TO A POINT ON THE SOUTH RIGHT-OF-WAY LINE OF COLORADO STATE HIGHWAY NO. 9; THENCE S 77°55'42" E ALONG SAID SOUTH RIGHT-OF-WAY LINE A DISTANCE OF 1409.05 FEET; THENCE N 89°31'01" W A DISTANCE OF 408.76 FEET TO THE POINT OF BEGINNING, CONTAINING 197,915 SQUARE FEET OR 4.5435 ACRES, MORE OR LESS.

135.00

DECLARATION
OF
COVENANTS, CONDITIONS,
RESTRICTIONS AND EASEMENTS
FOR



446189
DORIS L. BRILL

1993 JUL -7 A 11:45
SHERIFF COUNTY RECORDER

RECITALS		1
Article I.	Declaration and Submission	1
1.1	Submission	1
2.2	Common Interest Ownership Act	1
Article II.	Name, Division into Townhomes	1
2.1	Name	1
2.2	Association	1
2.3	Number of Townhomes	1
2.4	Identification of Townhomes	2
Article III.	Definitions	2
Article IV.	Membership and Voting Rights; Association Operations	4
4.1	The Association	4
4.2	Powers	4
4.3	Transfer of Membership	4
4.4	Class of Membership	4
4.5	Period of Declarant Control	4
4.6	Compliance with Association Documents	4
4.7	Books and Records	4
4.8	Manager	4
4.9	Implied Rights and Obligations	4
Article V.	Powers of the Executive Board of the Association	5
Article VI.	Common Area and Roads	5
6.1	Maintenance of Common Area	5
6.2	Maintenance of Roads	5
6.3	Limited Common Elements	5
6.4	Expense Allocation	5
6.5	Allocation of Specified Common Elements	5
6.6	Protection of Wetlands, Drainage Facilities and Earth Berms	5
Article VII.	Property Rights of Owners and Reservations by Declarant	6
7.1	Owner's Easement of Enjoyment	6
7.2	Recorded Easements	6
7.3	Utility Easements	6
7.4	Declarant's Rights Incident to Construction	6
7.5	Reservation of Easements, Exceptions, and Exclusions	6
7.6	Easement for Ingress and Egress	6
7.7	Reservation of Easements Over Common Area, Private Roads and Property Roads	6
7.8	General Maintenance Easement	7
7.9	Association as Attorney-in-Fact	7
7.10	Delegation of Use	7
Article VIII.	Maintenance and Landscaping	7
8.1	Maintenance and Landscaping of Townhomes	7
8.2	Common Area, Sidewalks and Driveways	7
8.3	Maintenance Contract	8
8.4	Owner's Failure to Maintain	8
Article IX.	Insurance and Fidelity Bonds	8
9.1	Authority to Purchase	8
9.2	Notice of Owners	8
9.3	General Insurance Provisions	8
9.4	Physical Damage Insurance on Improvements	8

9.5	Provisions Common to Physical Damage Insurance	9
9.6	Liability Insurance	9
9.7	Fidelity Insurance	9
9.8	Provisions Common to Physical Damage Insurance, Liability Insurance, and Fidelity Insurance	10
9.9	Personal Liability Insurance of Officers and Directors	10
9.10	Workmen's Compensation Insurance	10
9.11	Other Insurance	10
9.12	Insurance Obtained by Owners	10
Article X.	Incidents of Ownership	11
10.1	Inseparability	11
10.2	No Partition	11
10.3	Residential Use/Declarant's Use	11
10.4	Vehicles and Miscellaneous Equipment	11
Article XI.	Assessments	11
11.1	Obligation	11
11.2	Purpose of Assessments	11
11.3	Budget	11
11.4	Periodic Assessments	11
11.5	Apportionment of Assessments	12
11.6	Special Assessments	12
11.7	Default Assessments	12
11.8	Effect of Nonpayment; Assessment Lien	12
11.9	Personal Obligation	13
11.10	Successor's Liability for Assessment	13
11.11	Subordination of Lien	13
11.12	Statement of Status of Assessment Payment	13
11.13	Transfers to Reserve Fund Upon Sale	13
Article XII.	Association as Attorney-in-Fact	13
Article XIII.	Damage or Destruction	14
13.1	The Role of the Executive Board	14
13.2	Estimate of Damages or Destruction	14
13.3	Repair and Reconstruction	14
13.4	Funds for Repair and Reconstruction	14
13.5	Disbursement of Funds for Repair and Reconstruction	14
13.6	Decision Not to Rebuild Common Area	14
Article XIV.	Condemnation	14
14.1	Rights of Owners	14
14.2	Partial Condemnation, Distribution of Award	15
14.3	Complete Condemnation	15
Article XV.	Architectural Review Board	15
15.1	Approval Required	15
15.2	Rules	15
15.3	Expert Consultation	15
15.4	Expenses	15
15.5	Design Standards and Procedures	15
15.6	Contractor Suitability	15
15.7	Limitation of Liability	15
15.8	Failure to Act	16
15.9	Enforcement	16
15.10	Inspection and Compliance	16
Article XVI.	Mortgagee's Rights	16
16.1	Approval Requirements	16
16.2	Right to Pay Taxes and Charges	16

Article XVII.	Duration of Covenants and Amendments	17
17.1	Term	17
17.2	Amendment	17
17.3	When Modification Permitted	17
17.4	Revocation	17
Article XVIII.	Restriction on Timesharing	17
Article XIX.	Expansion and Development Rights	17
19.1	Expansion Rights	17
19.2	Development and Withdrawal Rights	17
19.3	Amendment of the Declaration	17
19.4	Amendment of the Plat	17
19.5	Interpretation	17
19.6	Maximum Number of Townhomes	18
19.7	Construction Easement	18
19.8	Reciprocal Easements	18
19.9	Termination of Expansion and Development Rights	18
19.10	Transfer of Expansion and Development Rights	18
Article XX.	Protective Covenants	19
20.1	Improvements Prohibited	19
20.2	Signs	19
20.3	Trash	19
20.4	Livestock	19
20.5	Landscaping	19
20.6	Trade Names	19
20.7	Continuity of Construction	19
20.8	Noxious or Offensive Activity	19
20.9	Maintenance of Property	19
20.10	Annoying Lights, Sounds or Odors	19
20.11	Fences	19
20.12	Natural State	19
20.13	Restrictions on Use	20
20.14	House Number	20
20.15	No Mining, Drilling or Quarrying	20
20.16	No Exterior Clothes Lines	20
20.17	Barbecue Grills	20
Article XXI.	General Provisions	20
21.1	Enforcement	20
21.2	Severability	20
21.3	Conflicts Between Documents	20
21.4	References to Town Standards	20
21.5	Claims Regarding Declarant	20
Exhibit A	Property Description	22
Exhibit B	Expansion Property	23

July 1, 1993

**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
FRISCO BAY TOWNHOMES
A Planned Community**

THIS DECLARATION, made on the date hereafter set forth by Frisco Bay Townhomes Limited Liability Company, a Colorado limited liability company ("Declarant").

RECITALS

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

B. Declarant desires to create a Planned Community on the real estate described in Exhibit A, in which portions of the real estate described in Exhibit A will be designated for separate ownership and the remainder of which will be designated for common use and ownership solely by the Association named below; and

C. Declarant also desires to protect and maintain the project as a prime mountain residential area of the highest quality and value to enhance and protect its desirability and attractiveness.

D. Declarant further desires to provide for the operation and maintenance of the Common Area (as defined below), roads and other related facilities serving the project.

E. Declarant has deemed it necessary and desirable, for the welfare of the residents of the project and the reservation of the Property, to subject the Property to the covenants, restrictions, easements, charges, assessments and liens set forth below, which shall be burdens and benefits to the Declarant and the other Owners (as defined below) and their respective successors, heirs, executors, administrators, devisees, grantees or assigns.

F. Declarant hereby desires to create an association to delegate and assign to the association the power and duties of maintaining and administering the Common Area, and administering and enforcing the covenants and restrictions, and collecting and disbursing the assessments and charges created under this Declaration.

**ARTICLE I
DECLARATION AND SUBMISSION**

Section 1.1 Submission. Declarant hereby declares that the Property shall be held, sold, and conveyed subject to the following covenants, 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 on all parties and heirs, successors, and assigns of parties having any right, title, or interest in all or any part of the Property.

Section 1.2 Common Interest Ownership Act. Additionally, Declarant hereby submits the real estate to the provisions of the Colorado Common Interest Ownership Act, Sections 38-33.3-101, et seq., Colorado Revised Statutes, as it may be amended from time to time (the "Act"). In the event the Act is repealed, the Act, on the effective date of this Declaration, shall remain applicable.

**ARTICLE II
NAME, DIVISION INTO TOWNHOMES**

Section 2.1. Name. The name of the project is Frisco Bay Townhomes, a Planned Community pursuant to the Act.

Section 2.2. Association. The name of the association is The Frisco Bay Townhome Homeowners Association. Declarant has caused to be incorporated under the laws of the State of Colorado the Association as a non-profit corporation with the purpose of exercising the functions as herein set forth.

Section 2.3. Number of Townhomes. The total number of Townhomes in the project is sixteen (16). The Declarant reserves the right to create additional Lots or Townhomes on all or a portion of that particular real property described in Exhibit B attached hereto and incorporated herein by this reference as more fully discussed in Article XIX below.

Section 2.4. Identification of Townhomes. The identification number of each Townhome is shown on the subdivision plat depicting the Property and designated on the Plat of Frisco Bay Townhomes recorded concurrently herewith in the real property records of Summit County, Colorado (the "Plat"). Each Townhome shall include the heating and hot water apparatus exclusively serving the Townhome whether or not located within the boundaries of the Lot. Each Townhome shall also include the garage and other Limited Common Elements designated for exclusive use of the Home.

ARTICLE III DEFINITIONS

Section 3.1. Definitions. The following words when used in this Declaration, unless inconsistent with the context of this Declaration, shall have the following meanings:

A. "Articles" mean the Articles of Incorporation for The Frisco Bay Homeowners Association, currently on file with the Colorado Secretary of State, and any amendments which may be made to those Articles from time to time.

B. "Assessment" means the Assessment levied periodically in monthly installments or as otherwise determined by the Executive Board.

C. "Assessments" means the Annual, Special, and Default Assessments levied pursuant to Article XI below. Assessments are further defined as a Common Expense Liability as defined under the Act.

D. "Association" means The Frisco Bay Homeowners, a Colorado nonprofit corporation, and its successors and assigns.

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

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

G. "Common Area" means all the real property and improvements therein, if any, in which the Association owns an interest for the common use and enjoyment of all of the Owners on a non-exclusive basis including, without limitation those parcels labeled as Common Area on the Plat. Such interest may include, without limitation, estates in fee, for terms of years, or easements. Common Area is further defined as a Common Element under the Act.

H. "Common Expenses" means (i) all expenses expressly declared to be common expenses by this Declaration, or the Bylaws of the Association; (ii) all other expenses of administering, servicing, conserving, managing, maintaining, repairing, or replacing the exterior surfaces and roofs of the Townhomes; (iii) all expenses of maintaining, repairing or replacing all or any part of the Common Area (including but not limited to utility lines serving more than one Owner, lighting, walkways and foot bridges), all common access roads and parking areas within the Property (altogether termed the "Property Roads"), subject to contribution toward such expenses by third parties, as discussed in Section 6.2 below; (iv) all expenses of maintaining, repairing or replacing road, drainage and detention facilities and utility improvements benefitting more than one (1) Owner, including without limitation, the cost of supplying water, sewer, trash removal for all Owners and snow removal for the Common Area, except as set forth in Section 11.5 herein; (v) insurance premiums for the insurance carried under Article IX; and (vi) all expenses lawfully determined to be common expenses by the Executive Board of the Association.

I. "Declarant" means Frisco Bay Townhomes Limited Liability Company, a Colorado limited liability company, and its successors and assigns.

J. "Declaration" means and refers to this Declaration of Covenants, Conditions, Restrictions and Easements for Frisco Bay

K. "Default Assessment" means the Assessments levied by the Association pursuant to Article XI, Section 11.7. below.

L. "Executive Board" means the governing body of the Association elected to perform the obligations of the Association relative to the operation, maintenance, and management of the Property and all improvements on the Property.

M. "Expansion Property" means such additional real property as Declarant shall make subject to the provisions of this Declaration as provided in Article XIX below.

N. "First Mortgage" means any Mortgage which is not subject to any lien or encumbrance except liens for taxes or other liens which are given priority by statute.

O. "First Mortgagee" means any person named as a mortgagee or beneficiary in any First Mortgage, or any successor to be interest of any such person under such First Mortgage.

P. "Home" or "Lot" means a plot of land subject to this Declaration and designated as a "Home" or "Lot" on any subdivision plat of the Property recorded by Declarant in the office of the Clerk and Recorder of Summit County, Colorado, together with all appurtenances and improvements, now or in the future on the Lot. Townhome or Lot is further defined as a Unit as defined under the Act.

Q. "Limited Common Element" means a portion of the Common Elements, designated in this Declaration, or on the Plat, or by the Act, for the exclusive use of one or more but fewer than all of the Lots.

R. "Manager" shall mean a person or entity engaged by the Association to perform certain duties, powers, or functions of the Association, as the Executive Board may authorize from time to time.

S. "Member" shall mean every person or entity who holds membership in the Association.

T. "Mortgage" shall mean any mortgage, deed of trust, or other document pledging any Townhome or interest therein as security for payment of a debt or obligation. Mortgage is further defined as a Security Interest as defined under the Act.

U. "Mortgagee" means any person named as a mortgagee or beneficiary in any Mortgage, or any successor to the interest of any such person under such Mortgage.

V. "Frisco Bay Townhomes" or "Project" shall mean the planned community created by this Declaration, consisting of the Property, the Townhomes, all real property made subject to this Declaration pursuant to Article XIX and any other improvements constructed on the Property and as shown on the Plat.

W. "Owner" means the owner of record, whether one or more persons or entities, of fee simple title to any Home, and "Owner" also includes the purchaser under a contract for deed covering a Home, but excludes those having such interest in a Townhome merely as security for the performance of an obligation, including a Mortgagee, unless and until such person has acquired fee simple title to the Townhome pursuant to foreclosure or other proceedings. Owner is further defined as a Unit Owner as defined under the Act.

X. "Property" means and refers to that certain real Property described on Exhibit A attached to this Declaration.

Y. "Property Conveyed or Leased by Declarant" means any real or personal property which Declarant sells, grants, assigns, conveys or leases to the Association including, but not limited to, buildings, other improvements, roads, trails, utilities, signage, equipment, inventory, furniture, fixtures, fences and lighting. The Association shall be obligated to and shall accept title to, interests in, or rights to use or a lease with respect to any property which may be sold, assigned, granted, conveyed or leased to the Association by Declarant, subject to such reservations, restrictions and conditions as Declarant may reasonably provide, and the provisions of Colorado law and the Act, including C.R.S. 38-33.3-305.

Z. "Special Assessment" means an assessment levied pursuant to Article XI, Section 11.6 below on an irregular basis.

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

Each capitalized term as otherwise defined in this Declaration or in the Plat shall have the same meanings specified or used in the Act.

**ARTICLE IV
MEMBERSHIP AND VOTING RIGHTS; ASSOCIATION OPERATIONS**

Section 4.1. The Association. The business affairs of the project shall be managed by the Association, a Colorado nonprofit corporation. The Association shall be governed by its Bylaws, as amended from time to time. Every Owner of a Townhome shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Home.

Section 4.2 Powers.

A. The Association shall have all of the powers, authority and duties permitted pursuant to the Act necessary and proper to manage the business and affairs of the project.

B. The Association may assign its future income including its rights to receive Common Expense assessments only by the affirmative vote of the Owners to which at least 51 percent of the votes in the Association are allocated, at a meeting called for that purpose.

Section 4.3. Transfer of Membership. An Owner shall not transfer, pledge, or alienate his membership in the Association in any way, except upon the sale or encumbrance of his Townhome and then only to the purchaser or Mortgagee of his Home.

Section 4.4. Class of Membership. The Association shall have one (1) class of voting membership. Members shall be all Owners, who except as otherwise provided for in this Declaration, shall be entitled to vote in Association matters pursuant to this Declaration on the basis of one vote for each Townhome owned. When more than one person holds an interest in any Home, all such persons shall be members. The vote for such Townhome shall be exercised by one person or alternative persons (who may be a tenant of the Owners) appointed by proxy in accordance with the Bylaws. In the absence of a proxy, the vote allocated to the Townhome shall be suspended in the event more than one person or entity seeks to exercise the right to vote on any one matter. Any Owner of a Townhome which is leased may assign his voting right to the tenant, provided that a copy of a proxy appointing the tenant is furnished to the Secretary of the Association prior to any meeting in which the tenant exercises the voting right. In no event shall more than one vote be cast with respect to any one Home.

Section 4.5 Period of Declarant Control. Declarant and any successor of Declarant who takes title to all or part of the Property for the purpose of development and sale of the Property and who is designated as Successor Declarant in a recorded instrument executed by Declarant shall have exclusive power to appoint and remove members of the Executive Board and officers of the Association to the fullest extent permitted by Section 38-33.3-303 of the Colorado Revised Statutes ("C.R.S."). This period of Declarant control shall terminate no later than the earlier of: (1) sixty (60) days after conveyance of 75% of the Townhomes that may be created to Townhome Owners other than Declarant; (2) two (2) years after the last conveyance of a Townhome by the Declarant in the ordinary course of business; or (3) two (2) years after any right to add new Townhomes was last exercised. Declarant may voluntarily surrender the right to appoint and remove officers and members of the Executive Board before termination of the period of Declarant control, but, in that event, the Declarant may require for the duration of the period of Declarant control, that specified actions of the Association or the Executive Board, as described in a recorded instrument by the Declarant, be approved by the Declarant before they become effective.

Section 4.6. Compliance with Association Documents. Each Owner shall abide by and benefit from each provision, covenant, condition, restriction and easement contained in the Association Documents. The obligations, burdens, and benefits of membership in the Association concern the land and shall be covenants running with each Owner's Townhome for the benefit of all other Townhomes and for the benefit of Declarant's adjacent properties.

Section 4.7. Books and Records. The Association shall make available for inspection, upon request, during normal business hours or under other reasonable circumstances, to Owners and to Mortgagees, current copies of the Association Documents and the books, records, and financial statements of the Association prepared pursuant to the Bylaws. The Association may charge a reasonable fee for copying such materials.

Section 4.8. Manager. The Association may employ or contract for the services of a Manager to whom the Executive Board may delegate certain powers, functions, or duties of the Association, as provided in the Bylaws of the Association. The Manager shall not have the authority to make expenditures except upon prior approval and direction by the Executive Board. The Executive Board shall not be liable for any omission or improper exercise by a Manager of any duty, power, or function so delegated by written instrument executed by or on behalf of the Executive Board.

Section 4.9. Implied Rights and Obligations. The Association may exercise any right or privilege expressly granted to the Association in the Association Documents, and every other right or privilege reasonably implied from the existence of any right or privilege given to the Association under the Association Documents or reasonably necessary to effect any such right

or privilege. The Association shall perform all of the duties and obligations expressly imposed upon it by the Association Documents, and every other duty or obligation implied by the express provisions of the Association Documents or necessary to reasonably satisfy any such duty or obligation.

ARTICLE V POWERS OF THE EXECUTIVE BOARD OF THE ASSOCIATION

The Executive Board shall have power to take the following actions:

A. Adopt and publish rules and regulations governing the use of the Common Area, including any recreational facilities which may be constructed on such property and governing the personal conduct of the Members and their guests, and the Association may establish penalties, including, without limitation, the imposition of fines, for the infraction of such rules and regulations;

B. Prohibit the use of the Common Area by a Member, including water and sewer services, or suspend the voting rights of a Member during any period in which such Member is in default on payment of any Assessment levied by the Association, as provided in Article XI. Such rights may also be suspended after notice and hearing for a period not to exceed ninety (90) days for infraction of published 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, and;

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

ARTICLE VI COMMON AREA AND ROADS

Section 6.1. Maintenance of Common Area. The Association shall maintain and keep the Common Area and certain other property in good repair, and the cost of such maintenance shall be funded as provided in Article XI. This maintenance shall include, but shall not be limited to, upkeep, repair and replacement, subject to any insurance then in effect, of all landscaping, walls, gates, fences, signage, irrigation systems, drainage and detention facilities, driveways and improvements, if any, located in the Common Area. In the event the Association does not maintain or repair the Common Area, Declarant shall have the right, but not the obligation, to do so at the expense of the Association.

Section 6.2. Maintenance of Roads. The Association will remain responsible for the maintenance, repair and replacement of said Property Roads, which costs shall be funded as provided in Article XI. In the event the Association does not maintain or repair the Property Roads, Declarant shall have the right, but not the obligation, to do so at the expense of the Association.

Section 6.3. Limited Common Elements. The garages depicted on the Plat are designated as Limited Common Elements.

Section 6.4. Expense Allocation. Any expense associated with the maintenance, repair or replacement of a Limited Common Element which is an appurtenance and common to all Townhomes in the Project shall be assessed as a Common Expense. Any expense associated with the maintenance, repair or replacement of a Limited Common Element which is not appurtenant to all Townhomes shall be assessed equally against the Townhomes to which the Limited Common Element is assigned.

Section 6.5. Allocation of Specified Common Elements. The Executive Board may designate parts of the Common Elements from time to time for use by less than all of the Unit owners or by nonowners for specified periods of time or by only those persons paying fees or satisfying other reasonable conditions for use as may be established by the Executive Board. Any such designation by the Executive Board shall not be a sale or disposition of such portions of the Common Elements.

Section 6.6. Protection of Wetlands, Drainage Facilities and Earth Berms. The portions of the Common Area labeled on the Plat as floodplains, drainage facilities, earth berms, wetlands or within any setback shall not be improved except pursuant to the approved landscaping or site drainage plans, with underground utilities or by an unpaved footpath and bridge. Such areas labeled as floodplains, earth berms, drainage and detention facilities and any other improvements required by the Town of Frisco on an approved site plan for the Project may not be altered without consent of the Town of Frisco and the Executive Board.

**ARTICLE VII
PROPERTY RIGHTS OF OWNERS
AND RESERVATIONS BY DECLARANT**

Section 7.1. Owner's Easement of Enjoyment. Every Owner has a right and easement of enjoyment in and to the Common Area, which shall be appurtenant to and shall pass with the title to every Home, subject to the provisions contained herein.

Section 7.2. Recorded Easements. The Property shall be subject to all easements as shown on any recorded plat affecting the Property and to any other easements of record or of use as of the date of recordation of this Declaration. In addition, the Property is subject to those easements set forth in this Article VII.

Section 7.3. Utility Easements. There is hereby created a general easement 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, gas, telephone, electrical, and cable communications systems. By virtue of this easement, it shall be expressly permissible and proper for the companies providing such services to install and maintain necessary equipment, wires, circuits, and conduits under and over the Property. Such utilities may temporarily be installed above ground during construction, if approved by Declarant.

Section 7.4. Declarant's Rights Incident to Construction. Declarant, for itself and its successors and assigns, hereby reserves an easement for construction, utilities, drainage, ingress and egress over, in, upon, under and across the Common Area, together with the right to store materials on the Common Area, to build and maintain temporary walls, and to make such other use of the Common Area as may be reasonably necessary or incident to any construction on the Townhomes of improvements on the Property or other real property owned by Declarant, or other properties abutting and contiguous to the Property; provided, however, that no such rights shall be exercised by Declarant in a way which unreasonably interfere with the occupancy, use, enjoyment, or access to The Townhomes at Frisco Bay by the Owners or which conflicts with the landscape plan approved by the Town of Frisco. Declarant reserves the right to execute and receive the benefits from any reimbursement agreements pertaining to the main lines on the Common Area. The Association shall maintain all utility lines on the common Area as provided in Section 8.2.

Section 7.5. Reservation of Easements, Exceptions, and Exclusions. 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, permits, or licenses over the Common Area, for purposes including, but not limited to, streets, paths, walkways, drainage, recreation areas, parking areas, conduit installation areas, and to create other reservations, exceptions, and exclusions for the best interests of all the Owners and the Association.

Section 7.6. Easement for Ingress and Egress. Declarant hereby grants as an appurtenance of each Townhome a non-exclusive easement of ingress and egress across the Property Roads as shown on the Plat to each Townhome to assure access from a public road to each Home. The specific means of ingress and egress shall be subject to change as Declarant shall from time to time deem necessary so long as a reasonable means of access is always provided. The Property Roads are designated as private roads and do not necessarily meet requirements of public streets in the Town of Frisco. The Property Roads will not be maintained, plowed, or improved in any way by the Town of Frisco. The Property Roads as depicted on the Plat shall be maintained by the Association, subject to the sharing of expenses with others who may utilize a Property Road, as more fully described in Section 7.7.

Section 7.7. Reservation of Easements Over Common Area, Private Roads and Property Roads. Declarant hereby reserves for itself and its successors and assigns, non-exclusive easements over, under and across all or any part of the Common Area. The easements so reserved by Declarant shall be for the benefit of the property described in Exhibit B hereto, or for such other use or benefit which Declarant may designate in an instrument of record and which is not inconsistent with the use and enjoyment of such areas by the Owners.

The assigns of Declarant, if any, who may be entitled to use these easements reserved by Declarant shall include, without limitation, owners of the Expansion Property, whether the Expansion Property is annexed into the Property and developed as part of The Townhomes at Frisco Bay or developed as a separate and independent project or projects, and owners of lots utilizing any Property Roads for access to and from their lots; provided, however, that any such persons not subject to this Declaration sharing in the use of the Common Area or the Property Roads, if any, pursuant to this Section shall pay to the Association their pro rata share of the operation and maintenance expenses, overhead, repair costs, and a reasonable reserve for replacement of the Common Area or Property Roads so shared. The Association shall use its best efforts to enter into agreements with such persons to pay such sums upon any terms and conditions as the parties deem desirable. The agreements will provide that neither the Association nor the other parties entitled to use the Common Area or the Property Roads as provided above may be exempt from liability for the above-described expenses of such shared areas by abandonment or waiver of the use or enjoyment of such shared areas. The agreements shall determine the pro rata shares of the expenses allocable to

the shared areas by calculating the total expenses and dividing such total by the number of (i) Townhomes within The Townhomes at Frisco Bay and (ii) platted lots or units within the additional property whose owners are entitled to use such shared areas, subject, however, to such additional terms and limitations as the Association may negotiate with such parties.

The Association shall be authorized to contract with any such other owners, homeowner's association or homeowner group entitled to use the shared Common Area or Property Roads to better provide for the sharing of these expenses.

Section 7.8. General Maintenance Easement. An easement is hereby reserved to Declarant, and granted to the Association, and any member of the Executive Board or the Manager, and their respective officers, agents, employees, and assigns, upon, across, over, in, and under the Property and a right to make such use of the Property as may be necessary or appropriate to make emergency repairs or to perform the duties and functions which the Association is obligated or permitted to perform pursuant to the Association Documents, including the right to enter upon any Lot for purpose of performing maintenance to the landscaping or the exterior of any improvement on such Lot, as set forth in Section 8.4 below.

Section 7.9. Association as Attorney-in-Fact. Each Owner, by his acceptance of a deed or other conveyance vesting in him an interest in a Home, does irrevocably constitute and appoint the Association and/or Declarant with full power of substitution as the Owner's name, place and stead to deal with Owner's interest in order to effectuate the rights reserved by Declarant or granted to the Association, as applicable, with full power, right and authorization to execute and deliver any instrument affecting the interest of the Owner and to take any other action which the Association or Declarant may consider necessary or advisable to give effect to the provisions of this Section and this Declaration generally. If requested to do so by the Association or Declarant, each Owner shall execute and deliver a written, acknowledged instrument confirming such appointment. No Owner shall have any rights against the Association or Declarant or any of their officers or directors with respect thereto except in the case of fraud or gross negligence.

Section 7.10. Delegation of Use. Any Owner may delegate his right of enjoyment to the Common Area to the members of his family, his tenants, guests, licensees, and invitees, but only in accordance with and subject to the limitations of the Association Documents.

ARTICLE VIII MAINTENANCE AND LANDSCAPING

Section 8.1. Maintenance and Landscaping of Townhomes.

A. Except for the maintenance obligations assumed by the Association as provided below, each Owner shall be solely responsible for all landscaping, maintenance and repair of his Townhome and of the interior of his residence and interior of garage, including all fixtures, utility lines, glass, decks in the rear part of the Lot and equipment located in, on or upon his Home. Each Owner is required to maintain the Townhome and any Limited Common Elements located thereon in a clean condition of good order and free from trash, and garbage in accordance with the provisions of Article XX. No Owner shall unreasonably damage the value of other Townhomes such as by shoddy upkeep of such Owner's Townhome or any structures located on the Lot.

B. The Association shall maintain the exterior surfaces of all Townhomes and garages, including the roofs but excluding all glass. Exterior maintenance by the Association shall include painting, replacement of trim and caulking and such other services deemed appropriate by the Executive Board. Such maintenance by the Association will be performed on a periodic basis as the Executive Board shall determine with all costs of maintenance paid as set forth in Article XI, Assessments.

C. Utility or service connections, facilities or other utility equipment and property located in, on or upon a Townhome which is used solely to supply a service or utility to such Townhome shall be owned by the Owner of the Townhome using such utility or service, and all expenses and liabilities for repair and maintenance shall be borne solely by the Owner of such Home, who shall have a perpetual easement in and to that part of such other Townhomes containing such property for purposes of maintenance, repair and inspection.

D. No owner shall construct any structure or improvement or make or suffer any structural or design change (including a color scheme change), either permanent or temporary and of any type or nature whatsoever to the exterior of his residence or construct any addition or improvement on his Townhome without first obtaining the prior written consent thereto from the Executive Board and in regard to structural changes, the prior written consent of the Town of Frisco.

Section 8.2. Common Area, Sidewalks and Driveways. The Association shall maintain the Common Area, if any, including but not limited to all walls, gates, fences, landscaping, signage, irrigation systems, if any, and utility lines and facilities providing service to more than one Townhome at such time and in such a manner as the Association shall determine.

Section 8.3. Maintenance Contract. The Association or Executive Board may employ or contract for the services of an individual or maintenance company to perform certain delegated powers, functions, or duties of the Association to maintain the Common Area and other Property Conveyed or Leased by Declarant. The employed individual or maintenance company shall have the authority to make expenditures upon prior approval and direction of the Executive Board. The Executive Board shall not be liable for any omission or improper exercise by the employed individual or management company of any duty, power, or function so delegated by written instrument executed by or on behalf of the Executive Board.

Section 8.4. Owner's Failure to Maintain. In the event that a Townhome and the improvements thereupon are not properly maintained by an Owner, then the Association, after ten (10) days prior written notice to the Owner and with the approval of the Executive Board, shall have the right to enter upon the Townhome to perform such work as is reasonably required to restore the Townhome and the buildings and other improvements thereon to a condition of good order and repair. All costs incurred by the Association in connection with the Owner's obligations performed by the Association shall be reimbursed to the Association by the Owner of the Home, upon demand. All unreimbursed costs shall be a lien upon the Townhome until reimbursement is made. The lien may be enforced in the same manner as a lien for an unpaid assessment levied in accordance with Article XI of this Declaration.

ARTICLE IX INSURANCE AND FIDELITY BONDS

Section 9.1. Authority to Purchase. All insurance policies relating to the Common Area shall be purchased by the Executive Board or its duly authorized agent. The Executive Board, the Manager, and Declarant shall not be liable for failure to obtain any coverages required by this Article IX or for any loss or damage resulting from such failure if such failure is due to the unavailability of such coverages from reputable insurance companies, or if such coverages are available only at demonstrably unreasonable cost. In such event, the Executive Board shall cause notice of such fact to be delivered to all Owners.

Section 9.2. Notice of Owners. The Executive Board shall promptly furnish to each Owner written notice of the procurement of, subsequent change in, or termination of, insurance coverages obtained on behalf of the Association under this Article.

Section 9.3. General Insurance Provisions. All such insurance coverage obtained by the Executive Board shall be governed by the following provisions.

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

B. The deductible amount, if any, on any insurance policy purchased by the Executive Board may be treated as a Common Expense payable from Annual Assessments or Special Assessments, or as an item to be paid from working capital reserves established by the Executive Board; or alternatively, the Executive Board may treat the expense as an assessment against an Owner whose Townhome is specifically affected by the damage or whose negligence or willful act resulted in damage. The Association may enforce payment of any amount due from an individual Owner toward the deductible in accordance with Sections 11.6. and 11.7. below.

C. The insurance coverage described in this Article IX shall be considered minimum coverage and the Association shall be obligated to secure and maintain such other and/or additional coverage as may be required by law, including, without limitation, Section 38-33.3-313 of the Colorado Revised Statutes.

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

Section 9.4. Physical Damage Insurance on Improvements. The Executive Board shall obtain and maintain in full force and effect physical damage insurance on all insurable improvements within the project, if any, in an amount equal to full replacement value (i.e., 100% of the current "replacement cost" exclusive of land, foundation, excavation, and other items normally excluded from coverage). Such insurance shall afford protection against at least the following:

A. Loss or damage caused by fire and other hazards covered by the standard extended endorsement, and caused by debris removal, demolition, vandalism, malicious mischief, windstorm, and water damage;

B. Such other risks as shall customarily be covered with respect to projects similar in construction, location, and use.

Section 9.5. Provisions Common to Physical Damage Insurance.

A. In contracting for the policy or policies of insurance obtained pursuant to Section 9.4. above, the Executive Board shall make reasonable efforts to secure coverage, as the Board deems advisable, which provides the following:

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

(ii) The following endorsements (or equivalent): (i) "cost of demolition;" (ii) "contingent liability from operation of building laws or codes;" (iii) "increased cost of construction;" and (iv) "agreed amount" or elimination of co-insurance clause.

(iii) Periodic appraisals to determine replacement cost, as more fully explained in Section 9.5.B below.

(iv) A provision that no policy may be cancelled, invalidated, or suspended on account of the conduct of any Owner (including such Owner's tenants, servants, agents, invitees, and guests), any member of the Executive Board, officer, or employee of the Association or the Manager without prior demand in writing delivered to the Association to cure the defect and the allowance of a reasonable time thereafter within which the defect may be covered by the Association, the Manager, any owner, or Mortgagee.

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

C. A duplicate original of the policy of physical damage insurance, all renewals thereof, and any subpolicies or certificates and endorsements issued thereunder, together with proof of payment of premiums and any notice issued under Section 9.5.A. (iv) above, shall be delivered by the insurer to any Mortgagee requesting the same, at least thirty (30) days prior to expiration of the then current policy. The Mortgagee of a residence on any Townhome shall be notified promptly of any event giving rise to a claim under such policy arising from damage to such residence.

Section 9.6. Liability Insurance.

A. The Executive Board shall obtain and maintain in full force and effect comprehensive general liability (including libel, slander, false arrest and invasion of privacy coverage) and property damage insurance with such limits as the Executive Board may from time to time determine, insuring each member of the Executive Board, the Manager, each Owner, and the employees of the Association against any liability to the public or to the Owners (and their guests, invitees, tenants, agents and employees) arising out of or incident to the ownership or use of the Common Area or Property Conveyed or Leased by Declarant. Such comprehensive policy of public liability insurance shall also cover contractual liability, liability for non-owned and hired automobiles, and if applicable, bailee's liability, garagekeeper's liability, host liquor liability, employer's liability insurance, and such other risks as shall customarily be covered with respect to projects similar to this project in construction, location, and use.

B. The Executive Board shall review such limits once each year, but in no event shall such insurance be less than \$1,000,000.00 covering all claims for bodily injury or property damage arising out of one occurrence. Reasonable amounts of "umbrella" liability insurance in excess of the primary limits shall also be obtained in an amount not less than \$5,000,000.00.

Section 9.7. Fidelity Insurance. To the extent obtainable at reasonable cost, fidelity bonds shall be maintained by the Association to protect against dishonest acts on the part of its officers, directors, trustees, and employees and on the part of all others who handle or are responsible for handling the funds belonging to or administered by the Association. In addition, if responsibility for handling funds is delegated to a Manager, such bond shall be obtained for the Manager and its officers, employees, and agents, as applicable. Such fidelity coverage shall name the Association as an obligee and shall be written in an amount equal to at least 150% of the estimated annual operating expenses of the Association, including reserves. Such bonds shall contain waivers by the issuers of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees," or similar terms or expressions.

Section 9.8. Provisions Common to Physical Damage Insurance, Liability Insurance, and Fidelity Insurance. Any insurance coverage obtained by the Association under the provisions of this Article IX shall be subject to the following provisions and limitations:

A. The named insured under any such policies shall include Declarant, until all the Townhomes have been conveyed, and the Association, as a trustee for the Owners and their Mortgagees, as their interests may appear, or the authorized representative of the Association (including any trustee with whom the Association may enter into an insurance trust agreement, or any successor trustee, each of which is sometimes referred to in this Declaration as the "Insurance Trustee") who shall have exclusive authority to negotiate losses and receive payments under such policies;

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

C. The policies shall provide that coverage shall not be prejudiced by (i) any act or neglect of any Owner (including an Owner's tenants, servants, agents, invitees, and guests) when such act or neglect is not within the control of the Association, or (ii) any act or neglect or failure of the Association to comply with any warranty or condition with regard to any portion of the Property over which the Association has no control;

D. The policies shall contain the standard mortgagee clause commonly accepted by private institutional mortgage investors in the area in which the Property is located, and provide that coverage may not be cancelled or substantially modified or reduced (including cancellation for non-payment of premium) without at least thirty (30) days' written notice to any Mortgagee who is the beneficiary of a First Mortgage of record against any Home, and all insurers named in the policies;

E. The policies shall contain a waiver of subrogation by the insurer as to any and all claims against Declarant, the Executive Board, the Association, the Manager, and any Owner or their respective agents, employees, or tenants, and in the case of Owners, members of their households; and of any defenses based upon co-insurance or upon invalidity arising from the acts of the insured; and

F. All policies shall be written with a company licensed to do business in Colorado and holding a rating of B/VI or better in the financial category as established by A.M. Best Company, Inc., if reasonably available, or, if not reasonably available, the most nearly equivalent rating.

Section 9.9. Personal Liability Insurance of Officers and Directors. To the extent obtainable at reasonable cost, appropriate personal liability insurance shall be maintained by the Association to protect the officers and directors from personal liability in relation to their duties and responsibilities in acting as such officers and directors on behalf of the Association.

Section 9.10. Workmen's Compensation Insurance. The Executive Board shall obtain workmen's compensation or similar insurance with respect to its employees, if applicable, in the amounts and forms as may now or hereafter be required by law.

Section 9.11. Other Insurance. The Executive Board may obtain insurance against such other risks of a similar or dissimilar nature as it shall deem appropriate with respect to the Association's responsibilities and duties.

Section 9.12. Insurance Obtained by Owners. Each Owner may obtain physical damage and liability insurance for such Owner's benefit, at such Owner's expense, covering the Owner's Townhome and improvements, personal property and personal liability (except to the extent any such Townhome is encumbered by an easement conveyed to the Association as Common Area). In addition, an Owner may obtain such other and additional insurance coverage on the Townhome as such Owner in the Owner's sole discretion shall conclude to be desirable; provided, however, that none of such insurance coverage obtained by the Owner shall operate to decrease the amount which the Executive Board, on behalf of all Owners, may realize under any policy maintained by the Board or otherwise affect any insurance coverage obtained by the Association or cause the diminution or termination of that insurance coverage. Any insurance obtained by an Owner shall include a provision waiving the particular insurance company's right of subrogation against the Association and other Owners, including Declarant, should Declarant be the Owner of any Home. No Owner shall obtain separate insurance policies on the Common Area.

The Executive Board may require an Owner who purchases insurance coverage for the Owner's Townhome (other than coverage for the Owner's personal property) to file copies of such policies with the Association within thirty (30) days after purchase of the coverage to eliminate potential conflicts with any master policy carried by the Association.

**ARTICLE X
INCIDENTS OF OWNERSHIP**

Section 10.1. Inseparability. Every gift, devise, bequest, transfer, encumbrance, conveyance, or other disposition of a Townhome and improvements thereon shall be presumed to be a gift, devise, bequest, transfer, encumbrance, or conveyance respectively of the entire Home, including each easement, license, and all other appurtenant rights created by this Declaration.

Section 10.2. No Partition. The Common Area shall be owned by the Association, and no Owner, group of Owners or the Association shall bring any action for partition or division of the Common Area.

Section 10.3. Residential Use/Declarant's Use. A Townhome may be used for residential purposes only. The improvements on the Townhome may be used for permanent or short-term occupancy by its Owner, its family, servants, agents, guests, invitees, and tenants, and such Owner shall be allowed to rent or arrange for rental of its improvements for any length of time equal to or greater than thirty (30) days, except that such improvements may not be used as a retail or commercial office or for any other commercial purpose. Notwithstanding the foregoing, Declarant is authorized to maintain a sales office or property management office in any unsold Townhome or on the Common Area in a location agreed upon by the Town of Frisco, as well as other facilities (including signage and model) which, in the sole opinion of Declarant, may be reasonably necessary, convenient or incidental for constructing sales or property management purposes. Any office located on a Lot shall not be deemed to designate such office or Townhome as part of the Common Area.

Section 10.4. Vehicles and Miscellaneous Equipment. No automobile, truck, pickup, camper, motorbike or motorcycle, trail bike, trailer, mobile home, recreation vehicle, tractor, snowmobile, or any other vehicle of any type, except bicycles (in any case, "Vehicles"), or garden and maintenance equipment shall be parked, stored or operated upon the Property, except as provided below.

Licensed automobiles shall only be parked upon the exterior parking spaces or within any garage depicted on the Plat. Vehicles and garden and maintenance equipment may be stored in a garage or upon the Lots. However, at all times there shall be sufficient space within a garage to park one motor vehicle. Campers or motor homes may be parked on the designated parking spaces on a temporary basis as determined by the Executive Board.

**ARTICLE XI
ASSESSMENTS**

Section 11.1. Obligation. Declarant, for each Townhome owned by Declarant, covenants, and each Owner, by accepting a deed for a Home, is deemed to covenant to pay to the Association (1) the Annual Assessments imposed by the Executive Board as necessary to meet the Common Expenses of maintenance, operation, and management of the Common Area and to perform the functions of the Association; (2) Special Assessments for capital improvements and other purposes as stated in this Declaration, if permitted by law; and (3) Default Assessments which may be assessed against a Townhome for the Owner's failure to perform an obligation under the Association Documents or because the Association has incurred an expense on behalf of the Owner under the Association Documents.

Section 11.2. Purpose of Assessments. The Assessments shall be used exclusively to promote the health, safety and welfare of the Owners and occupants, and for the improvement and maintenance of the Common Area and exterior surfaces and roofs of all Townhomes and garages, all as more fully set forth in this Article below.

Section 11.3. Budget. Within thirty (30) days after the adoption of any proposed budget for the Association, the Executive Board shall mail, by ordinary first class mail, or otherwise deliver a summary of the budget to all the Owners and shall set a date for a meeting of the Owners to consider ratification of the budget not less than fourteen (14) nor more than sixty (60) days after mailing or other delivery of the summary. Unless at that meeting a majority of all Owners reject the budget, the budget is ratified, whether or not a quorum is present. In the event that the proposed budget is rejected, the periodic budget last ratified by the Owners must be continued until such time as the Owners ratify a subsequent budget proposed by the Executive Board.

Section 11.4. Periodic Assessments. Assessments for Common Expenses made shall be based upon the estimated cash requirements as the Executive Board shall from time to time determine to be paid by all of the Owners, subject to Section 11.3. above. Estimated Common Expenses shall include, but shall not be limited to the cost of routine maintenance and operation of the Common Area; expenses of management; taxes and special governmental assessments pertaining to the Common Area and insurance premiums for insurance coverage as deemed desirable or necessary by the Association; landscaping, care of grounds and improvements within the Common Area; routine repairs and renovations within the Common Area; wages; water, sewer and utility charges for the project; legal and accounting fees; management fees; expenses and liabilities incurred by the Association under or by reason of this Declaration; payment of any default remaining from a previous assessment period; and

the creation of a reasonable contingency or other reserve or surplus fund in an amount not less than ten percent (10%) of total Common Expenses for general, routine maintenance, repairs, and replacement of improvements within the Common Area, on a periodic basis, as needed.

Assessments shall be payable on a prorated basis each in advance due on the first day of each month, or in such other periods as the Executive Board may determine. The omission or failure of the 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 Association shall have the right, but not the obligation, to make prorated refunds of any Annual Assessments in excess of the actual expenses incurred in any fiscal year.

Section 11.5. Apportionment of Assessments. Each Owner shall be responsible for that Owner's share of the Common Expenses which shall be divided equally among the Owners, subject to the following exceptions. Any extraordinary maintenance, repair or restoration work on fewer than all of the Townhomes shall be borne by the Owners of those affected Townhomes only. Any extraordinary insurance costs incurred as a result of the value of a particular Owner's residence or the actions of a particular Owner (or his agents, servants, guests, tenants, or invitees) shall be borne by that Owner. Any Common Expense caused by the misconduct of any Owner shall be assessed solely against such Owner's Home.

Section 11.6. Special Assessments. In addition to the Annual Assessments authorized by this Article, the Association may levy in any fiscal year one or more Special Assessments, if permitted by applicable law, payable over such a period as the Association may determine, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of improvements within the project or for any other expense incurred or to be incurred as provided in this Declaration. This Section 11.6. shall not be construed as an independent source of authority for the Association to incur expense, but shall be construed to prescribe the manner of assessing expenses authorized by other sections of this Declaration, and in acting under this Section, the Association shall make specific references to this Section. Any amounts assessed pursuant to this Section shall be assessed to Owners in the same proportion as provided for Assessments in Section 11.5. Notice in writing in the amount of such Special Assessments and the time for payment of the Special Assessments shall be given promptly to the owners, and no payment shall be due less than thirty (30) days after such notice shall have been given.

Section 11.7. Default Assessments. All monetary fines assessed against an Owner pursuant to the Association Documents, or any expense of the Association which is the obligation of an Owner or which is incurred by the Association on behalf of the Owner pursuant to the Association Documents, shall be a Default Assessment and shall become a lien against such Owner's Townhome which may be foreclosed or otherwise collected as provided in this Declaration. Notice of the amount and due date of such Default Assessment shall be sent to the Owner subject to such Assessment at least ten (10) days prior to the due date.

Section 11.8. Effect of Nonpayment; Assessment Lien. Any Assessment installment, whether pertaining to any periodic, Special, or Default Assessment, which is not paid within thirty (30) days after its due date shall be delinquent. If an Assessment installment becomes delinquent, the Association, in its sole discretion, may take any or all of the following actions:

- A. Assess a late charge for each delinquency in such amount as the Association deems appropriate;
- B. Assess an interest charge from the date of delinquency at the yearly rate of fifteen (15%) percent, or such other rate as the Executive board may establish, not to exceed twenty-one percent (21%) per annum;
- C. Suspend the voting rights of the Owner during any period of delinquency;
- D. Disconnect any utility service to the Townhome of a delinquent Owner;
- E. Accelerate all remaining Assessment installments so that unpaid Assessments for the remainder of the fiscal year shall be due and payable at once;
- F. Bring an action at law against any Owner personally obligated to pay the delinquent Assessments; and
- G. File a statement of lien with respect to the Townhome and proceed with foreclosure as set forth in more detail below.

Assessments chargeable to any Townhome shall constitute a lien on such Home, including any improvements on the Home. To evidence the lien created under this Section, the Association may, but shall not be required to, prepare a written notice setting forth (i) the address of the Association, (ii) the amount of such unpaid indebtedness, (iii) the amount of accrued penalty on the indebtedness, (iv) the name of the Owner of the Home, and (v) a description of the Home. The notice shall be signed and acknowledged by the President or a Vice-President of the Association or by the Manager, and the Association shall serve the notice upon the Owner by mail to the address of the Townhome or to such other address as the Association may have

in its files for such Owner. At least ten (10) days after the Association mails the Owner such a notice, the Association may record the same in the office of the Clerk and Recorder of Summit County, Colorado. Such lien for Assessments shall attach from the due date of the Assessment. Thirty (30) days following the date the Association mails the notice, the Association may institute foreclosure proceedings against the defaulting Owner's Townhome in the manner for foreclosing a mortgage on real property under the laws of the State of Colorado. In the event of any such foreclosure, the Owner shall be liable for the amount of unpaid Assessments, any penalties and interest thereon, the cost and expenses of such proceedings, the cost and expenses for filing the notice of the claim and lien, and all reasonable attorney's fees incurred in connection with the enforcement of the lien. The Association shall have the power to bid on a Townhome at foreclosure sale and to acquire and hold, lease, mortgage, and convey the same.

Section 11.9. Personal Obligation. The amount of any Assessment chargeable against any Townhome shall be a personal and individual debt of the Owner of same. No Owner may exempt himself from liability for the Assessment by abandonment of his Townhome or by waiver of the use or enjoyment of all or any part of the Common Area. Suit to recover a money judgment for unpaid Assessments, any penalties and interest, thereon, the cost and expenses of such proceedings, and all reasonable attorney's fees in connection therewith shall be maintainable without foreclosing or waiving the Assessment lien provided in this Declaration.

Section 11.10. Successor's Liability for Assessment. In addition to the personal obligation of each Owner to pay all Assessments and the Association's perpetual lien for such Assessments, all successors to the fee simple title of a Home, except as provided in Section 11.13. below, shall be jointly and severally liable with the prior Owner or owners thereof for any and all unpaid Assessments, interest, late charges, costs, expenses, and attorney's fees against such Townhome without prejudice to such successor's right to recover from any prior Owner any amounts paid by such successor. This liability of a successor shall not be personal and shall terminate upon termination of such successor's fee simple interest in the Home. In addition, such successor shall be entitled to rely on the statement of status of Assessments by or on behalf of the Association under Section 11.12. below.

Section 11.11. Subordination of Lien. The lien of the Assessments provided for in this Declaration shall be subordinate to (a) the lien of real estate taxes and special governmental assessments, (b) liens and encumbrances recorded prior to the recordation of the Declaration, and (c) liens for all sums unpaid for a first mortgage of record, recorded before the date on which the assessment sought to be enforced became delinquent, subject to the prioritized portion of the Assessments and reasonable attorney's fees noted by the Act. The lien of the Assessments shall be superior to and prior to any homestead exemption provided now or in the future by the laws of the State of Colorado. A transfer of any Townhome shall not affect the Association's lien except that sale or transfer of any Townhome pursuant to foreclosure of any first mortgage, or any proceeding in lieu thereof, or cancellation or forfeiture shall only extinguish the Association's liens as provided in the Act. The amount of such extinguished lien may be reallocated and assessed to all Townhomes as a Common Expense at the direction of the Executive Board. No sale or transfer shall relieve the purchaser or transferee of a Townhome from liability for, or the Townhome from the lien of, any Assessments made after the sale or transfer.

Section 11.12. Statement of Status of Assessment Payment. The Association shall furnish to an Owner or such Owner's designee or to a holder of a security interest or its designee upon written request, delivered personally or by certified mail, first-class postage prepaid, return receipt, to the Association's registered agent, a statement setting forth the amount of unpaid assessments currently levied against such Owner's Home. The statement shall be furnished within fourteen business days after receipt of the request and is binding on the Association, the Executive Board and every Owner. If no statement is furnished to the Owner or holder of a security interest or their designee, delivered personally or by certified mail, first-class postage prepaid, return receipt requested, to the inquiring party, the Association shall have no right to assert a priority lien upon the Townhome for unpaid assessments which were due as of the date of the request.

Section 11.13. Transfers to Reserve Fund Upon Sale. Each Seller of a Home, including Declarant, shall contribute to the working capital and the reserves of the Association an amount equal to the amount of the Assessments then in effect for a period of one month upon the transfer of record title to a Home.

ARTICLE XII ASSOCIATION AS ATTORNEY-IN-FACT

Each Owner hereby irrevocably appoints the Association as the Owner's true and lawful attorney-in-fact for the purpose of dealing with any improvements covered by insurance written in the name of the Association pursuant to Article IX upon their damage or destruction as provided in Article XIII, or a complete or partial taking as provided in Article XIV below. Acceptance by a grantee of a deed or other instrument of conveyance from Declarant or any other Owner conveying any portion of the Property shall constitute appointment of the Association as the grantee's attorney-in-fact, and the Association shall have full authorization, right, and power to make, execute, and deliver any contract, assignment, deed, waiver, or other instrument with

respect to the interest of any owner which may be necessary to exercise the powers granted to the Association as attorney-in-fact.

ARTICLE XIII DAMAGE OR DESTRUCTION

Section 13.1. The Role of the Executive Board. Except as provided in Section 13.6, in the event of damage to or destruction of all or part of any Common Area Improvement, or other property covered by insurance written in the name of the Association under Article IX, the Executive Board shall arrange for and supervise the prompt repair and restoration of the damaged property (the property insured by the Association pursuant to Article IX is sometimes referred to as the "Association-Insured Property").

Section 13.2. Estimate of Damages or Destruction. As soon as practicable after an event causing damage to or destruction of any part of the Association-Insured Property, the Executive Board shall, unless such damage or destruction shall be minor, obtain an estimate or estimates that it deems reliable and complete of the costs of repair and reconstruction. "Repair and reconstruction" as used in Article XIII shall mean restoring the damaged or destroyed improvements to substantially the same condition in which they existed prior to the damage or destruction. Such costs may also include professional fees and premiums for such bonds as the Executive Board or the Insurance Trustee, if any, determines to be necessary.

Section 13.3. Repair and Reconstruction. As soon as practical after the damage occurs and any required estimates have been obtained, the Association shall diligently pursue to completion the repair and reconstruction of the damaged or destroyed Association-Insured Property. As attorney-in-fact for the Owners, the Association may take any and all necessary or appropriate action to effect repair and reconstruction of any damage to the Association-Insured Property, and no consent or other action by any Owner shall be necessary. Assessments of the Association shall not be abated during the period of insurance adjustments and repair and reconstruction.

Section 13.4. Funds for Repair and Reconstruction. The proceeds received by the Association from any hazard insurance carried by the Association shall be used for the purpose of repair, replacement, and reconstruction of the Association-Insured Property.

If the proceeds of the Association's insurance are insufficient to pay the estimated or actual cost of such repair, replacement, or reconstruction, or if upon completion of such work the insurance proceeds for the payment of such work are insufficient, the Association may, pursuant to Article XI, Section 11.6, but subject to applicable law, levy, assess, and collect in advance from the Owners, without the necessity of a special vote of the Owners, a Special Assessment sufficient to provide funds to pay such estimated or actual costs of repair and reconstruction. Further levies may be made in like manner if the amounts collected prove insufficient to complete the repair, replacement, or reconstruction.

Section 13.5. Disbursement of Funds for Repair and Reconstruction. The insurance proceeds held by the Association and the amounts received from the Special Assessments provided for above, constitute a fund for the payment of the costs of repair and reconstruction after casualty. It shall be deemed that the first money disbursed in payment for the costs of repair and reconstruction shall be made from insurance proceeds, and the balance from the Special Assessments. If there is a balance remaining after payment of all costs of such repair and reconstruction, such balance shall be distributed to the Owners in proportion to the contributions each Owner made as Special Assessments, then in equal shares per Home, first to the Mortgagees and then to the Owners, as their interests appear.

Section 13.6. Decision Not to Rebuild Common Area. If Owners representing at least 80% of the total allocated votes in the Association (other than Declarant) and 51% of the Mortgagees holding First Mortgages (based on one (1) vote for each Mortgage which encumbers a Home) and all directly adversely affected Owners agree in writing not to repair and reconstruct improvements within the Common Area and if no alternative improvements are authorized, then and in that event the damaged property shall be restored to its natural state and maintained as an undeveloped portion of the Common Area by the Association in a neat and attractive condition. Any remaining insurance proceeds shall be distributed in accordance with applicable law.

ARTICLE XIV CONDEMNATION

Section 14.1. Rights of Owners. Whenever all or any part of the Common Area shall be taken by any authority having power of condemnation or eminent domain or whenever all or any part of the Common Area is conveyed in lieu of a taking under threat of condemnation by the Executive Board acting as attorney-in-fact for all owners under instructions from any authority having the power of condemnation or eminent domain, each Owner shall be entitled to notice of the taking or conveying. The Association shall act as attorney-in-fact for all Owners in the proceedings incident to the condemnation proceeding, unless otherwise prohibited by law.

Section 14.2. Partial Condemnation, Distribution of Award, Reconstruction. The award made for such taking shall be payable to the Association as trustee for those Owners for whom use of the Common Area was conveyed, and the award shall be disbursed as follows:

If the taking involves a portion of portion of the Common Area on which improvements have been constructed, then, unless within sixty (60) days after such taking Declarant and Owners who represent at least 67% of the votes of all of the Owners shall otherwise agree, the Association shall restore or replace such improvements so taken on the remaining land included in the Common Area to the extent lands are available for such restoration or replacement in accordance with plans approved by the Executive Board and the Executive Board. If such improvements are to be repaired or restored, the provisions in Article XIII above regarding the disbursement of funds in respect to casualty damage or destruction which is to be repaired shall apply. If the taking does not involve any improvements on the Common Area, or if there is a decision made not to repair or restore, or if there are net funds remaining after any such restoration or replacement is completed, then such award or net funds shall be distributed in equal shares per Townhome among the Owners, first to the Mortgagees, if any, and then to the Owners, as their interests appear.

Section 14.3. Complete Condemnation. If all of the Property is taken, condemned, sold, or otherwise disposed of in lieu of or in avoidance of condemnation, then the regime created by this Declaration shall terminate, and the portion of the condemnation award attributable to the Common Area shall be distributed as provided in Article XIII, Section 13.5. above.

ARTICLE XV ARCHITECTURAL REVIEW

Section 15.1. Approval Required. No alteration of any Townhome nor any building, house, corral, outbuilding, shed, tree house, pen, doghouse, pool, hot tub, spa, porch, patio, gazebo, excavation, landscaping, pit, cave, tunnel, bridge, dog run, fence, wall, or any other structure of any kind shall be commenced, erected, or maintained upon the Property, nor shall any exterior addition, change, or alteration to any part of the Property be made until satisfactory and complete plans and specifications showing the design, nature, kind, shape, height, materials and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures, topography, and natural surroundings by the Executive Board. However, improvements and alterations which are completely within a building may be undertaken without such approval. Approval by the Executive board is in addition to and not in lieu of Town of Frisco and other building code requirements.

Section 15.2. Rules. The Executive Board may make such rules and regulations as it deems appropriate to govern its proceedings. These rules and regulations may include submission requirements concerning the type of information, reports, plans and specifications and the like which need to be submitted with any application, site specific limitations or restrictions for each Home, and may also include guidelines governing the development of each Home. Such rules and regulations shall be adopted, amended or replaced by affirmative vote of a majority of the Executive Board.

Section 15.3. Expert Consultation. The Executive Board may avail itself of such technical and professional advice and consultants as it deems appropriate.

Section 15.4. Expenses. The Executive Board may charge a fee for each application submitted to it for review, to help defray the expenses of operations.

Section 15.5. Design Standards and Procedures. The Executive Board may adopt, establish, and publish from time to time, Design Standards and Procedures for the property, which may be modified or amended from time to time.

Section 15.6. Contractor Suitability. The Executive Board may deny the choice by Declarant or any other Owner of any construction contractor for any construction of any kind on any Home. The grounds for such disapproval shall be limited to the following: (1) a reasonable belief that the contractor is not financially responsible; (2) non-conformance by the contractor with approved plans when previously undertaking construction work on a Home; and (3) failure by the contractor to obtain or maintain appropriate licensing by Summit County, Colorado. This Declaration establishes no duty upon the Executive Board to investigate the financial responsibility of construction contractors or the performance by the contractor of construction work, and this Declaration vests no rights in Declarant, the other Owners, any contractor, or other third party as against the Executive Board or the Association with respect to approval or disapproval of construction contractors.

Section 15.7. Limitation of Liability. The Executive Board shall use reasonable judgment in accepting or denying plans and specifications submitted to it. Neither the Executive Board nor any of its individual members shall be liable to any person for any official act of the Executive Board in connection with submitted plans and specifications, except to the extent the Executive Board or any of its individual members acted with malice or wrongful intent. Approval by the Executive Board does not necessarily assure approval by the appropriate governmental board or commission for the Town of Frisco, Colorado.

Notwithstanding that the Executive Board has approved plans and specifications, neither it nor any of its member shall be responsible for or liable to any Owner, developer or contractor with respect to any loss, liability, claim or expense which may arise by reason of such approval. Neither Declarant, nor any of its employees, agents or consultants shall be responsible in any way for any defects in any plans and specifications submitted, reviewed or approved in accordance with the provisions hereof, or for any structural or other defects in any work done in accordance with such plans and specifications.

Section 15.8. Failure to Act. If the Executive Board fails to approve or deny either plans or specifications or the construction contract submitted to it within thirty (30) days of said submission approval shall not be required and the required approval process shall be deemed to have been fully complied with.

Section 15.9. Enforcement. Noncompliance with any provision of this Article XV shall, without limiting any other remedy which the Executive Board or any other person or entity may possess, be grounds for injunctive relief, each Owner or other person constructing improvements upon the Property hereby waiving the posting of a bond upon entry of such injunction. All attorneys fees and costs incurred by the Executive Board or such other person or entity in a suit to enforce the terms of this Article shall, if the Executive Board or such other person or entity prevails in such action, be recoverable from the losing party.

Section 15.10. Inspection and Compliance. The Executive Board shall have no duty or obligation to make inspections of any construction; however, nothing herein shall prevent the Executive Board from making inspections prior to or after completion. Upon the completion of any work for which approved plans and specifications are required, the Owner shall give written notice of completion to the Executive Board. Within thirty (30) days after receipt of such notice, the Executive Board may inspect the work to determine its compliance with the approved plans. If the Executive Board finds that the work was not done in substantial compliance with the approved plans or any construction or change in natural conditions on any Townhome was undertaken without first obtaining approval from the Executive Board, written notice shall be sent by the Executive Board to such Owner specifying the noncompliance and requiring the Owner to cure such noncompliance within thirty (30) days or any extension thereof granted. If the Owner fails to cure the noncompliance or to enter into an agreement to cure same on a basis satisfactory to the Executive Board within said thirty (30) day period or any extension thereof as may be granted, the Executive Board may, at its option, cause the noncomplying improvement to be removed or the noncompliance to be cured. Upon demand, the Owner shall reimburse the Association for all costs and expenses incurred by the Executive Board in taking corrective action, plus all costs incurred in collecting amounts due, including reasonable attorney's fees and costs and any amounts not paid which may, without waiver of any other right or remedy, be collected as an Assessment lien. The Owner shall be personally liable for all such costs and expenses, and the Association shall also have a lien against the noncomplying Townhome for the amount of all such costs and expenses. Such lien may be enforced in the same manner as a lien for an unpaid assessment levied in accordance with Article XI of this Declaration. Notwithstanding any other provision hereof, the Executive Board shall not be responsible for: (a) determining that any construction or construction documents conform to applicable building codes, zoning or other land use regulations, (b) for the accuracy or content of any construction documents or specifications prepared by any architect, engineer or any other person, (c) construction means, methods, techniques, sequences or procedures, safety precautions or subsequent loss, damage or failures due to soil or any other natural or man-made conditions that may exist, or (d) any failure to carry out any construction in accordance with plans or specifications.

ARTICLE XVI MORTGAGEE'S RIGHTS

The following provisions are for the benefit of holders, insurers, or guarantors of First Mortgage on Townhomes. to the extent applicable, necessary, or proper, the provisions of this Article XVI apply to this Declaration and also to the Articles and Bylaws of the Association.

Section 16.1. Approval Requirements. Unless at least 51% of the Mortgagees holding First Mortgages against any portion of the property (based on one vote for each Mortgage owned), and at least 67% of the Owners (other than Declarant) have given their prior written approval, the Association shall not be entitled to:

A. By act or omission seek to abandon, partition, subdivide, sell, or transfer all or part of the Common Area (provided, however that the granting of easements for public utilities or for other public purposes consistent with the intended use of such 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.

Section 16.2. Right to Pay Taxes and Charges. Mortgagees who hold First Mortgages against Townhomes may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against any 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 Common Area, and Mortgagees making such payments shall be owed immediate reimbursement therefor from the Association.

**ARTICLE XVII
DURATION OF COVENANTS AND AMENDMENT**

Section 17.1. Term. The covenants and restrictions of this Declaration shall run with and bind the land until January 1, 2013, after which time they shall be automatically extended for successive periods of time of ten (10) years each, subject to the following provisions.

Section 17.2. Amendment. This Declaration, or any provision of it, may be amended at any time by an instrument signed by Owners holding not less than 67% of the votes possible to be cast under this Declaration and signed by Declarant (during the period of Declarant control as further described in Section 4.4 herein) and at least 51% of the Mortgagees holding First Mortgages against any portion of the Property (based on one vote for each Mortgage owned). Any amendment must be executed by the President of the Association and recorded, and approval of such amendment may be shown by attaching a certificate of the Secretary of the Association to the recorded instrument certifying that signatures of a sufficient number of Owners approving the amendment are on file in the office of the Association.

Section 17.3. When Modifications Permitted. Notwithstanding the provisions of Section 17.2. above or Section 17.4. below, no termination, extension, modification, or amendment of this Declaration made prior to the termination of Declarant control shall be effective unless the prior written approval of Declarant is first obtained.

Section 17.4. Revocation. This Declaration shall not be revoked, except as provided in Article XIV regarding total condemnation, without the consent of all of the Owners evidenced by a written instrument duly recorded.

**ARTICLE XVIII
RESTRICTION ON TIMESHARING**

No Owner of any Townhome shall offer or sell any interest in such Townhome under a "timesharing" or "interval ownership" plan, or any similar plan without the specific prior written approval of the Association and Declarant (during the period of Declarant control as further described in Section 4.4 herein).

**ARTICLE XIX
EXPANSION AND DEVELOPMENT RIGHTS**

Section 19.1. Expansion Rights. Declarant expressly reserves the right to subject all or any part of Tract A, as depicted on the Plat and described in Exhibit B, hereto to the provisions of this Declaration (the "Expansion Property"). The consent of the existing Owners or Mortgagees shall not be required for any such expansion, and Declarant may proceed with such expansion without limitation at its sole option. Owners and Mortgagees hereby agree not to oppose any proposed rezoning and/or replatting to allow up to forty (40) Units on the Expansion Property.

Section 19.2. Development and Withdrawal Rights. Declarant expressly reserves the right to increase the number of Townhomes and the Common Area (the "Expansion Property Improvements") on all or any portion of the Expansion Property. Declarant may exercise such rights for expansion on all or any portion of the Expansion Property in whatever order of development Declarant, in its sole discretion, determines. If all or any part of the Expansion Property is submitted to this Declaration, this right to reserve property for future development shall apply to such property as well. Declarant expressly reserves the right to withdraw all or any portion of the property that is reserved for future development in the Declaration or on the Plat by recording a document evidencing such withdrawal in the office of the Clerk and Recorder of Summit County; provided, however, that no portion of the Property may be withdrawn after a Townhome in that portion of the Property has been conveyed to a Purchaser. The property withdrawn from the Property shall be subject to whatever easements, if any, are reasonably necessary for access to or operation of the project. Declarant shall prepare and record in the office of the Clerk and Recorder of Summit County whatever documents are necessary to evidence such easements.

Section 19.3. Amendment of the Declaration. If Declarant elects to submit the Expansion Property, or any part thereof, to this Declaration, Declarant shall record an Amendment to the Declaration. The Amendment to the Declaration shall contain at a minimum the legal description of the Expansion Property, or a part thereof, or a description of the property on which the Townhomes and/or Common Area being submitted to this Declaration are located.

Section 19.4. Amendment of the Plat. Declarant shall, contemporaneously with the Amendment of the Declaration, file an Amendment of the Plat showing the location of the additional Townhomes and Common Area. The Amendment to the Plat shall substantially conform to the requirements contained in this Declaration.

Section 19.5. Interpretation. Recording of amendments to the Declaration and Plat in the office of the Clerk and Recorder of Summit County shall automatically:

- (i) Vest in each existing Townhome Owner any additional rights or interest appurtenant to his/her Home;
and
- (ii) Vest in each existing Mortgagee a perfected security interest in the additional rights or interest appurtenant to the encumbered Home.

Upon the recording of an Amendment to the Declaration, the definitions used in this Declaration shall automatically be extended to encompass and to refer to the Property, as expanded. The Expansion Property, or any part hereof, shall be added to and become a part of the Property for all purposes. All conveyances of Townhomes after such expansion shall be effective to transfer rights in the Common Area as expanded, whether or not reference is made to any Amendment to the Declaration of Plat. Reference to the Declaration and Plat in any instrument shall be deemed to include all Amendments to the Declaration and Plat without specific reference thereto.

Section 19.6. Maximum Number of Townhomes. The maximum number of Townhomes in the project shall not exceed one hundred (100) Townhomes or the maximum number of lots allowed by any governmental entity having jurisdiction over the Property, pursuant to any development plan for the Property and the Expansion Property. Declarant shall not be obligated to expand the project beyond the number of Townhomes initially submitted to this Declaration. However, the maximum number of Townhomes permitted in Filing No. 1 of the Project shall be sixteen (16) and the maximum number of Townhomes permitted on Expansion Property shall be forty (40) unless approval for additional units is obtained pursuant to the Town Code of Frisco.

Section 19.7. Construction Easement. Declarant expressly reserves the right to perform any work, repairs and construction work, and to store materials in secure areas, on the Townhomes and on the Common Area and the future right to control such work and repairs, and the right to access thereto, until its completion. All work may be performed by Declarant without the consent or approval of any Owner or Mortgagee. Declarant has such an easement 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 easement includes the right to construct underground utility lines, pipes, wires, ducts, conduits, and other facilities across the land not designated as reserved for future development in the Declaration or on the Plat for the purpose of furnishing utility and other services to the property so reserved for future development. Declarant's reserved construction easement includes the right to grant easements to public utility companies and to convey improvements within those easements anywhere in the Common Area not occupied by an improvement, if any. If Declarant grants any such easements, Exhibit A to the Declaration will be amended to include reference to the recorded easement.

Section 19.8. Reciprocal Easements. If all or part of the Expansion Property is not submitted to this Declaration; or if property is withdrawn from the Property ("Withdrawn Property"):

- (i) the Lot or Townhome Owner (s) of the Property and/or Withdrawn Property shall have whatever easements are necessary or desirable, if any, for access, utility service, repair, maintenance and emergencies over and across the Property; and
- (ii) the Lot or Townhome owner(s) in the Expansion Property shall have whatever easements are necessary or desirable, if any, for access, utility service, repair, maintenance and emergencies over and across the Property and Withdrawn Property.

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

Section 19.9. Termination of Expansion and Development Rights. The rights reserved to the Declarant for itself, its successors and assigns for the expansion and development of the Expansion Property ("Expansion and Development Rights"), shall expire ten (10) years from the date of recording this Declaration, unless the expansion and development rights are (i) extended as allowed by law or (ii) reinstated or extended by the Association, subject to whatever terms, conditions, and limitations the Executive Board may impose on the subsequent exercise of the expansion and development rights by Declarant.

Section 19.10. Transfer of Expansion and Development Rights. The Expansion and Development Rights created or reserved under this Article for the benefit of Declarant may be transferred to any person by instrument describing the rights transferred and recorded in every county in which any portion of the Project is located. Such instrument shall be executed by the transferor Declarant and the transferee.

**ARTICLE XX
PROTECTIVE COVENANTS**

Section 20.1. Improvements Prohibited. No used or second-hand structure, no building of a temporary character, no mobile home, house trailer, tent, shack, or outbuilding shall be placed or used on the Property, either temporarily or permanently; except those items which are necessary for construction.

Section 20.2. Signs. No signs, billboards, posterboards, or advertising structure of any kind, including, but not limited to "For Sale", "For Rent", or similar real estate signs, shall be erected or maintained for any purpose whatsoever except such signs as have been approved by the Executive Board pursuant to its regulations. Any signs which are permitted under the foregoing restrictions shall be erected or maintained on the Property only with the prior written approval of the Executive Board.

Section 20.3. Trash. No trash, ashes or other refuse or debris may be thrown or dumped on the Property. The burning of refuse out-of-doors shall not be permitted. No incinerators or other device for the burning of refuse indoors shall be constructed, installed or used except as approved by the Executive Board. Waste materials, garbage and trash shall be kept in sanitary containers, enclosed and screened from public view, protected from disturbance, and disposed of with reasonable promptness. Each Owner shall keep his vacant or improved Townhome free of trash, refuse, noxious weeds, or debris of any kind, whether such Townhome is vacant or improved.

Section 20.4. Pets. Dogs, cats or customary household birds may be kept on the Property by Owners, not to exceed a total of one (1) household pet per Townhome without the written approval of the Executive Board. No pets owned by persons other than Owners, including guests and tenants, nor any wild animal, reptile, or bird may be trapped, transported, kept or maintained anywhere upon the Property. No other animal or bird except a domestic dog, cat or bird may be kept anywhere on the Property. No pet may be kept on the Property which abnormally interferes with the rights, comforts or convenience of other Owners. Breeding of any animals on the Property is specifically prohibited. All pets must be kept under an Owner's control when outside its Owner's Home.

Section 20.5. Landscaping. All surface areas disturbed by construction shall be returned promptly to the condition required by the approved landscape plan, if applicable, or if not, to their natural condition. Any and all landscaping, other than returning surface areas to their natural condition, must be consented to in writing by the Executive Board and must be in conformance with Town of Frisco regulations. Provided, that this section shall not be construed to prohibit any seasonal changes made in the natural environment such as flower or vegetable gardening, and shall not include the addition or isolated removal of plantings or trees unless such results, or could result, in a material change to the Property or Home, as applicable.

Section 20.6. Trade Names. No word, name, symbol or combination thereof shall be used to identify for commercial purposes any structure, business, or service located on or conducted in connection with a Townhome or the Property, unless the same shall have been first approved in writing by the Executive Board.

Section 20.7. Continuity of Construction. All structures commenced shall be prosecuted diligently to completion.

Section 20.8. Noxious or Offensive Activity. No noxious or offensive activity shall be conducted on any Home, nor shall anything be done or placed on a Townhome or the Property which is or may become a nuisance or cause embarrassment, disturbance or annoyance to others. Hunting, target practice or the discharge of firearms shall be prohibited on any part of the Property.

Section 20.9. Maintenance of Property. Except for maintenance performed by the Association, every Townhome (including the improvements thereon) shall be kept and maintained by the Owner thereof in a clean, safe, attractive and sightly condition and in good repair; and no lumber, grass, shrub, or tree clippings or plant waste, metals, bulk materials, scrap, refuse or trash shall be kept, stored or allowed to accumulate on any Home.

Section 20.10. Annoying Lights, Sounds or Odors. No lights shall be emitted from any Townhome which are unreasonably bright or cause unreasonable glare; no sound shall be emitted from any Townhome which is unreasonably loud or annoying; and no odor shall be emitted from any Townhome which is noxious or unreasonably offensive to other owners.

Section 20.11. Fences. No fences or other barriers shall be permitted except as shown on the approved site plans. Any other fences or barriers shall be constructed in conformance with Town of Frisco regulations and must be approved by the written consent of the Executive Board.

Section 20.12. Natural State. No disturbance of the natural or landscaped state of the Common Area, including the removal of living trees, plants, shrubs, bushes, sagebrush, grass or topsoil, is permitted except in conformance with the approved landscape plan and the site drainage plan. No improvements will be permitted in any setback or in the wetlands depicted on

the Plat or in any non-disturbance area depicted on the approved landscape plan, except for underground utilities, approved drainage and detention facilities or an unpaved foot path and bridge.

Section 20.13. Restrictions on Use. No part or parcel of the Townhomes shall be used except for residential purposes by a single family equivalent group residing in a detached, single family dwelling and for purposes incidental or accessory thereto, except for sales and/or construction trailers and model homes used by Declarant or its assigns. Determination as to whether uses are incidental or accessory to single-family residential purposes shall be made by the Executive Board, but under no circumstances shall such incidental or accessory use be construed to permit the carrying on of any trade, business, profession or employment (other than a home occupation as may be permitted under applicable zoning codes), or use of the Townhome for a boarding house.

Section 20.14. House Number. Each dwelling shall have a house number with a design and at a location established by the Executive Board.

Section 20.15. No Mining, Drilling or Quarrying. Mining, quarrying, tunnelling, excavating or drilling for any substances within the earth, including oil, gas, minerals, gravel, sand, rock and earth, shall not be permitted.

Section 20.16. No Exterior Clothes Lines. Laundry may not be hung on any clothes lines except within any Townhome or garage.

Section 20.17. Barbecue Grills. Only natural gas or propane grills are permitted on any decks adjacent to any Townhome.

ARTICLE XXI GENERAL PROVISIONS

Section 21.1. Enforcement. Except as otherwise provided in this Declaration, the Executive Board, 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 Executive Board of the Association, Declarant, or by any Owner to enforce any covenant or restriction contained in this Declaration shall in no event be deemed a waiver of the right to do so thereafter.

Additionally, any such violation shall give the Declarant or the Executive Board the right, in addition to any other rights set forth therein, (a) to enter the Townhome or improvement thereon in which, or as to which, such violation or breach exists and to summarily abate and remove, at the expense of the defaulting Owner, any structure, thing or condition that may exist therein in violation of the Declaration or rules adopted by the Executive Board or Manager without being deemed guilty in any manner of trespass or any other civil or legal violation; and (b) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any breach, with each Owner or other person constructing improvements upon the Property hereby waiving the posting of a bond upon entry of such injunction. All reasonable attorneys fees and costs incurred by the Declarant or the Association in a suit to enforce the terms hereof shall, if said Declarant or the Association prevails in such action, be recoverable from the losing party.

Section 21.2. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

Section 21.3. Conflicts Between Documents. In case of conflict between this Declaration and the Articles and the Bylaws of the Association, this Declaration shall control. In case of conflict between the Articles and the Bylaws, the Articles shall control.

Section 21.4. References to Town Standards. Wherever in this Declaration there is a reference to Town land use regulations, zoning, other Town standards, any plats approved by the Town or any other federal, state or local rule, law or regulation, such references shall automatically be waived, released, modified or amended, as the case may be, to correspond with any subsequent waiver, release, modification or amendment of such regulations, zoning, other Town standards, approval resolutions, plats or any other rule or law. To the extent any provisions of this Declaration conflict with the ordinances, rules or regulations adopted by the Town of Frisco, the provisions in the ordinances, rules or regulations of the Town shall control.

Section 21.5. Claims Regarding Declarant. The Association and all Owners shall have a period of two (2) years from the date Property Conveyed or Leased by Declarant is actually granted, assigned, conveyed or leased to the Association, within which to assert by legal action or otherwise any claim, demand, cause of action or lawsuit against Declarant with regard to said

Property Conveyed or Leased by Declarant however arising and for whatever cause or reason whatsoever. Nothing herein shall be construed to limit, impair, diminish or bar any claim by the Association, Owners, Mortgagees, Declarant or any other person with standing to bring such claim to ever assert by legal proceedings or otherwise any claim, demand, cause of action or lawsuit against any engineer, architect, contractor, subcontractor, supplier, materialman or other person involved in the design, installation, manufacture, assembly, construction, operation, maintenance, repair or replacement of any Property Conveyed or Leased by Declarant.

FRISCO BAY TOWNHOMES LIMITED LIABILITY COMPANY
a Colorado limited liability company

James R. Hayes, Manager
By: James R. Hayes
Title: Manager

STATE OF COLORADO)
)ss.
County of Summit)

The foregoing instrument was acknowledged before me this 7th day of July, 1993 by James R. Hayes, Manager for Frisco Bay Townhomes Limited Liability Company, a Colorado limited liability company.

Witness my hand and official seal.

My Commission expires: 6-14-96

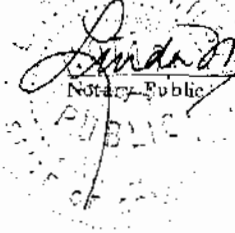
Linda A. Wilson
Notary Public


EXHIBIT A

PROPERTY DESCRIPTION

LEGAL DESCRIPTION

A TRACT OF LAND LOCATED IN THE NORTHEAST ONE-QUARTER OF SECTION 35, TOWNSHIP 5 SOUTH, RANGE 78 WEST OF THE SIXTH PRINCIPAL MERIDIAN, TOWN OF FRISCO, SUMMIT COUNTY, COLORADO. SAID TRACT BEING A PORTION OF TRACT 2, RAINBOW FOREST SUBDIVISION, A SUBDIVISION FILED FOR RECORD IN THE OFFICE OF THE SUMMIT COUNTY CLERK AND RECORDER SAID TRACT BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE SE CORNER OF GOVERNMENT LOT 6 SAID SECTION 35, ALSO BEING A POINT ON THE SOUTH LINE OF SAID TRACT 2, RAINBOW FOREST SUBDIVISION, THENCE N 89°51'31" W ALONG THE SOUTH LINE OF SAID GOVERNMENT LOT 6 A DISTANCE OF 969.85 FEET TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING N 89°51'31" W A DISTANCE OF 397.84 FEET TO A POINT ON THE EAST BOUNDARY LINE OF THE AMENDED FRISCO TOWNSITE; THENCE N 00°28'14" E ALONG SAID EAST BOUNDARY LINE A DISTANCE OF 434.85 FEET TO A POINT ON THE SOUTH RIGHT-OF-WAY LINE OF COLORADO STATE HIGHWAY NO. 9; THENCE EASTERLY ALONG SAID SOUTH RIGHT-OF-WAY LINE FOR THE FOLLOWING TWO COURSES:

- 1) 217.18 FEET ALONG THE ARC OF A CURVE TO THE LEFT, HAVING A CENTRAL ANGLE OF 14 09'47", A RADIUS OF 878.60 FEET AND A CHORD WHICH BEARS S 63°52'20" E 216.63 FEET DISTANT;
 - 2) S 75°34'22" E A DISTANCE OF 207.01 FEET;
- THENCE S 00°08'29" W A DISTANCE OF 288.84 FEET TO THE TRUE POINT OF BEGINNING, CONTAINING 138,079 SQUARE FEET OR 3.1699 ACRES, MORE OR LESS.

EXHIBIT B

EXPANSION PROPERTY

LEGAL DESCRIPTION OF EXPANSION PROPERTY:

A TRACT OF LAND LOCATED IN THE NORTHEAST ONE-QUARTER OF SECTION 35, TOWNSHIP 5 SOUTH, RANGE 78 WEST OF THE SIXTH PRINCIPAL MERIDIAN, TOWN OF FRISCO, SUMMIT COUNTY, COLORADO. SAID TRACT BEING A PORTION OF TRACT 2, RAINBOW FOREST SUBDIVISION, A SUBDIVISION FILED FOR RECORD IN THE OFFICE OF THE SUMMIT COUNTY CLERK AND RECORDER SAID, TRACT BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE SE CORNER OF GOVERNMENT LOT 6 SAID SECTION 35, ALSO BEING A POINT ON THE SOUTH LINE OF SAID TRACT 2, RAINBOW FOREST SUBDIVISION, THENCE N 89°51'31" W ALONG THE SOUTH LINE OF SAID GOVERNMENT LOT 6 A DISTANCE OF 969.85 FEET;
THENCE, N 00°08'29" E A DISTANCE OF 288.84 FEET TO A POINT ON THE SOUTH RIGHT-OF-WAY LINE OF COLORADO STATE HIGHWAY NO. 9;
THENCE S 77°55'42" E ALONG SAID SOUTH RIGHT-OF-WAY LINE A DISTANCE OF 1409.05 FEET; THENCE N 89°31'01" W A DISTANCE OF 408.76 FEET TO THE POINT OF BEGINNING, CONTAINING 197,915 SQUARE FEET OR 4.5435 ACRES, MORE OR LESS.