

DECLARATION OF COVENANTS,  
CONDITIONS AND RESTRICTIONS  
FOR  
THE WOOD MEADOWS NCMUPUD SUBDIVISION

- - -

PREAMBLE

**THIS DECLARATION**, made on the date hereinafter set forth, by Wood Family Investments, LLC hereinafter referred to as "Declarant".

**WHEREAS**, Declarant is the owner of certain real property located in the County of Boulder, State of Colorado, hereinafter referred to as "Properties" and as more particularly described on Exhibit A attached hereto and incorporated herein by reference; and,

**WHEREAS**, the Properties are being subdivided within the County of Boulder as The Wood Meadows NCMUPUD Subdivision.

**NOW THEREFORE**, Declarant hereby declares that the Properties described herein shall be held, sold, and conveyed subject to the following easements, covenants, conditions, restrictions, use and obligations, all of which are to be for the purpose of protecting the value and desirability of the Properties described and which shall be binding upon all persons having any right, title or interest in the described Properties or any part thereof, their heirs, grantees, successors, representatives and assigns and shall inure to the benefit of each owner thereof.

**ARTICLE I**

Definitions

As used in this Declaration, unless the context otherwise requires, the terms hereinafter set forth shall have the following meanings:

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

1.02 "ALLOCATED INTERESTS" means the Common Expense Liability and the votes in the Association as allocated to each of the Lots as follows:

- a) The Common Expense Liability shall be assessed against each Lot on the basis of a fraction, the numerator of which is one (1) and the denominator of which is the total number of Lots then within the Planned Community.

b) Each Lot in the Planned Community shall have one (1) vote.

1.03 "ASSOCIATION" shall mean THE FARM AT WOODRIDGE HOMEOWNERS ASSOCIATION, INC. a Colorado Non-profit Corporation, its successors and assigns.

1.04 "BYLAWS" shall mean any instrument which is adopted by the Association for the regulation and management of the Association, including any amendments to these instruments.

1.05 "COMMON AREAS" shall mean that portion of the Properties described (including all improvements thereon) owned or to be owned by the Association upon which the Association has responsibility for maintenance as more fully described on Exhibit B attached hereto and incorporated herein by reference or which the Association assumes responsibility for at a later date.

1.06 "DECLARANT" shall mean Wood-Haines Investments, LLC, a Colorado limited liability company, their successors or assigns, if such successors or assigns shall acquire any portion of the Properties described for the purpose of development and be designated by the Declarant or a successor Declarant, as a Declarant by a duly recorded written instrument. Any such written designation by the Declarant may include the right of redesignation by such successor or further successors.

1.07 "DECLARATION" shall mean this Declaration of Covenants, Conditions and Restrictions of Wood Meadows Subdivision, as may be amended from time to time.

1.08 "DEVELOPMENT RIGHTS" means any right or combination of rights reserved by Declarant under §38-33.3-103 including but not limited to the following:

- a) To add real property to be covered under the terms of this Declaration;
- b) To create additional Units and Common Areas within the real property covered under the terms of this Declaration;
- c) To withdraw real estate from being subject to the terms of this Declaration.

1.09 "EXECUTIVE BOARD" shall mean the Executive Board of the Association, duly elected pursuant to the Bylaws of the Association or appointed by the Declarant as therein provided or provided in this Declaration.

1.10 "FIRST MORTGAGEE" shall mean any person, corporation, partnership, trust, company, association, or other legal entity

which owns, holds, insures or is a governmental guarantor of a mortgage or deed of trust, which mortgage or deed of trust is a first and prior lien encumbering a Lot or Parcel within the Properties described.

1.11 "GUEST" means: (i) any person who resides with an Owner; (ii) a guest or invitee of an Owner; (iii) a contract purchaser of a Lot.

1.12 "LOT" shall mean and refer to any plot of land shown upon any recorded subdivision plat or later amended plats of a Subdivision as a subdivided lot within the Properties and which is subject to this Declaration, with the exception of the Common Areas, public streets or other public property. Lot shall include any Unit or structure constructed thereon.

1.13 "MEMBER" shall mean all those who are members of the Association as provided in this Declaration.

1.14 "PROPERTIES" shall mean the entire real property and the improvements located thereon as more fully described on Exhibit A attached hereto.

1.15 "SECURITY INTEREST" means an interest in real estate or personal property created by contract or conveyance which secures payment or performance of an obligation. The term includes a lien created by a mortgage, deed of trust, trust deed, security deed, contract for deed, land sales contract, lease intended as security, assignment of lease or rents intended as security, pledge of an ownership interest in an association, and any other consensual lien or title retention contract intended as security for an obligation.

1.16 "SPECIAL DECLARANT RIGHTS" means rights reserved for the benefit of Declarant to complete improvements indicated on plats and maps filed with the Declaration; to exercise any development right; to maintain sales offices, management offices, signs advertising the common interest community, and models; to use easements through the common elements for the purpose of making improvements within the common interest community or within real estate which may be added to the common interest community; to make the common interest community subject to a master association; to merge or consolidate a common interest community of the same form of ownership; or to appoint or remove any officer of the Association or any Executive Board member during any period of Declarant control and shall also include other rights reserved for the benefit of Declarant in this Declaration.

1.17 "UNIT" means a physical portion of the common interest community which is designated for separate ownership or occupancy and the boundaries of which are described in or determined from the recorded subdivision plats within the Properties.

1.18 "UNIT OWNER OR OWNER" means the Declarant or other person or persons who owns a Unit, but does not include a person having an interest in a Unit solely as security for an obligation. The Declarant is the owner of any Unit created by the Declaration until that Unit is conveyed to another person.

## ARTICLE II

### Property Rights

2.01 Property Subject to this Declaration. Declarant expressly intends to and, by recording this Declaration, does hereby subject the Properties as described on Exhibit A to the provisions of this Declaration.

2.02 Owner's Easements. Every Unit Owner shall have the nonexclusive right and easement of use and enjoyment in and to any Common Areas related to this Declaration (hereinafter referred to as Common Areas) and improvements thereon, which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

- a) The right of the Executive Board to charge reasonable admission and other fees for the use of any recreational facility situated upon the Common Areas;
- b) The right of the Executive Board to make such use of the Common Areas as may be necessary or appropriate for the performance of its duties and functions which it is obligated or permitted to perform under this Declaration;
- c) The right of the Executive Board, in its sole discretion, to grant easements and rights of way on, across, under and over the Common Areas to any entity providing water, sewer, gas, electricity, telephone, cable television, or other similar service to the Properties;
- d) The right of the Executive Board to make reasonable rules and regulations regarding the use and upkeep of the Common Areas and facilities located thereon;
- e) The right of the Executive Board to dedicate or transfer all or any part of the Common Areas to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members. No such dedication or transfer shall be effective unless an instrument

agreeing to such dedication or transfer signed by two-thirds of the Members has been recorded;

- f) The right of the Executive Board to close or limit the use of the Common Areas or portions thereof for any reasonable purpose.

2.03 Delegation of Use. Any Owner may delegate, in accordance with the Bylaws and the adopted Rules and Regulations of the Association, his or her right of enjoyment of the Common Areas to members of his family, his tenants, contract purchasers or guests. All Owners shall comply strictly with and cause all family members, tenants, purchasers or guests to comply with this Declaration, the Articles of Incorporation, the Bylaws of the Association, and the decisions, rules, regulations and resolutions of the Association. Each Owner shall be fully responsible for the actions of their guests.

2.04 Conveyance of Common Areas. By recording the Plat of the Subdivision, Declarant has designated certain areas as Common Areas which are not dedicated to the public but are to be dedicated to common use and enjoyment of the Owners, their guests and assigns. Dedication of property to the Association by recording of the Plat or by recording of a deed shall not require specific approval or formal acceptance by the Association, but shall be effective upon recording.

2.05 Duty to Accept the Common Areas. The Association shall accept title to said Common Areas and agrees to own and maintain any property, including all improvements located thereon, and personal property relating thereto, transferred to the Association by Declarant as Common Areas.

2.06 Duty to Manage the Common Areas. The Association shall manage, operate, care for, insure, maintain, repair and reconstruct all of the Common Areas and the improvements located thereon and keep the same in a safe, attractive and desirable condition for the use and enjoyment of all of the Owners. Specifically, but without limitation, the Association shall be responsible for:

- a) the operation, maintenance, repair and replacement of any landscaping, structure, signs, sprinklers, drainage or storm sewer facilities, and related facilities now or hereafter constructed, installed or planted upon Common Areas.
- b) the maintenance, weeding and cleaning of Common Areas;
- c) the maintenance, repair, cleaning and upkeep of all drainage ways located within Common Areas or within drainage easements over Lots or rights-of-way contiguous to Lots as shown on the Plat, but only to the extent that

an Owner has failed with respect to the Owner's maintenance, repair, cleaning and upkeep obligation thereto.

d) the maintenance, repair, and upkeep of all pathways and trails (both private and public) located within and contiguous to the Properties.

2.07 Lease of Property. Any Owner shall have the right to lease his or her property with the condition that any lessee shall be bound by all terms and conditions of this Declaration, the Articles of Incorporation, the Bylaws of the Association and the decisions, rules and regulations of the Association.

2.08 Right to Encumber. There are no restrictions on the right of an Owner to mortgage or otherwise encumber his or her property and there is no requirement for the use of a specific lending institution or particular type of lender or particular type of financing with respect to the Properties.

### ARTICLE III

#### Membership - Association

3.01 General Purposes and Powers. The Association, through the Executive Board, shall perform management functions as provided in this Declaration. Any purchaser of a Unit within the Properties shall be deemed to have assented to, ratified and approved such designations and management. The Association shall have all the power necessary or desirable to effectuate such purposes.

3.02 Articles and Bylaws. The purposes and powers of the Association and its rights and obligations set forth in this Declaration may be amplified by provisions of the Articles of Incorporation and Bylaws of the Association. In the event either the Articles or Bylaws conflict with the Declaration, the Declaration shall control. In the event the Articles conflict with the Bylaws, the Articles shall control.

3.03 Membership. Every record Owner of a fee interest in any Unit which is subject to an Annual Assessment or any record owner of a Parcel located in the Properties which is subject to an annual assessment, shall be a Member of the Association, including contract sellers; provided that any such person or entity who holds such interest merely as security for the performance of an obligation shall not be a Member. Record ownership of a Unit or Parcel shall be the sole qualification for such membership. Where more than one person holds interest in any Unit, all such persons shall be Members in proportion to their share of ownership in the Unit. If only one of the multiple Owners is present, such Owner is entitled to cast the entire vote for such Unit. If more than one Owner is present, the vote for such Unit may be cast only in

accordance with the agreement of a majority in interest of the Owners with a majority agreement in existence if one Owner casts the vote without protest being made promptly by any of the other Owners of said Unit.

3.04 Voting Interest. The Association shall have one class of voting memberships. Members shall be all Owners and shall be entitled to one vote for each Unit owned. The vote for such Unit, the ownership of which is held by more than one Owner, shall be exercised as they determine between themselves. Should the joint owners be unable, within a reasonable time, to agree upon how they will vote any issue, they shall be passed over and the right to vote on such issue shall be lost. In no event shall more than one vote be cast with respect to any one Unit. Each Unit shall have allocated to it a percentage of the expenses of the Association and voting interest equivalent to one Unit in relation to the total number of Units in existence at such time of assessment or vote. Units owned by Declarant shall not receive any special benefit relating to assessments or voting rights. As additional Units are added so as to be covered by this Declaration, each Unit's obligation for annual or special assessments and voting rights related to a Unit may be proportionately reduced.

3.05 No Voting Rights for Tenants. Tenants shall have no vote in Association affairs on account of their status as Tenants. Tenants shall have such right to appear at Association meetings and be heard as may be determined by the Association through its Bylaws or other rules.

3.06 Reservation. Notwithstanding the foregoing voting rights, Declarant reserves the right to appoint the Executive Board of the Association until the occurrence of one of the following events:

- a) Within sixty (60) days after conveyance to Unit Owners other than Declarant, of twenty-five percent (25%) of the units that may be created, at least one member and not less than twenty-five percent (25%) of the members of the Executive Board must be elected by Unit Owners other than the Declarant.
- b) Within sixty (60) days after conveyance to Unit Owners other than Declarant of fifty percent (50%) of units that may be created, not less than thirty-three and one-third percent (33-1/3%) of the members of the Executive Board must be elected by Unit Owners other than the Declarant.
- c) Within sixty (60) days after conveyance to Unit Owners other than a Declarant, of seventy-five percent (75%) of the Units which may be created within two (2) years after the last conveyance of a

Unit by the Declarant in the ordinary course of business or within two (2) years after any right to add new units was last exercised, all members of the Executive Board must be elected by Unit Owners and no members may be appointed by Declarant.

In addition, Declarant may voluntarily surrender the right to appoint members of the Executive Board, but in such event, may continue to require Declarant's approval for certain specified actions as described in a recorded instrument executed by Declarant at such time.

For the purposes of this Declaration, the maximum number of units which shall be subject to the provisions hereunder and which the Declarant reserves the right to create shall be twenty-seven (27). Declarant reserves the right at any time within ten (10) years from the date this Declaration is recorded, to add additional real property to this common interest community. Said additional real property is not described hereunder but shall not exceed ten percent (10%) of the total area described on Exhibit A attached hereto.

3.07 Indemnification. The Association shall indemnify every director, officer, agent or employee, and any former director, officer, agent or employee against loss, costs, and expense, including reasonable attorney fees incurred in connection with any action, suit, or proceeding in which such person may be made a party by reason of being, or having been such director, officer agent or employee of the Association or Executive Board. This indemnification shall not apply to acts where such person is liable for gross negligence or fraud. Any such indemnification may only be paid out of the insurance coverage furnishing Officers and Directors of the Association errors and omissions insurance coverage or similar coverage. All payments or settlements of this indemnification shall be limited to the actual proceeds of insurance policies received by the Association, however, any deductible shall be paid by the Association. Said indemnification shall not apply to any managing agent hired by the Association as an independent contractor.

3.08 Budget. The Board shall cause to be prepared at least sixty (60) days prior to the commencement of each calendar year, a budget (the "Budget") for such calendar year. Within thirty (30) days after the adoption of any Budget by the Board, the Board shall mail, by ordinary first-class mail, or otherwise deliver, a summary of the Budget to each Owner and shall set a date for a meeting of the Owners to consider ratification of the Budget not less than fourteen (14) days nor more than sixty (60) days after mailing or other delivery of the summary. Unless at that meeting sixty-seven percent (67%) of the Owners present who are entitled to vote reject the Budget, the Budget shall be deemed ratified, whether a quorum is present or not. In the event that the Budget is rejected, the

Budget last ratified by the Owners must be continued until such time as the Owners ratify a subsequent Budget proposed by the Board.

### 3.09 Rights of the Association.

- a) Association as Attorney-in-Fact for Owners: The Executive Board is hereby irrevocably appointed attorney-in-fact for the Owners, and each of them, if more than one, to manage, control and deal with the interest of such Owner so as to permit the Association to fulfill all of its duties and obligations hereunder. The Executive Board is granted all of the powers necessary to govern, manage, maintain, repair, administer and regulate in order to accomplish its purposes under this Declaration.
- b) Contracts, Licenses and Other Agreements: The Executive Board shall have the right without the consent of Owners or First Mortgagee to enter into or grant contracts, easements, licenses, leases and agreements, concerning the use of Common Areas and any improvements located thereon.
- c) Maintenance Rights: The Executive Board shall have the right to contract and make arrangements to have actions taken on behalf of the members to have snow removed, trash removed, landscaping maintained or similar benefits provided for the Association and its members.
- d) Implied Rights: The Executive Board shall have and may exercise any right or privilege given to it expressly by this Declaration, or reasonably implied from the provisions of this Declaration, or given or implied by law, including those established by the Colorado Common Interest Ownership Act, or which may be necessary or desirable to fulfill its duties, obligations, rights or privileges.

## ARTICLE IV

### Assessments

4.01 Creation of the Lien and Personal Obligation of the Assessment. The Declarant for each Unit owned, within the Properties, hereby covenants, and each Owner of any Unit by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association an Annual Assessment and Special Assessments to be

established and collected as provided hereinafter. The Annual and Special Assessments created and defined in this Declaration, together with late fees, individual assessments, interest, costs, and reasonable attorneys fees shall be a charge on the Unit they are levied against and shall be a continuing lien upon the property against which each such Assessment is levied until such Assessment or charge, together with any late fees, costs of collection, and attorneys fees are fully paid. Each such Assessment, together with late fees, interest, costs and reasonable attorneys fees shall also be a personal obligation of the person who was the Owner of such Unit or of the persons jointly and severally, who were the Owners of such Unit at the time when the Assessment became due and payable. The personal obligation for delinquent Assessments shall not pass to successors in title unless expressly assumed by them.

4.02 Purpose of the Assessments. The Assessments levied by the Association shall be used exclusively for the purpose of promoting the recreation, health, safety and welfare of the residents of the Properties and the Members of the Association. In addition, said Assessments may be used for the maintenance, repair and improvement of the Common Area and landscaping thereon, for the maintenance and repair of fencing, for maintenance of any ditches which flow within the Properties, for payment of management fees, payment of insuranc premiums, payment of legal, accounting and other professional services provided for the benefit of the Association, maintenance of an adequate reserve fund for repair and maintenance of Common Areas, including snow removal and trash removal, if applicable, for payment of utility charges of the Association, for the maintenance and repair of entry features constructed by Declarant, and for other expenses incurred by the Executive Board for the benefit of the Association and its members. Also, the Assessments may be used for any other purpose reasonably necessary to implement the purposes described herein.

#### 4.03 Annual Assessments.

- a) Annual Assessment for Common Expenses. An Assessment for common expenses shall be levied and assessed annually by the Executive Board against each owner of a Unit within the Subdivision. Said Assessment may include the establishment and maintenance of a reserve fund for the maintenance, replacement, reconstruction and repair of those portions of the Common Areas which the Association has a duty to replace, repair, maintain and/or reconstruct on a periodic basis. Such Assessment shall be paid in the proportion which the number of Units owned by a particular Owner bears to the total number of Units which have been established by the recording of a subdivision plat or plats. The determination of said assessments is not based upon the total number of Units which may be

created, but only Units which are shown on recorded plats within the Properties. The Executive Board may choose to levy a different assessment for those Lots upon which no certificate of occupancy has been issued for a residential structure on said Lot. The different assessment amount shall be based on the share of costs which the undeveloped Lot bears to Lots upon which a residential structure has been constructed and a certificate of occupancy issued. Any such different assessment shall not discriminate between Lots owned by Declarant and those owned by other persons.

b) Levy of Assessments. At least thirty days prior to the close of the Association's fiscal year, the Executive Board shall determine subject to the provisions of this Declaration, the Annual Assessment which is payable by each Unit. The Annual Assessment may be later adjusted upon a finding of necessity by the Executive Board, but no more than twice in any one year. Written notice of any such Assessment or adjustment shall be sent to every Owner as such Owners are listed in the records of the Association. The omission or failure of the Board to levy any Assessment or fail to send notice shall not be deemed a waiver, modification or a release of the Owners from their obligation to pay the Assessment.

c) Non-exemption. No Owner or any person obligated to pay an Assessment may waive or otherwise escape liability for any Assessments provided for herein by non-use of the Common Areas, abandonment of his or her Unit, or by any other action.

4.04 Special Assessments. In addition to the Annual Assessments authorized above, the Executive Board may levy a Special Assessment for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacements of any of the Common Areas or other capital improvements of the Association, provided that any such Assessment shall have the assent of at least sixty-seven (67%) percent of the votes of the Members who are voting in person or by proxy at a meeting duly called for this purpose. This requirement shall not apply to expenditures made by the Executive Board for repairs in the event of damage or destruction as set forth in Article VII of this Declaration.

4.05 Notice and Quorum Required to Increase the Maximum Assessments or Assess a Special Assessment. Written notice of any meeting of Members called for the purpose of taking action authorized under paragraph 4.04 shall be sent to all Members not

less than thirty days nor more than sixty days in advance of the meeting. At such meeting, the presence of Members or of proxies entitled to cast twenty percent (20%) of all the votes of the Membership shall constitute a quorum.

4.06 Uniform Manner of Assessment. All Annual Assessments and Special Assessments must be fixed at a uniform rate for all Units. In addition, at the option of the Executive Board, any Assessment, either Annual or Special, may be collected on a monthly or quarterly basis.

4.07 Date of Commencement of Assessments; Prorations; Due Date. The Annual Assessment provided for herein shall commence as to all Units the first day of the month following the conveyance of the first Unit by Declarant to a third party after a subdivision has occurred within the Properties. The Annual Assessment shall be prorated according to the number of months remaining in the Association's fiscal year at the time of said assessment.

The Annual Assessment shall be due and payable on an installment basis as determined by the Executive Board. Special Assessments shall be due and payable in a manner as established by the Executive Board. Written notice of changes in assessments shall be sent to each Owner.

The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an Officer of the Association setting forth whether the Assessments on a Unit have been paid or the amount of Assessment currently owing with respect to a Unit. The Association, the Executive Board, the Officers and the Members shall have no liability for any inaccurate information supplied under this paragraph other than as specifically set forth in C.R.S. 38-33.3-317(8).

4.08 Non-payment, Remedies of the Association.

- a) All types of Assessments shall become delinquent unless paid by the due date. If any such Assessment is not paid by the due date, the Owner obligated to pay such Assessment may be required to pay a reasonable late fee, as determined by the Executive Board. Any Assessment not paid within thirty (30) days after the due date, shall bear interest from the due date at the rate of 18% per annum or as established by the Executive Board. The failure to make payment within sixty days of the due date thereof shall cause the total amount of such Owner's Annual Assessment for the remainder of that fiscal year to become immediately due and payable at the option of the Executive Board, without further notice.

b) The Association may bring an action at law or equity against the Owner obligated to pay the Assessment or undertake any other remedies allowed by law. In the event it shall become necessary for the Executive Board to collect any delinquent Assessments in any manner, the delinquent Owner shall pay, in addition to the Assessment, interest and late fees as herein provided, all costs of collection including reasonable attorneys fees and costs incurred by the Association.

c) The Association is hereby granted a continuing lien against an Owner's Unit for payment of any Assessment which the Owner fails to make as required by this Declaration. Such lien shall attach at the time of levy of the Assessment and continue until such Assessment, together with all late fees, interest and costs of collection, including reasonable attorneys fees are paid in full. The lien hereby given shall also be a lien upon all of the rents and profits of the encumbered Unit.

The lien hereunder may be foreclosed upon by the Association as provided by the laws of the State of Colorado for foreclosure of mortgages and deeds of trust on real property or as provided by the Colorado Common Interest Ownership Act. The Association shall have all rights in this regard as provided by the Colorado Revised Statutes.

Subject to the rights of a first mortgagee, except as such rights are modified by the Colorado Common Interest Ownership Act; if a foreclosure action is filed to foreclose any Assessment lien, and an Owner abandons or leaves vacant his or her Dwelling Unit, the Executive Board may take possession and rent said dwelling Unit or apply for the appointment of a receiver for the Dwelling Unit without prior notice to the Owner.

In the event an Owner is in default on any obligation secured by an encumbrance on a Unit in the subdivision, the Executive Board, at its option, may pay the amount due on said obligation and shall have a lien for said amount against the Unit which lien shall attach in the manner as provided for unpaid Assessments.

d) The Lien of all Assessments created and defined by the Declaration shall be superior to any homestead exemption as is now or may hereafter be provided by Colorado or Federal law. The acceptance of a deed

to a Lot or Unit subject to this Declaration shall constitute a waiver of the homestead exemption as against such lien described hereunder.

- e) In the event any lien is required to be filed and released to enforce collection hereunder, all costs of preparation, filing and release shall be paid by the Owner as a cost of collection.

4.09 Reserve Fund. The Association may establish a Reserve Fund with each Unit being obligated to make a contribution to said fund of 1/4 of the Annual Assessment applicable at the time of payment with respect to said Unit. Such payment shall be made at the time a Unit is sold by Declarant to a party who is not a Declarant. If the fund is established, each such nonrefundable contribution shall be collected and the amount established at the closing of the initial sale of such Unit and be maintained for the use and benefit of the Association and shall not be considered a payment of Annual Assessment. Said Fund shall be utilized at the discretion of the Executive Board to meet unforeseen expenses, to acquire capital equipment or provide any additional services, to benefit the Association including payment of costs and expenses incurred in the enforcement of provisions of this Declaration.

4.10 Reconstruction Assessments. In accordance with Article VII of this Declaration, the Association shall have the authority to impose and levy a Reconstruction Assessment against all Units for reconstruction of Common Areas and for payment of insurance premiums. Said Assessment shall be prorated among Owners in the same manner and proportion as the Annual Assessment.

4.11 Individual Assessments and Fines. An Individual Assessment may be assessed by the Executive Board as allowed in this Declaration against any Owner or Owners. Said Assessment shall be made only after twenty (20) days written notice to the Owner or Owners to be assessed, the opportunity to the Owner for a hearing before the Executive Board, and a vote of two-thirds of a quorum of the Board levying said assessment.

A fine may be assessed by the Executive Board against an Owner or Owners for each violation of the Declaration, The Articles, the Bylaws and the Rules and Regulations. Said fine shall be assessed by complying with the procedure for Individual Assessment set forth above.

4.12 Surplus Funds. Any surplus funds of the Association remaining after payment of or provision for reserves, shall be credited to the Unit Owners in proportion to their common expense liability and based upon payments actually made by a Unit Owner to reduce their future liability or reimbursed in proportion to their common expense liability with the method of credit determined by the Executive Board.

4.13 No Offsets. All Assessments shall be payable in the amounts specified in the levy thereof, and no offsets or reduction thereof shall be permitted for any reason including, without limitation, any claim that the Association or the Executive Board is not properly exercising its duties and powers under this Declaration. The Declarant is exempt from the requirements of this provision.

## ARTICLE V

### Architectural Review Committee

5.01 Approval of Improvements Required. No improvement shall be constructed, erected or maintained upon the Properties, other than construction performed by Declarant, without the specific approval of the Architectural Review Committee, hereinafter known as the ARC.

Improvements requiring approval of the ARC shall include the construction, reconstruction, remodeling, addition to or alteration of the exterior of any Dwelling Unit or any exterior structure located upon the Properties; the demolition or destruction, by voluntary action, of any Dwelling Unit, structure or other improvement located upon the Properties; the grading, excavation, filling or similar disturbance of the surface of the land including the removing or planting of landscaping, retaining walls and any change or alteration of any previously approved improvement, including any change of exterior appearance, color or texture. In reviewing proposed improvements, the ARC shall consider the maintenance of view corridors.

5.02 Members of ARC. The ARC shall consist of three persons. Declarant shall have the right to appoint and reappoint the members who need not be Owners, until the completion of all of the improvements to the Properties or eight (8) years from the date of recording of this Declaration, whichever shall first occur. In addition, Declarant may terminate its right of appointment by providing written notice to the Executive Board or the Secretary of the Association. Thereafter members shall be appointed by the Executive Board for three year terms except terms for the initial ARC appointed by the Executive Board shall be one year for one member, two years for one member and three years for one member. All members appointed by the Board of the ARC must be Owners and may be entitled to reasonable compensation for their service as approved by the Executive Board.

5.03 Procedure for Approval. Prior to commencement of work on an improvement as defined in this Article, the applicant desiring such improvement shall submit to the ARC plans showing the location of the structures and improvements as deemed necessary by the ARC, and showing all aspects of the proposed improvements

together with the proposed colors and materials for fences, roofs and exteriors and including plans related to drainage and landscaping; and any additional plans or information requested by the ARC. In addition, the Applicant shall pay any review fee established by the Executive Board. The ARC shall have the right to inspect the premises prior to approval and during and after completion of construction. Until receipt by the ARC of all required materials and the review fee in connection with the proposed improvement, the ARC may postpone review of the request. No improvement defined under this Article shall be constructed, erected, altered or maintained within the Properties until the final plans and specifications therefore have received written approval by the ARC as herein provided and until the applicant has obtained and paid for all applicable building and construction permits.

5.04 Decision of ARC. The decision of the ARC shall be made within thirty days after receipt of all materials and plans required to be submitted to the ARC. The decision shall be in writing and, if the decision is not to approve a proposed improvement, the reasons therefor shall be stated. The decision shall be promptly mailed to the applicant at the address furnished by the applicant. A majority vote of the ARC shall constitute action by the ARC. In the event of a tie vote, the request shall be treated as having been denied.

5.05 Criteria for Approval. The ARC shall have the right to disapprove any application which is not suitable or desirable for aesthetic or other reasons, and the ARC shall have the right to take into consideration the suitability of the proposed improvement, the materials of which it is to be built, the color, the site upon which it is proposed to erect the same, the harmony thereof with the surroundings, the topography of the land, the effect of the proposed improvement on adjacent or neighboring property, and if the improvement is in accordance with all of the provisions and intent of this Declaration and any design guidelines adopted under Section 5.12 hereinafter set forth. The application may be rejected if the plans and specifications submitted are incomplete. The ARC may condition its approval of any application upon such terms, conditions and changes as the ARC may deem appropriate.

5.06 Appeal to the Executive Board. If the ARC denies approval of a proposed improvement, the applicant may appeal to the Executive Board by giving written notice of such appeal to the Executive Board within ten days after such denial. The Executive Board shall hear the appeal with reasonable promptness after reasonable notice of such hearing to the applicant and the ARC and shall decide, with reasonable promptness, whether or not the proposed improvement shall be approved. The decision of the Executive Board shall be final and binding upon all parties.

In the event the ARC is not properly formed or ceases to exist, all functions of the ARC shall be taken over by the Executive Board.

5.07 Failure of ARC to Act on Plans. Any request for approval of a proposed improvement shall be deemed approved, unless written disapproval is mailed to the applicant within thirty (30) days after the date of receipt by the ARC of all necessary materials as determined by the ARC. This manner of approval may be appealed to the Executive Board by any Owner within ten (10) days of the expiration of the described thirty (30) day period in the same manner as set forth in term 5.06 above. Any failure of the ARC to act under this Section shall not be deemed a waiver of any right to withhold approval or consent for a similar proposal submitted in the future.

5.08 Noncompliance. If the Board or ARC finds that any improvement has been done without obtaining the necessary approval under this Article, or was not done in compliance with the plans and specifications furnished by the applicant, the applicant shall be notified in writing of the noncompliance. Upon receipt of said notice, the applicant shall remedy or remove the improvement or portion which is in noncompliance within fifteen (15) days of the date the written notice of noncompliance was mailed.

The applicant may appeal a notice of noncompliance within ten (10) days of the mailing of the notice by filing a written request for review with the Executive Board. Upon receipt of said written notice of review, the Board shall decide as soon as reasonably possible whether there has been noncompliance, with the decision of the Board being binding on all parties. In reviewing the matter, the Board may review any information it deems pertinent and request that any additional materials be supplied for its review.

In the event the applicant or any owner fails to remedy any noncompliance, the Board may take any and all steps it deems necessary to effectuate such a remedy or to remove the noncompliance including all rights under law. The Board may remove the noncomplying improvement from the property and assess the costs of removal against the owner. In addition, the Board may, at its discretion, levy a fine or Individual Assessment against said owner for all costs and expenses incurred, including reasonable attorney fees in the matter or in the removal of any noncomplying improvement.

5.09 No Implied Waiver. No action by the ARC or by the Executive Board shall constitute a waiver or be binding with respect to future action by the ARC or the Executive Board under this Article. Specifically, no approval or failure to act by the ARC or the Board with respect to any improvement shall be deemed a waiver of any right to withhold approval or consent for any other proposed improvement or for any other similar proposals.

5.10 Nonliability for Committee Action. No member of the ARC, nor any member of the Executive Board nor the Declarant shall be liable for any loss, damage or injury arising out of or in any way connected with the performance of the duties of the ARC or Executive Board unless it be due to the willful misconduct or bad faith of the party to be held liable. In reviewing any matter, the ARC shall not be responsible for reviewing, nor shall its approval of an improvement or plan be deemed approval from the standpoint of safety, or imply that said improvement is in conformance with building codes or other governmental laws or regulations. In addition, such approval shall not imply that applicant may construct said improvement without obtaining all required permits from any appropriate governmental authority.

5.11 Enforcement; Violations Deemed a Nuisance. Every violation hereof or of any of the Design Review Standards adopted by the Committee is deemed to be a nuisance and is subject to all the remedies provided for the abatement thereof. In addition, all public and private remedies allowed at law or equity against anyone in violation of this Declaration shall be available.

- a) Compliance. Each Owner, Guest or other occupant of any part of the Properties shall comply with the provisions of these covenants and the Design Review Standards as the same may be amended from time to time.
- b) Failure to Comply. Failure to comply herewith shall be grounds for an action to recover damages or for injunctive relief to cause any such violation to be remedied, or both. Reasonable notice and an opportunity for a hearing, as provided in the Bylaws, shall be given to the affected Owner prior to commencing any legal proceeding.
- c) Who May Enforce. Any action to enforce the Covenants in this Article and the Design Review Standards may be brought by the Declarant, the ARC or the Executive Board on behalf of the Owners. If, after written request from an aggrieved Owner and a reasonable time to act upon said request, none of the foregoing persons or entities commence an action to enforce these Covenants, and the Design Review Standards then the aggrieved Owner may bring such an action.
- d) Correction of Noncompliance. If the Committee or the Board determines that a noncompliance exists, the Owner shall remedy or remove the same within a period of not more than thirty (30) days from the date of receipt by the Owner of the ruling of the Committee or the Board. If the Owner does not comply with such ruling within such period, the Committee or the Board may, at its option,

record a "Notice of Noncompliance" against the Lot on which the noncompliance exists, or may remove the noncomplying improvement or may otherwise remedy the noncompliance. The Board may levy an Individual Assessment against the Owner of such Lot for such costs and expenses incurred. The right of the Committee or the Board to remedy or remove any noncompliance shall be in addition to all other rights and remedies which the Committee or the Board may have at law, in equity or under this Declaration.

5.12 Architectural Standards/Design Guidelines. The ARC or Declarant may promulgate rules and regulations to interpret and implement the provisions of this Article. The rules and regulations shall be known as the "Design Guidelines of The Farm at Woodridge Homeowners Association" and may contain guidelines which will clarify the types of designs and materials that will be considered in design approval. All improvements proposed to be constructed as defined and described in this Article shall be constructed in accordance with any Design Guidelines adopted and also in accordance with the procedures set forth in this Article.

#### ARTICLE VI

##### Restrictive Covenants

6.01 Use of Properties. Each and every Lot or Unit within the Properties shall be used for private residential purposes only, together with such accessory uses as are allowed by law such as home occupations as authorized by the laws and regulations of Boulder County, unless a later recorded Declaration for a subdivision approved after the recording of this Declaration within the Properties allows for a different use. All buildings or structures erected upon the Properties shall be constructed on site, and no buildings or structures shall be moved from other locations onto said premises. No temporary building or other temporary structures, trailers, basements, tents, shacks, barns, or outbuildings shall be erected, used or permitted to be kept or stored on any portion of the Properties for any period of time, except as specifically allowed in this Declaration. The design, architecture and materials of all structures must comply with any adopted design review standards for the Properties.

6.02 General Restrictions. None of the Properties shall be used in any way or for any purpose which may endanger the health or unreasonably disturb the Owner of any Unit or any resident thereof and no billboards, unsightly objects or nuisances shall be erected, placed or permitted to remain on the Properties except as allowed under Section 6.03 hereafter.

6.03 Signs. Except as otherwise provided hereafter, no advertising signs (except one "For Rent" or "For Sale" sign per

Unit of not more than six square feet), shall be erected, placed or permitted to remain on the Properties. Signs identifying the development or the individual subdivision may be placed in such locations and in such sizes as Declarant deems appropriate. The foregoing covenants shall not apply to the business activities, signs and billboards or the construction and maintenance of buildings and improvements, if any, of Declarant, its agents, contractors and assigns during the construction, sale and rental period.

6.04 Storage. All rubbish, trash or garbage shall be kept in a container, shall be regularly removed from the premises, and shall not be allowed to accumulate thereon. No trash, litter, junk containers, bottles or cans shall be permitted to remain exposed on the Properties so as to be visible from neighboring Lots or Units or from the street. No outside storage of vehicle shells, junk vehicles, tractors, (not including lawn mowers or lawn tractors) implements, other heavy machinery, shall be allowed on the Properties. Storage tanks of any type shall not be erected or permitted on the Properties.

6.05 Antennae. No satellite dishes or like apparatus, unless under 36" and approved by the ARC as to location, and no exterior television or radio antennae of any sort shall be placed, allowed or maintained upon any portion of the improvements or land anywhere on the Properties unless approved by the ARC.

6.06 Vehicular Parking, Storage and Repairs.

- a) Any house trailer, camping trailer, boat trailer, hauling trailer, boat, or accessories thereto, truck (larger than 3/4 ton), self-contained motorized recreational vehicle, or other type of recreational vehicle or equipment, may be parked or stored on the Properties only if such parking or storage is within the garage or within any area which may, from time to time, be designated by the Board for the parking or storage of such vehicles, except that any such vehicle may be otherwise parked as a temporary expedience for loading, deliver, or emergency. This restriction, however, shall not restrict trucks or other commercial vehicles within the Properties which are necessary for construction or for the maintenance of the Common Area, Lots, or any improvements located thereon.

- b) Except as hereinabove provided, no abandoned or inoperable automobiles or vehicles of any kind shall be stored or parked on the Properties, except in a garage. An "abandoned or inoperable vehicle"

shall be defined as any automobile, truck, motorcycle, boat, trailer, camper, house trailer, self-contained motorized recreational vehicle, or other similar vehicle, which has not been driven under its own propulsion for a period of two (2) weeks or longer, or which does not have an operable propulsion system installed therein; provided, however, that otherwise permitted vehicles parked by Owners while on vacation or during a period of illness shall not constitute abandoned or inoperable vehicles.

c) In the event the Board shall determine that a vehicle is parked or stored on the Properties in violation of subsections (a) or (b) of this Section 6.06, then a written notice describing said vehicle shall be personally delivered to the owner thereof (if such owner can be reasonably ascertained) or shall be conspicuously placed upon the vehicle (if the owner thereof cannot be reasonably ascertained), and if the vehicle is not removed within a reasonable time thereafter as determined by the Association in its discretion from time to time, the Association shall have the right to remove the vehicle at the sole expense of the owner thereof.

d) No activity such as, but not limited to, maintenance, repair, rebuilding, dismantling, repainting, or servicing of any kind of vehicles, trailers or boats, may be performed or conducted on the Properties, unless it is done within completely enclosed structure(s) which screen the sight and sound of the activity from the street and from adjoining property. The foregoing restriction shall not be deemed to prevent washing and polishing of any motor vehicle, boat, trailer, motor-driven cycle, or other vehicle, together with those activities normally incident and necessary to such washing and polishing.

6.07 Animals. No animals, livestock or poultry of any kind shall be raised, bred or kept on the Properties except that dogs, cats or other household pets may be kept. No animals, including household pets, shall ever be kept for any commercial purpose. Dogs and other household pets shall not be allowed to run at large within the Properties or Common Areas but must be kept on a leash or within a Dwelling Unit or within an Owner's fenced area. Dog runs are discouraged and shall not be located along property lines and all dog runs must be specifically approved by the ARC or Declarant. In the event an Owner or other person allows an animal to cause a nuisance to other residents, then the Board shall have

the right, at its option, to declare a violation of these covenants and to take any appropriate steps allowed under this Declaration to remedy the situation.

6.08 Nuisances and Hazards. No nuisances shall be allowed on the Properties, nor any use or practice which is a source of annoyance to residents or which interferes with the peaceful enjoyment or possession of the Properties. All of the Properties shall be kept in a clean and sanitary condition, and no rubbish, refuse or garbage shall be allowed to accumulate nor shall any fire hazard be permitted to exist. No owner shall permit any use of his property which will increase the rate of insurance for any of the surrounding areas.

6.09 Prohibited Uses. No unlawful use shall be permitted or made of the Properties or any part thereof. All laws, ordinances and regulations of all governmental bodies having jurisdiction shall be complied with.

6.10 Construction Facilities. Notwithstanding any provisions herein contained to the contrary, it shall be expressly permissible for Declarant, its agents, employees and contractors to maintain during the period of construction and sale of the Lots and Units, upon such portion of the Properties as Declarant may choose, such facilities as in its sole opinion may be reasonably required, convenient or incidental to the construction and sale or rental of Lots and Units including, without limitation, a business office, storage area, construction yard, signs, model units, sales office, construction office, parking areas and lighting.

6.11 Utilities. All utility lines shall be placed underground.

6.12 Design Specifications. The following specifications shall be required for all structures located on the Properties and must be met in addition to obtaining any required approvals from the ARC and conforming with any design guidelines adopted under Section 5.12.

- A. Building Size. Every Unit constructed on a Lot shall have not less than 3,000 square feet (for a one-story Dwelling Unit) and not less than 3,000 square feet (for a multi-story Unit) of finished floor area devoted to living purposes (exclusive of porches, terraces, decks, patios, finished or unfinished basements and garages).
- B. Garage and Driveway Construction. Every Unit constructed on a Lot shall have a garage of sufficient size to house not less than three (3) cars. All driveways shall be paved with materials specifically approved by the ARC.

No vehicles shall be parked on any Lot except on the paved areas unless otherwise approved in writing by the ARC. Vehicles shall not be parked on any common driveway.

All garages shall be physically attached to the residence constructed upon the Lot, and all garage doors shall not face the front of the Lot that abuts the street; provided, however, the ARC, in its sole discretion shall have the right to modify the terms of this Covenant if the proposed construction cannot reasonably comply with this covenant due to uniqueness of design or the character or size of the Lot. All garages that may be desired to be constructed upon any part of a Lot shall be subject to prior approval as provided under the Design Review Guidelines.

C. Building Location/Setbacks. No building shall be located on any Lot nearer to the Lot lines than shall be allowed by the applicable building and zoning laws of Boulder County. Further, in all cases where building envelopes are designated, all structures unless specifically otherwise approved, shall be constructed within such building envelopes, although the roof may overhang such building envelopes. In all cases, the location of any building shall be subject to the approval of the ARC.

D. Roofs. All roof materials and colors shall be approved prior to installation by the ARC in accordance with the Design Review Standards.

E. Landscaping. No landscaping or any subsequent material change, alteration or modification of landscaping from that shown on any initially approved landscape plan, shall occur unless a landscape plan showing such landscaping or change, alteration or modification is submitted and approved by the ARC.

After a Unit has been constructed on any Lot, the remaining unpaved portion of the Lot shall promptly be placed in grass or other vegetation or covered with decorative materials approved by the ARC and maintained in exposed soil. No artificial plants, artificial grasses or artificial flowers shall be utilized as exterior landscape materials. Landscape plans involving and utilizing xeriscaping are encouraged. All landscaping as approved shall be maintained with adequate watering to assure good color and appearance. All landscaping shall be installed to the roadway adjacent event if within the right-of-way with such area to be maintained by the Owner.

All landscaping shown on an approved landscaping plan shall be completed and installed within six (6) months (weather permitting) after substantial completion of the Unit on the Lot or, in the event of a subsequent change, alteration or modification of landscaping from that shown on an initially approved landscape plan within six (6) months after approval of such change, alteration or modification. Completed and installed landscaping shall have no material adverse impact on the historic water and drainage flows associated with the Properties. No Owner shall have the right to impede or divert water as such water runs through the ditch laterals contiguous to the Properties.

F. Trees. No tree or trees, whether now growing or hereafter grown upon any part of the Properties shall be cut down or removed without prior written approval of the ARC provided that this restriction shall not be construed to limit in any way reasonable trimming of any trees.

G. Fences. All fencing must be specifically approved by the ARC and a building permit must be obtained before construction can commence. If all other requirements are met, the ARC will grant approval for a fence to be built in an easement. Fences along property lines shall be 42 inch high split-rail wire mesh and no privacy fences shall be allowed along property lines.

H. Additions. Lanais, trellises, hot tubs, gazebos, solar collectors, greenhouses, and other major structural improvements shall match and be compatible with materials used in construction of the other structures. Any addition must be within required building setbacks and must be attached to the residential Unit by decks or walls. In addition, all such features must be specifically approved by the ARC under the procedure set forth in this Declaration.

6.13 Lot Size. No Lot may be further subdivided from that existing at the time this Declaration is recorded, except by Declarant.

#### ARTICLE VII Insurance

7.01 Coverage. The Executive Board shall obtain and maintain at all times to the extent obtainable, insurance policies relating to the Common Areas. Said policies shall be written with companies licensed to do business in the State of Colorado. The Executive Board and the Declarant shall not be liable for failure to obtain any coverages required if such failure is due to the unavailability of such coverages or if such coverages are available only at unreasonable cost. If requested in writing by an Owner or a first

mortgagee, the Executive Board shall furnish a certificate of insurance or notices of termination of coverage or changes in coverage.

A. Each such policy shall provide:

- 1) Such policy shall not be canceled, invalidated or suspended because of the conduct of any Owner (including said Owner's guests, tenants, or agents) or of any officer, agent or employee of the Association without a prior demand in writing to the Association that the conduct or defect be cured and the Association shall not have so cured within sixty (60) days of said demand.
- 2) The Declarant, so long as Declarant shall continue to own any Unit or portion of the Properties, shall be protected by all such policies; and
- 3) That, notwithstanding any provisions thereof which gives the carrier the right to elect to restore damage in lieu of making a cash settlement, such option shall not be exercised without prior approval of the Association.

B. Said policy shall not provide that:

- 1) Under the terms of the insurance companies charter, bylaws or rules, contributions or Assessments may be made against the Association, the Owner, a first mortgagee or said mortgagee's designee or assignee;
- 2) Under the term of the insurance companies charter, bylaws, or rules any loss payments are contingent upon action by the insurance companies board of directors, shareholders, policy holders or members;
- 3) Any limiting clauses which could prevent first mortgagees or said mortgagee's designee or assignee, from collecting proceeds paid.

C. All policies, to the extent obtainable, shall contain waivers of subrogation against the Declarant, the Association, the Executive Board, Members, Owners, their guests and assignees. The named insured under the policies shall be the Association for the use and benefit of the individual Owners. Any loss covered by the policies carried under this Article shall be adjusted exclusively by the Executive Board and the insurance proceeds for that loss shall be payable to the Association as attorney-in-fact for each Owner and such Owner's First Mortgagee. Said insurance policies shall

contain the standard mortgagee clause or equivalent endorsement in which the First Mortgagee, its successors and assigns is named additional insured, if applicable.

7.02 Physical Damage Insurance. The Executive Board shall obtain and maintain a blanket "all-risk" form policy of fire and hazard insurance with extended coverage for vandalism, malicious mischief, windstorm, sprinkler leakage (if applicable), debris removal, cost of demolition and water damage endorsements, coverage for damage caused by ditches running through the Property, insuring all of the insurable improvements located on the Common Areas including fixtures, machinery, equipment, fences and supplies and any other personal property belonging to the Association.

Such insurance shall provide coverage equal to the current replacement cost based on the most recent appraisal of the insurable improvements, exclusive of land, excavations and other items normally excluded.

Such policies shall also provide as follows:

- A. A waiver of any right of the insurer to repair, rebuild or replace any damage or destruction, if a decision is made by the Executive Board pursuant to this Declaration not to do so;
- B. Said policies shall contain endorsements as determined by the Executive Board.

No control; Contingent liability from operation of building codes; Cost of demolition; Increased cost of construction; Inflation guard.

A duplicate original of the policy of hazard insurance, all renewals thereof, and any subpolicies or certificates and endorsements issued thereunder, together with proof of payment of premiums, shall be delivered by the insurer.

Any deductible on such insurance policy shall be determined in the discretion of the Executive Board as consistent with good business practice and which shall be consistent with the requirements of the First Mortgagees. Any loss falling within the deductible portion of a policy may be paid by the Association.

7.03 Rebuilding of Damaged Areas. In the event of repair and/or reconstruction, the proceeds of any insurance collected shall be available to the Association for the purpose of repair and/or reconstruction. If the insurance proceeds are insufficient to properly repair and/or reconstruct the damaged areas, such excess cost shall be assessed as an Individual Assessment against all Owners in accordance with this Declaration and not as a Special Assessment and such Assessment shall be exempt from any special

voting requirements of the Owners. Such Individual Assessment shall be assessed in the same proportion as the Annual Assessment is assessed.

If any portion of the damaged areas is not repaired or replaced, the insurance proceeds shall be used to restore the damaged areas to a condition compatible with the adjacent area and the remainder of the proceeds shall be retained by the Association for the benefit of the Members.

7.04 Liability Insurance. The Executive Board shall obtain and maintain comprehensive general liability (including libel, slander, false arrest, invasion of privacy, and property damage insurance with such limits as the Association determines appropriate with respect to Property of the Association and insuring each Officer, Director, Member and each Owner including the Declarant in its capacity as an Owner, against any liability to the public or to Owners and their invitees, agents and employees arising out of, or incident to, ownership and use of such Property. Such insurance shall be issued on a comprehensive liability basis. Additional coverages may be acquired to include protection against such other risks including, but not limited to, Host Liquor Liability, Contractual and All-Written Contract Insurance, Workmen's Compensation and Employer's Liability Insurance, Comprehensive Automobile Liability Insurance and such other coverages as the Board deems necessary. The Executive Board shall review such coverages and the policy limits thereunder once each year, but in no event shall such insurance coverage be less than one million dollars (\$1,000,000.00) covering all claims for bodily injury or death and property damage arising out of one occurrence. Reasonable amounts of "umbrella" liability insurance in excess of the primary limits may also be obtained at the discretion of the Executive Board.

#### 7.05 Other Insurance.

A. The Association may obtain and maintain adequate fidelity insurance coverage, to protect against dishonest acts on the part of the Directors, Officers, Trustees, Employees or Volunteers of the Association and all others who handle or are responsible for handling funds. Such fidelity coverage shall name the Association as the named insured and be written in an amount sufficient to cover the maximum funds that will be in the custody of the Association at any time while the insurance is in force. In addition, the fidelity insurance coverage must contain waivers of any defense based upon the exclusion of persons who serve without compensation.

B. If required by a governmental or quasi-governmental agency, including the Federal National Mortgage Association or the Federal Home Loan Mortgage

Corporation, the Association shall obtain flood insurance in accordance with said requirements.

C. The Association may obtain Worker's Compensation and Employer's Liability Insurance and other similar insurance with respect to employees of the Association in the amount and in the forms now or hereafter required by law.

D. The Association may obtain such other insurance of a similar or dissimilar nature, as the Executive Board shall deem appropriate.

E. If it is reasonably determined by a First Mortgagee that the existing coverages do not adequately protect the Properties, the Executive Board shall obtain such additional coverages. In addition, in the event any additional coverage is required by the Colorado Common Interest Ownership Act, the Executive Board shall seek to obtain such coverage, if available.

7.06 Payment of Insurance Premiums. The cost of the insurance obtained by the Association in accordance with this Article, shall be paid from Association funds and shall be collected from the Owners as part of the Annual Assessment as provided for in this Declaration. In the event there are not sufficient funds generated from the Annual Assessment to cover the cost of the insurance provided for above, then the deficiency shall be chargeable to each Owner by an Individual Assessment and not as a Special Assessment and such Assessment shall be exempt from any voting requirements of the membership.

7.07 Coverage on Owners Units. Insurance coverage on any property owned by an Owner, Owner's invitees, employers or assigns shall be the sole responsibility of the Owner, the Declarant, the Association and the Executive Board shall have no responsibility therefor.

#### ARTICLE VIII

##### Rights of the First Mortgagees

8.01 Entitlement. A First Mortgagee, upon written request to the Association, shall be entitled to receive any of the following:

- a) Budgets, notices of Assessments, or any other notices provided for under this Declaration by the Association to an Owner in which a First Mortgagee has a security interest;
- b) Financial statements of the Association which are distributed to its Members;

- c) Notices of meetings of the membership and the right to be represented at any meeting by a designated representative;
- d) Notice of any default in the performance of any obligations under this Declaration, the Articles of Incorporation and/or Bylaws of the Association by an Owner of a Unit in which a First Mortgagee has a security interest, which remains uncured for a period of thirty (30) days;
- e) Notice of the decision of the Members to make any material amendment to this Declaration, the Bylaws, and/or the Articles of Incorporation of the Association;
- f) Notice of any lapse, cancellation or material modification of any hazard or liability insurance policy or fidelity bond maintained by the Association;
- g) Notice of any condemnation action or any casualty loss which affects a material portion of the Properties or any Unit in which a First Mortgagee has a security interest;
- h) Notice of any proposed action in which this Declaration requires notice and consent of First Mortgagees.

8.02 Payment of Charges. First Mortgagees, may pay overdue premiums on hazard insurance policies or secure new hazard insurance coverage because of a lapse of a policy and may also pay taxes and other charges which are in default or which may or have become a charge against the Common Areas or Maintenance Property. If such payment is made reimbursement from the Association shall be due and owing immediately.

8.03 Restrictions. The consent of the Owners to which at least sixty-seven percent (67%) of the votes in the Association are allocated shall be required to add or amend any material provisions of the Declaration, Bylaws, and/or Articles of Incorporation which establish, provide for, govern or regulate any of the following:

- a) Assessments, the manner of Assessment liens or the subordination of such Assessment liens;
- b) Reserves for the maintenance, repair and replacement of the Common Areas;
- c) Insurance or Fidelity Bond;

- d) Right to use of the Common Areas;
- e) Responsibility for maintenance and repair of the Common Areas;
- f) Imposition of any right of first refusal or similar restriction on the right of an Owner to sell, transfer, or otherwise convey a Unit;
- g) Any provisions of this Declaration, the Articles of Incorporation or Bylaws which specifically grants rights to First Mortgagees thereunder.

Nothing in this Section shall be deemed to deny or delegate control over the general administrative affairs of the Association by the Unit Owners or Executive Board or prevent the Executive Board from commencing, intervening in, or settling any solicitation or proceeding.

8.04 Special FHLMC Provisions. If required by the Federal Home Loan Mortgage Corporation, Federal Housing Authority, the Veterans Administration or similar agency, the following requirements apply. Unless sixty-seven percent (67%) of the First Mortgagees (based upon one vote for each first mortgage owned) or Owners (other than the Declarant) give their prior written approval, the Association shall not be entitled to:

- a) by act or omission seek to abandon, partition, subdivide, encumber, sell or transfer property owned directly or indirectly by the Association, except as specifically allowed in this Declaration;
- b) fail to maintain hazard and extended coverage insurance on Common Areas or Maintenance Areas on a current replacement cost basis in an amount not less than one hundred percent (100%) of the insurable value.
- c) use hazard insurance proceeds received for losses to any part of the Common Areas or Maintenance Properties for other than repair, replacement or reconstruction of such property.

8.05 Implied Approval. Implied approval by an Owner or Mortgage Holder required to approve an action shall be assumed when such Owner or Mortgage Holder fails to submit a response to any written proposal for an amendment within thirty (30) days after notice of the proposal, provided this notice was delivered by certified or registered mail with return receipt requested.

## ARTICLE IX

### Property Ownership and Use

9.01 Easements. Easements for installation and maintenance of utilities and drainage facilities are reserved as shown on the recorded subdivision plat. No action shall be taken or use made of the easement area which damages or interferes with the installation and maintenance of utilities or which obstructs or interferes with the flow of water through drainage easements. Each Unit shall be subject to an easement for the benefit of the Association for the purpose of maintenance and repair and to meet any other purposes and requirements set forth in this Declaration. In addition, an easement is granted to all police, fire and other emergency agencies to enter onto any portion of the Properties in the performance of their duties.

All easements created herein shall be deemed appurtenant to the Unit they affect and all conveyances or other instruments affecting title shall be deemed to grant and reserve the easements provided herein even if no reference to such easement is made in said conveyance or instrument.

9.02 Encroachments. If any part of the Common Areas encroaches or shall hereafter encroach upon any Lot or Unit, an easement for such encroachment and for the maintenance of the same shall and does exist. If any part of a Dwelling Unit encroaches or shall hereafter encroach upon the Common Areas, or upon another Lot or Unit, the Owner of that Dwelling Unit shall and does have an easement for such encroachment and for the maintenance of the same. Such easements shall extend for whatever period of time the encroachment shall exist. Such encroachments shall not be considered to be encumbrances either upon the Common Areas or upon a Dwelling Unit. Any party obtaining such an easement under this Section 9.02 shall be obligated to maintain the easement area.

9.03 Declarant's Easements. Anything to the contrary herein notwithstanding, the Declarant and/or its agents hereby reserve reasonable easements and rights-of-way over all Common Areas and Lots or Units not yet conveyed for the sole use of constructing improvements to the Properties and Units therein. This reservation shall terminate upon the completion of all the improvements to the Properties. In addition, the ARC and Declarant shall have a perpetual easement across any portion of the Properties to certify compliance of construction and to aid in reviewing applications under Article V hereunder.

9.04 Condemnation. In the event of a proceeding in condemnation of any Common Area by any authorized governmental authority then the proceeds from such condemnation attributable to said Common Area shall be distributed to the Executive Board for repair of the Common Areas after condemnation and at the discretion of the Board, the balance remaining shall be distributed to all Owners in the same proportion as the Annual Assessments are assessed. When condemnation occurs, either to a Common Area or to other area within the Properties and such area is subject to a mortgage or deed of trust, the proceeds payable hereunder shall be distributed by checks made jointly payable to Owners and holders of first deeds of trust on the Units.

#### ARTICLE X

##### Maintenance

10.01 Maintenance of the Common Areas and Landscaping. The Association shall provide for the repair, maintenance and replacement of the Common Areas. In the event such repair, maintenance and replacement is resulting from the act or negligence of an Owner or an Owner's guest, the Executive Board shall have the right, after notice and hearing, to charge the costs of such repair, maintenance and replacement to such Owner by an Individual Assessment in accordance with this Declaration with such decision of the Executive Board being final. Said repair, maintenance and replacement shall be at the sole discretion of the Executive Board. In the event additional area within the Properties becomes Common Area or Common Area is added because of annexation to the Properties, the Association shall also provide for the repair, maintenance and replacement of any such Common Area.

10.02 Failure to Properly Maintain. In the event any Owner shall fail to maintain his or her Unit or structures thereon, the Executive Board shall have the right, after notice and hearing and upon approval by a vote of the Board, to enter upon said Unit and repair, maintain, replace or restore the Unit or structure. The cost of such maintenance, repair and restoration shall be chargeable to such Owner by Individual Assessment in accordance with this Declaration.

#### ARTICLE XI

##### General Provisions

11.01 Enforcement. The covenants, conditions and restrictions herein contained and amendments made hereunder shall run with the land and be binding upon and inure to the benefit of the Association, the Declarant and property Owners and may be enforced as provided hereinafter. Violation of these protective covenants shall give the Association, the Declarant or the Owners,

or any of them, the right to bring proceedings in law or equity against the party or parties violating or attempting to violate any terms of this Declaration, the Articles of Incorporation and Bylaws of the Association, to enjoin them from so doing, to cause any such violation to cease or to recover damages resulting from such violation. In any legal or equitable proceeding to enforce the provisions hereof or to enjoin any violation, the party or parties against whom judgment is entered shall pay the attorney's fees of the party or parties for whom judgment is entered. Such remedies shall be cumulative and not exclusive.

Notwithstanding the foregoing, except as specifically modified by the Colorado Common Interest Ownership Act, it is understood that the breach of any of this Declaration shall not defeat or render invalid the lien of any mortgage made in good faith and for value, provided, however, the covenants, conditions and restrictions shall at all times remain in full force and effect against said premises or any part thereof notwithstanding any foreclosure of any mortgage. No assent, expressed or implied, to any breach of any one or more of the covenants, conditions and restrictions shall be deemed to be a waiver of any succeeding or other breach.

11.02 Damages. An Owner shall be liable and responsible for payment of any loss or damage to any person or property caused by the act or negligence of the Owner or such Owners guests which occurs within the Properties or any Common Area. Any such loss or damages together with reasonable attorney fees and costs of collection may be recovered from the Owner by means of a fine, an individual Assessment or any other legal means.

11.03 Duration. The covenants, restrictions and reservations set forth in this Declaration, unless properly amended shall run with and bind the entire described Properties in perpetuity unless terminated under the provisions of this Declaration. In the event any of these covenants, restrictions and reservations would be held to be void because they are in violation of the rule against perpetuities or similar rule of law, these covenants shall then continue to be in effect for a period of twenty-one (21) years after the death of the last surviving descendant of William Clinton.

11.04 Amendments. Except for amendments by Declarant as allowed herein, this Declaration may be amended only by execution of a written document by the Owners of not less than sixty-seven percent (67%) of the Units actually in existence at the time of such amendment, provided however, an amendment may not (i) change the Development Rights and Special Declarant Rights; (ii) increase the number of Lots; (iii) change the Allocated Interests of a Lot; or (iv) change the uses to which a Lot is restricted, except by unanimous consent of the Owners. Said requirement shall be satisfied by the recording of a certificate signed by the Secretary

of the Association certifying that the required percentage of Unit Owners have given notarized consent to the amendment. In the event prior approval of an amendment is required by the Federal Housing Authority, the Veterans Administration or similar agency, said approval shall also be required.

11.05 Scope of This Declaration. The undersigned Declarant, as Owner of fee simple title to the Properties, expressly intends to subject the Properties to the provisions of this Declaration upon recording of this document. Each Owner shall own their Unit thereof, subject to the provisions of this Declaration. Any instrument recorded subsequent to this Declaration purporting to affect an interest in the Properties shall be subject to the terms of this Declaration despite failure to make reference thereto.

11.06 No Representation. Except as expressly set forth herein, Declarant makes no representations regarding use of any Unit or Unit. Declarant makes no representations as to the existence, preservation or permanence of any view from any Unit.

11.07 Annexation - Additional Property. Additional land may be annexed by the Declarant to the Properties and placed under the control of the Association without the consent of the Members, provided FHA and VA determine that the annexation is in accord with general plans approved by said agencies. Such property shall be annexed to the Property described on Exhibit A as long as such addition occurs within ten (10) years from the date of the recording of this Declaration. Any such addition shall be shown by an amendment to the Declaration and the recording of a map which shows the area added.

11.08 Books and Records. Any Owner or Mortgage Holder on a Unit shall have the right to examine the books and records of the Association at any reasonable time upon reasonable notice.

11.09 Successors and Assigns. This Declaration shall be binding upon and shall inure to the benefit of the Declarant and each Owner and to the heirs, representatives, successors and assigns of each of them.

11.10 Severability. If any portion of this Declaration becomes invalidated in any manner whatsoever, it shall not affect in any manner the validity, enforceability or effect of the remainder of this Declaration and in such event, all other provisions of this Declaration shall continue in full force and effect.

11.11 Numbers and Genders. Whenever used herein, unless the context shall otherwise provide, the singular number shall include the plural, the plural, the singular, and the use of any gender shall include all genders.



The NW $\frac{1}{4}$  of Section 22, Township 3 North, Range 69 West of the 6th P.M., EXCEPT that tract conveyed to the Department of Highways, State of Colorado, by deed recorded September 14, 1956 in Book 1023 at Page 505, County of Boulder, State of Colorado; and subject to an easement for public roadway purposes over the East 30 feet of said NW $\frac{1}{4}$  and the North 30 feet of said NW $\frac{1}{4}$ ; and all ditch, water, and reservoir rights owned by Grantor pertaining to this property, and 4 $\frac{1}{2}$  shares of Highland and 25 units (shares) as allocated by the Northern Colorado Water Conservancy District. Also known as SWC St. Highway #287 & Vermillion Road Longmont, Colorado.