

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

MEADOWS AT VAN DE WATER SUBDIVISION

(A Common Interest Community)

THE DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR MEADOWS AT VAN DE WATER SUBDIVISION is made and entered into this 22 day of OCTOBER, 2020, by VDW Investments, LLC a Colorado limited liability company, its heirs, affiliates, successors and assigns (collectively "Declarant").

Recitals

A. The Declarant is the owner of certain real estate located in the County of Larimer, State of Colorado, commonly known as Meadows at Van De Water Subdivision, Loveland, Colorado ("Property") and legally described on Exhibit "A" attached hereto and incorporated herein by reference.

B. The Declarant desires to create a Common Interest Community on the Property, pursuant to the Colorado Common Interest Ownership act, C.R.S. §38-33.3-101, et seq., as it may be amended from time to time ("Act").

C. The name of the Common Interest Community to be created upon the Property shall be Meadows at Van de Water Homeowners Association, Inc.

D. The Common Interest Community shall be a Planned Community.

E. Portions of the Common Interest Community shall be designated for separate ownership and the remainder will be owned by Meadows at Van De Water Homeowners Association, Inc., a Colorado Nonprofit Corporation, established by the Declarant for the purpose of exercising the functions set forth herein.

ARTICLE I

SUBMISSION OF PROPERTY

1.1 The Declarant hereby publishes and declares that the Property shall be held, sold, conveyed, transferred, leased, subleased and occupied subject to the easements, covenants, conditions, and restrictions set forth in this Declaration, as may be amended from time to time, which are for the purpose of protecting the value and desirability of the Property, and which shall run with the Property and shall be binding upon and inure to the benefit of all parties having any right, title, or interest in the Property, or any portion thereof, their heirs, personal representatives, successors, and assigns. Additionally, the Declarant hereby submits the Property to the provisions of the Act. To the extent this Declaration is silent on a matter covered by the Act, it is intended that the provisions of the Act apply. In the event the Act is repealed, the Act as it was in effect on the effective date of such repeal shall remain applicable.

1.2 Declarant reserves the right but not the obligation to expand this Project, without the approval of the Owners or first mortgagees, to include additional land. The right of expansion of the Declarant shall be premised upon Declarant demonstrating reasonable progress in the development or sale

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of lots within the existing project and, if a general plan for development is required by the Federal Housing Administration ("FHA") or Veterans Administration ("VA"), only after the FHA or the VA has determined that the annexation is in accord with the general plan for development theretofore approved by FHA or VA. Delays in development or sale of the lots resulting from causes beyond the reasonable control of Declarant shall not affect the right of Declarant to annex further property to the project. In any event, it shall be conclusively presumed that Declarant is reasonably progressing in the development of lots within the existing project if the first annexation proposed by Declarant is effected prior to the fifth (5th) anniversary of the recordation of this Declaration and if any subsequent annexation proposed by Declarant hereunder is effected prior to the seventh (7th) anniversary of the recordation of this Declaration annexing property to the project. By accepting a deed to a lot, each Owner hereby grants to Declarant the right to expand the project and to modify the Owner's rights, title and interest in the common area accordingly, as set forth in Article XVI. Any such expansion shall not make or constitute any amendment or modification in this Declaration except as provided in this Article.

1.3 Additions to the project may be made by Declarant by the recordation of one or more supplemental declarations or other written instruments signed by Declarant. Such supplemental declaration or other instruments shall contain legal descriptions of the additional real property which shall become part of the project and shall declare that such property shall be subject to this Declaration.

1.4 Upon the recording of a supplemental declaration, the property described therein shall be subject to the restrictions contained in this Declaration. The property described in a supplemental declaration may be made subject to additional and different restrictions which are set forth in the supplemental declaration provided such restrictions are no less restrictive than those contained in this Declaration and, if required, are approved in writing by the FHA and the VA.

1.5 In accordance with its Articles of Incorporation, the properties, rights and obligations of the Association may, by operation of law, be transferred to another surviving or consolidated association similar in corporate nature and purposes or, alternatively, the properties, rights and obligations of an association similar in corporate nature and purposes may by operation of law be added to the properties, rights and obligations of the Association as a surviving corporation pursuant to a merger. The surviving or consolidated association may administer the covenants and restrictions established upon any other basis as one scheme. No such merger or consolidation, however, shall affect any revocation, change, or addition to the covenants established by this Declaration within the existing property except as hereinafter provided. Such merger or consolidation shall have the assent of two-thirds (2/3) of the owner of lots within the project at the time of the proposed merger and the consent of at least 67% of first mortgagees within the project at the time of the proposed merger.

ARTICLE II

DEFINITIONS

2.1 Definitions. When used in this Declaration, unless the context clearly indicates otherwise, capitalized terms not otherwise defined in the Act or on the Plat of the Property shall have the meanings provided in the following sections of this Article:

2.1.1 "Act" shall mean and refer to the Colorado Common Interest Ownership Act C.R.S. §38-33.3-101, et seq., as it may be amended from time to time.

2.1.2 "Allocated Interests" shall mean and refer to the Common Expense liability and votes in the Association.

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2.1.3 "Approval" or "Consent" shall mean securing the prior written approval or consent as required herein before doing, making, or suffering that for which such approval or consent is required.

2.1.4 "Architectural Review Committee" shall mean and refer to one of the committees established to review and approve plans for the construction of improvements on Units as set forth in Article XII of this Declaration.

2.1.5 "Assessments" shall mean and refer to all Common Expense Assessments, Special Assessments, Individual Assessments and Fines levied by the Executive Board pursuant to this Declaration, the Bylaws or the Rules and Regulations.

2.1.6 "Association" shall mean and refer to Meadows at Van de Water Homeowners Association, Inc., a Colorado Nonprofit Corporation, its successors and assigns, organized and existing under § 301 of the Act.

2.1.7 "Bylaws" shall mean and refer to any instruments, however denominated, which are adopted by the Association for the regulation and management of the Association, including amendments to those instruments.

2.1.8 "Common Elements" shall mean and refer to any real estate within the Common Interest Community owned or leased by the Association. "Common Elements" shall also include any storm water drainage, detention or retention improvements, structures or facilities, or other public improvements installed (or to be installed) within the Common Interest Community (but excluding any such improvements or facilities which are owned or maintained by the City of Loveland or other governmental or quasi-governmental authority), as well as related off-site improvements structures or facilities used by or benefiting the Common Interest Community and/or installed pursuant to requirements of the construction plans.

2.1.9 "Common Expense Assessments" shall mean and refer to all Assessments made for Common Expenses.

2.1.10 "Common Expenses" shall mean and refer to expenditures made or liabilities incurred by or on behalf of the Association, together with any allocations to reserves. These expenses for the operation of the Common Interest Community include, but are not limited to:

(a) expenses of administering, maintaining, leasing, insuring, repairing, maintaining or replacing the Common Elements;

(b) expenses of maintenance, repair or replacement of any drainage structure or other facility or other public improvements not maintained by the City of Loveland;

(c) expenses declared to be Common Expenses by the Declaration;

(d) expenses agreed upon as Common Expenses by the Association;

(e) such reasonable reserves as may be established by the Association, whether held in trust or by the Association, for repair, replacement or addition to the Common Elements or any other real or personal property acquired or held by the Association.

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2.1.11 "Common Interest Community" shall mean and refer to the Property described on Exhibit "A" attached hereto and incorporated herein by reference, together with any real property added to the Common Interest Community pursuant to Article XVI of this Declaration.

2.1.12 "Declarant" shall mean and refer jointly to VDW Investments, LLC, a Colorado limited liability company, its heirs, affiliates, successors and assigns or any other Person or group of Persons acting in concert who:

(a) As a part of a common promotional plan, offer to dispose of or to a Purchaser such Declarant's interest in a Unit not previously disposed of or to a Purchaser; or

(b) Reserve or succeed to any Special Declarant Right.

2.1.13 "Declaration" shall mean and refer to this Declaration, including any amendments hereto and also including, but not limited to, Plats of the Property recorded in the office of the Clerk and Recorder of Larimer County, Colorado.

2.1.14 "Director" shall mean and refer to a member of the Executive Board.

2.1.15 "District" The Meadows at Van De Water Homeowners Association, Inc. ("Association") was formed by the owners and/or developers of property and is also in VDW Metropolitan District No. 2 ("District"). The Association is a separate and distinct entity from the District. The District is a quasi-municipal governmental entity and political subdivision of the State of Colorado with the power to impose property taxes and other fees and charges to pay for those public improvements, capital expenditures and provide essential services to the property within the District as authorized by the District's Service Plan approved by the City of Loveland in 2002. General information regarding the District is available at: <http://www.vandewatermd.com> and/or the Division of Local Government (DOLA) website: <https://dola.colorado.gov/lgis/> and is also reflected in that certain public disclosure statement, map and general information regarding the District titled VDW Metropolitan District No. 2 Public Disclosure Statement Pursuant to Section 32-1-104.8 C.R.S. recorded with the Larimer County Clerk and Recorder on December 29, 2014 at Reception No. 20140075018.

This Declaration provides the obligations, responsibilities and restrictions on the Property within the Association and are designed to protect and enhance the quality, value, aesthetics, desirability, and attractiveness of the Property and improvements to be developed within the subdivision. This Declaration is in addition to the laws of any and all applicable governmental entities with jurisdiction over the Property including, but not limited to, the District, the City of Loveland and Larimer County, Colorado.

2.1.16 "Documents" shall mean and refer to this Declaration, the Plat as recorded and filed, Articles of Incorporation, Bylaws, and the Rules and Regulations as they may be amended from time to time, together with any exhibit, schedule or certificate accompanying such Documents.

2.1.17 "Dwelling Unit" shall mean and refer to a residential dwelling constructed on a Unit designated and occupied as a residence for a Single Family.

2.1.18 "Executive Board" shall mean and refer to the Board of Directors of the Association.

2.1.19 "Fines" shall mean and refer to any monetary penalty imposed by the Executive Board against a Unit Owner and the Unit of the Unit Owner because of a violation of this Declaration, the Articles of Incorporation of the Association, its Bylaws or the Rules and Regulations by such Unit

Owner, a member of the Unit Owner's family or tenant or guest of the Unit Owner or a member of a family of a tenant of a Unit Owner.

2.1.20 "Individual Assessments" shall mean and refer to any assessment made against a Unit Owner and the Unit of a Unit Owner pursuant to the provisions of this Declaration, the Bylaws or the Rules and Regulations, other than a Common Expense Assessment or a Special Assessment.

2.1.21 "Limited Common Elements" shall mean and refer to those portions of the Common Elements, if any, designated in this Declaration, or on any Plat, or by the Act, for the exclusive use of one (1) or more but fewer than all of the Units.

2.1.22 "Lot" shall mean and refer to 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 Plat. The term "Lot" as used in this Declaration or on the Plat shall have the same meaning as the term "Unit" as used in this Declaration and the Act.

2.1.23 "Manager" shall mean and refer to a Person employed or engaged to perform management services for the Common Interest Community and the Association.

2.1.24 "Member" shall mean and refer to every person or entity that holds membership in the Association.

2.1.25 "Owner" shall mean and refer to the record owner, whether one (1) or more persons or entities, of a fee or undivided fee interest in any Unit, as defined herein, which is part of the Property, including contract purchasers, but excluding those having such interest merely as security for the performance of an obligation.

2.1.26 "Person" shall mean and refer to an individual, corporation, business trust, estate, limited liability company, limited partnership, general partnership, association, joint venture, government, government subdivision or agency, or other legal or commercial entity.

2.1.27 "Plat" shall mean and refer to the Plat or a portion thereof of Millennium SW Eighteenth, as has been or will be recorded and may be amended from time to time, in the records of the office of the Clerk and Recorder of Larimer County, Colorado.

2.1.28 "Property" shall mean and refer to that certain real property described on Exhibit "A" attached hereto and incorporated herein by reference, together with any real property added to the Common Interest Community pursuant to Article XVI of this Declaration.

2.1.29 "Purchaser" shall mean and refer to a Person, other than a Declarant, who, by means of a transfer, acquires a legal or equitable interest in a Unit, other than:

(a) A leasehold interest in a Unit of less than forty (40) years, including renewal options, with the period of the leasehold interest, including renewal options, being measured from the date the initial term commences; or

(b) A Security Interest.

2.1.30 "Rules and Regulations" shall mean and refer to any instruments, however denominated, which are adopted by the Association for the regulation and management of the Common Interest Community, including any amendment to those instruments.

2.1.31 "Security Interest" shall mean and refer to 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. "First Security Interest" shall mean and refer to a Security Interest in a Unit prior to all other Security Interests except the Security Interest for real property taxes and assessments made by Larimer County, Colorado, or other governmental authority having jurisdiction over the Common Interest Community.

2.1.32 "Single Family" shall mean and refer to a group of persons related by blood or marriage living together as a family unit, or any other group of persons living together as one (1) family for living and cooking purposes; provided, however, that no group of more than three (3) people not related by blood, marriage, adoption or some other similar legal relationship shall be deemed a Single Family.

2.1.33 "Special Assessment" shall mean and refer to the special assessment for capital improvements described in Section 8.4 of this Declaration.

2.1.34 "Special Declarant Rights" shall mean and refer to the rights reserved for the benefit of the Declarant to perform those acts specified in Article XI hereinafter.

2.1.35 "Unit" shall mean and refer to a physical portion of the Common Interest Community designated for separate ownership or occupancy, the boundaries of which are described in the Declaration, including the Plat of the Property.

2.1.36 "Unit Owner" shall mean and refer to the Declarant or other Person 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 in the Declaration until that Unit is conveyed to another Person.

2.2 Other Terms Defined in Act. Unless the context clearly indicates otherwise, other terms defined in the Act shall have the meanings attributable to such terms in the Act.

2.3 Other Terms in Declaration. Other terms in this Declaration may be defined in specific provisions contained herein and shall have the meaning assigned by such definition.

ARTICLE III

COMMON INTEREST COMMUNITY

3.1 Name. The name of the Common Interest Community is Meadows at Van De Water Subdivision.

3.2 Association. The name of the Association is MEADOWS AT VAN DE WATER HOMEOWNERS ASSOCIATION, INC.

3.3 Planned Community. The Common Interest Community is a Planned Community.

3.4 County. The name of every county in which any part of the Common Interest Community is situate in Larimer County, Colorado.

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3.5 Legal Description. The legal description of the Property included in the Common Interest Community is set forth on Exhibit "A" attached hereto and incorporated herein by reference.

3.6 Maximum Number of Units. The maximum number of Units that the Declarant reserves the right to create within the Common Interest Community is 172.

3.7 Boundaries of Units. The boundaries and identifying number of each Unit created by the Declaration are set forth on the Plat of the Property.

3.8 Limited Common Elements. The Common Interest Community may hereafter include Limited Common Elements and any real estate may be subsequently allocated as Limited Common Elements, as provided elsewhere in this Declaration.

3.9 Recording Data. All easements and licenses to which the Common Interest Community is presently subject are set forth in this Declaration or described on the Plat.

3.10 Notices. Notice of matters affecting the Common Interest Community may be given to Unit Owners by the Association or by other Unit Owners in the following manner: Notice shall be hand delivered or sent by United States mail, postage prepaid, to the mailing address of each Unit or to any other mailing address/email address as designated in writing by the Unit Owner to the Association. Such notice shall be deemed given when hand delivered or when emailed or when deposited in the United States mail, postage prepaid.

ARTICLE IV

ASSOCIATION

4.1 Authority and Power. The business and affairs of the Common Interest Community shall be managed by the Association. The administration of the Common Interest Community shall be governed by this Declaration, the Act, the Articles of Incorporation, the Bylaws and published Rules and Regulations of the Association. The Association shall have all of the powers, authority and duties permitted pursuant to the Documents and the Act which are necessary and proper to manage the business and affairs of the Common Interest Community.

4.2 Declarant Control. Subject to the limitations of §303 of the Act, the Declarant, or persons designated by it, may appoint and remove the officers of the Association and members of the Executive Board for a period of ten (10) years after this Declaration is recorded in the office of the Clerk and Recorder of Larimer County, Colorado.

4.3 Executive Board Powers and Duties. The Executive Board shall have, subject to the limitations contained in this Declaration and the Act, the powers and duties necessary for the administration of the affairs of the Association and of the Common Interest Community, which shall include, but not be limited to, the following:

4.3.1 Adopt and amend Bylaws.

4.3.2 Adopt and amend Rules and Regulations regarding the use and enjoyment of the Common Elements, and the activities of occupants thereon, and to otherwise govern and regulate the use, occupancy, operation and maintenance of the Common Interest Community.

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- 4.3.3 Adopt and amend budgets for revenues, expenditures and reserves.
- 4.3.4 Collect Assessments from Unit Owners.
- 4.3.5 Hire and discharge Managers.
- 4.3.6 Hire and discharge independent contractors, employees and agents, other than Managers.
- 4.3.7 Institute, defend or intervene in litigation or administrative proceedings or seek injunctive relief for violation of the Documents in the Association's name, on behalf of the Association, or two (2) or more Unit Owners on any matters affecting the Common Interest Community.
- 4.3.8 Make contracts and incur liabilities.
- 4.3.9 Regulate the use, maintenance, repair, replacement and modification of the Common Elements.
- 4.3.10 Cause additional improvements to be made as a part of the Common Elements.
- 4.3.11 Acquire, hold, encumber and convey in the Association's name, any rights, title or interest to real estate or personal property, but the Common Elements may be conveyed or subjected to a Security Interest only pursuant to the Declaration and applicable law.
- 4.3.12 Grant easements for any period of time, including permanent easements, leases, licenses and concessions through or over the Common Elements.
- 4.3.13 Impose and receive a fee or charge for the use, rental or operation of the Common Elements and for services provided to Unit Owners.
- 4.3.14 Impose a reasonable charge for late payment of Assessments and levy a Fine for violation of this Declaration, the Bylaws and the Rules and Regulations of the Association.
- 4.3.15 Impose a reasonable charge for the preparation and recordation of supplements or amendments to this Declaration and for statements of unpaid Assessments.
- 4.3.16 Provide for the indemnification of the Association's officers and the Executive Board and maintain Directors and Officers liability insurance on any threatened, pending or completed action, suit or proceeding to which the Officers or the Executive Board was or is a party or is threatened to be made a party by reason of the fact that it is or was an Officer or member of the Executive Board of the Association (other than an action by or in the right of the Association) involving an alleged cause of action for damages arising from the performance of its activities on behalf of the Association, the Association shall indemnify the Officers and the Executive Board against expenses, including attorneys' fees, judgments and amounts paid in settlement, actually and reasonably incurred by it in connection with such action, suit or proceeding if the Officers and/or the Executive Board acted in good faith and in a manner it reasonably believed to be in or not opposed to the best interests of the Association, and provided that its conduct has not been found by a nonappealable court judgment, order, decree or decision to constitute fraud, deceit, willful or wanton misconduct, or a wrongful taking. The termination of any action, suit or proceeding by judgment, order, or settlement shall not, of itself, create a presumption that the Executive Board did not act in good faith and in a manner which it reasonably believed to be in or not opposed to the best interests of the Association.

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4.3.17 Assign the Association's right to future income, including the right to receive Common Expense Assessments, only upon the affirmative vote of the Unit Owners of Units to which at least eighty percent (80%) of the votes in the Association are allocated, at a meeting called for that purpose.

4.3.18 Exercise any other powers conferred by the Documents.

4.3.19 Exercise any other power that may be exercised in the State of Colorado by a legal entity of the same type as the Association.

4.3.20 Exercise any other power necessary and proper for the governance and operation of the Association.

4.3.21 By resolution, establish permanent and standing committees of Directors to perform any of the above functions under specifically delegated administrative standards as designated in the resolution establishing the committee. All committees must maintain and publish notice of their actions to Unit Owners and the Executive Board. However, actions taken by a committee may be appealed to the Executive Board by any Unit Owner within forty-five (45) days of publication of a notice. If an appeal is made, the committee's action must be ratified, modified or rejected by the Executive Board at its next regular meeting.

4.3.22 Nothing in this Declaration shall be construed as to require the Officers or the Executive Board to take any of the actions for which it is authorized. The Officers and Executive Board shall conduct its obligations pursuant to Colorado law, but absent a showing of bad faith or intentional misconduct, any actions taken by an Officer or the Executive Board shall be fully indemnified by the Association.

4.4 Budget Process. To determine the amount required to be raised by Assessments for any fiscal year, the Executive Board shall prepare an annual budget for each such fiscal year showing, in reasonable detail, the various matters proposed to be covered by the budget, the estimated costs and expenses which will be payable, the estimated income and the funds which will be available in the fiscal year, and the estimated total amount of money required to be raised by Assessments to cover such costs and expenses and to provide a reasonable reserve. A total amount of money required to be raised by Assessments for that fiscal year shall be the amount as determined by the Executive Board as necessary to satisfy the costs and expenses of fulfilling the functions and obligations of the Association in the coming fiscal year, including the payment of debts from prior fiscal years, providing reasonable reserves and providing a reasonable carryover reserve for the following fiscal year. Within thirty (30) days after adoption of any proposed budget for the common interest of the Association, the Executive Board shall mail, by ordinary first class mail, or otherwise deliver, a summary of the budget, to all Owners, and shall set a date for a meeting of the Owners to consider ratification of the budget not less than fourteen (14) days nor more than sixty (60) days after mailing or other delivery of the summary. Unless at that meeting a majority of all Owners present at the meeting, in person, or by proxy, rejects the budget, the budget is ratified, whether or not a quorum is present. In the event a 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.

4.5 Professional Management. The Association may contract for the services of a professional manager in performing its duties hereunder. Any agreement for professional management of the Association's business shall have a maximum term of three (3) years and shall provide for termination by either party thereto, with or without cause and without payment of a termination fee, upon thirty (30) days prior written notice. Any contracts, licenses or leases entered into by the Association during the period of Declarant control of the Association shall provide for termination by either party thereto, with



or without cause without payment of termination fee, at any time after termination of Declarant control of the Association, upon thirty (30) days prior written notice.

4.5.1 The Officers and Executive Board shall not be responsible or liable for any actions taken by the Manager in the management of the Association and/or Common Interest Community. Should the Association and/or Common Interest Community assert any claims regarding the Manager or his management company in the operation of the Association and/or Common Interest Community, the Association and/or Common Interest Community members hereby waive any such contract or tort claims against the Officers and the Executive Board and shall be prohibited from naming the Officers or Executive Board absent a showing of intentional wrongful conduct on behalf of the Officers or Executive Board. In addition, nothing in this Declaration shall be construed to create a *respondeat superior* relationship between the Officers or Executive Board and any Manager or management company engaged by the Officers or Executive Board.

4.6 Executive Board Limitations. The Executive Board may not act on behalf of the Association to amend this Declaration, to terminate the Common Interest Community, or to elect members of the Executive Board or determine their qualifications, powers and duties or the terms of office of Executive Board members, but the Executive Board may fill Board vacancies for the unexpired portion of any term.

4.7 Owner's Negligence and Individual Assessments. Notwithstanding anything to the contrary contained in this Declaration, or in the event that the need for maintenance or repair of the Common Elements or any improvements located thereon is caused by the willful or negligent act, omission or misconduct of any Unit Owner, or by the willful or negligent act, omission or misconduct of any member of such Unit Owner's family, or by a guest or invitee of such Unit Owner, or any tenant or member of a tenant's family, the costs of such repair and maintenance shall be the personal obligation of such Unit Owner, and any costs, expenses and fees incurred by the Association for such maintenance, repair or reconstruction shall constitute an "Individual Assessment" and shall be added to and become part of the Assessment to which such Owner's Unit is subject and shall be a lien against such Owner's Unit as provided in this Declaration. A determination of the willful or negligent act, omission or misconduct of any Unit Owner or any member of a Unit Owner's family, or a guest or invites of any Unit Owner, or tenant of member of a tenant's family, resulting in an Individual Assessment and the amount of the Individual Assessment shall be determined by the Association after notice of the Unit Owner and the right to be heard before the Executive Board in connection therewith.

ARTICLE V

MEMBERSHIP, VOTING RIGHTS AND ALLOCATIONS

5.1 Membership. Every Owner of a Unit which is subject to Common Expense Assessments shall be a Member of the Association. The foregoing is not intended to include Persons who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any Unit which is subject to Common Expense Assessments by the Association. Ownership of such Unit shall be the sole qualification for membership. When more than one (1) Person holds a membership interest in any Unit, all such Persons shall be Members. The vote for such Unit shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Unit.

5.2 Voting Rights and Assignment of Votes. The effective date for assigning votes to Units created pursuant to this Declaration shall be the date on which this Declaration is recorded in the records of the Clerk and Recorder of Larimer County, Colorado.

5.3 Allocated Interests. The Common Expense Liability and votes in the Association allocated to each Unit are set forth as follows:

5.3.1 The percentage of liability for Common Expenses shall be allocated on the basis of equal liability for each Unit; and

5.3.2 The number of votes in the Association shall be allocated on the basis of one (1) vote for each Unit.

ARTICLE VI

COMMON ELEMENTS

6.1 Dedication of Common Elements. The Declarant hereby dedicates the Common Elements to the common use and enjoyment of the Members, as hereinafter provided.

6.2 Description of Common Elements. The Common Elements within the Common Interest Community shall consist of the following real property:

Outlots A, B, C, D and E

6.3 Installation of Common Elements. The Declarant shall install, construct or cause to be installed or constructed the following Common Elements:

6.3.1 Landscaping and irrigation systems on the Common Elements as required by Public Improvement Landscape Plans.

6.3.2 Community mailboxes and enclosures and related facilities as required by the US Postal Service.

6.3.3 Perimeter fencing where necessary as required by the Public Improvement Landscape Plans.

6.3.4 The Common Elements described in Section 6.2 above, shall be transferred to the Association free and clear of all liens and encumbrances.

6.4 Maintenance and Regulation of Common Elements. After the installation of all improvements, facilities and landscaping required of Declarant by the City of Loveland, Colorado, within the Common Elements, such improvements, facilities and landscaping (including irrigation systems) shall be maintained, repaired and replaced by the Association as necessary so that such Common Elements present an aesthetically attractive appearance to serve the purposes for which such improvements, facilities and landscaping were installed. The Association shall be responsible for the maintenance, repair, renovation, management and control of the Common Elements subject to any rights previously granted to the public.

The Association may adopt such Rules and Regulations as shall be necessary for the proper maintenance, repair, renovation, management and control of the Common Elements.

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

6.5.1 The right of the Association to promulgate and publish reasonable Rules and Regulations as provided in this Declaration.

6.5.2 The right of the Association to suspend voting rights and the right to use the Common Elements by an Owner for any period during which any Assessment against his or her Unit remains unpaid; and for a period not to exceed sixty (60) days for any infraction of its published Rules and Regulations.

6.5.3 The right of the Association to dedicate or transfer any part of the Common Elements to any public agency, authority, utility or other entity for such purposes and subject to such conditions as may be agreed to by the Members, provided that with the exception of public ways, rights-of-way and easements provided for in the Plat, no such dedication or transfer shall be effective unless the Owners entitled to cast at least eighty percent (80%) of the votes of the Association, agree to such dedication, transfer, purpose or condition, and unless written notice of the proposed dedication or transfer is sent to every Unit Owner at least thirty (30) days in advance of any action taken. The granting of easements for public purposes consistent with the intended use of the Common Elements shall not be deemed a transfer within the meaning of this clause.

6.5.4 The right of the Association to close or limit use of the Common Elements while maintaining, repairing and making replacements in the Common Elements.

6.6 Delegation of Use. A Unit Owner may delegate, in accordance with the Bylaws, his or her right of enjoyment to the Common Elements and facilities to the members of his or her family, tenants, or contract purchasers who reside on his or her Unit.

6.7 Additional Common Elements. Declarant shall also assign, transfer and convey to the Association, by appropriate instrument: none other.

6.8 Limited Common Elements. A "Limited Common Element" means a portion of the Common Elements, designated in this Declaration, or on any Plat or Map, or by the Act, for the exclusive use of one (1) or more but fewer than all of the Lots. The Executive Board may designate parts of the Common Elements from time to time for use by less than all of the Lot Owners or by non-owners 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.

ARTICLE VII

MAINTENANCE BY ASSOCIATION

7.1 Maintenance of Common Elements. The Association shall maintain all of the Common Elements within the Common Interest Community. The Association shall maintain all other landscaping and other facilities installed in, on or under the Common Elements and shall make repairs and replacements thereto as needed. Any common driveways and alleys, parking areas, sidewalks, landscaping islands, entry feature monument and signage, and irrigation sprinkler system located in on or under the Common Elements, shall be maintained by the Association. All such facilities and any and all

additional facilities and improvements which may be installed within Common Elements shall be maintained, repaired and replaced by the Association as necessary so that the Common Elements present an aesthetically attractive appearance and serve the purpose for which such facilities were installed. In addition, to the fullest extent allowed or required by the provisions of §307(1.5) of the Act, the Association shall maintain, repair and replace any and all drainage structures or facilities or other public improvements required by the City of Loveland as a condition to the development of the Common Interest Community or any part thereof (unless and except to the extent that same are maintained by the City of Loveland).

7.2 Damage by Owner. Notwithstanding anything to the contrary contained herein, in the event the need for the Association to maintain, repair or replace a Common Element is caused by the willful act or gross negligence or misconduct of a Unit Owner or a member of such Unit Owner's family, or a guest, invitee or tenant of a Unit Owner or a member of such tenants family, the costs of such repair, replacement or maintenance, to the extent not covered by the Association insurance, shall be a personal obligation of such Unit Owner, and any costs, expenses and fees incurred by the Association for the same shall be assessed to such Unit Owner and added to such Owner's Common Expense Assessment, the Association shall have a lien for the payment of such Assessment as provided in the Act and in this Declaration.

7.3 Declarant's Right to Perform Work. In the event the Association fails to repair or maintain Common Elements or otherwise perform any obligation under this Declaration, Declarant shall have the right, but not the obligation, to perform such duties for the account of the Association. In such event, Declarant will be entitled to reimbursement from the Association for all costs incurred by Declarant, such reimbursement to be due within thirty (30) days after receipt by the Association of an invoice from Declarant itemizing the costs incurred. After expiration of the thirty (30) day period allowed for payment, Declarant may collect interest on the amount due at the rate of twelve percent (12%) per annum, plus any costs incurred in collecting same (including, without limitation, reasonable attorneys' fees).

ARTICLE VIII

COVENANT FOR MAINTENANCE ASSESSMENTS

8.1 Creation of Lien and Personal Obligation for Assessments and Special Assessments. The Declarant, for each Unit owned within the Property, shall be deemed to covenant and agrees, and each Owner of any Unit, by acceptance of a deed therefore, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to covenant and agree to pay to the Association all Assessments and Fines, together with such interest thereon and costs of collection thereof as herein provided. Said Assessments, Fines, interest and costs of collection, including reasonable attorneys' fees, shall be a charge on the land and shall be a continuing lien upon the Unit against which each such Assessment or Fine is made. Such Assessments and Fines, including reasonable attorneys' fees, shall be the personal obligation of the Unit Owner who was the Owner of such Unit at the time the Assessment or Fine fell due. The personal obligation for any delinquent Assessment or Fine shall not pass to his or her successors in title unless expressly assumed by them. No Unit Owner may become exempt from liability for payment of Assessments or Fines by waiver of the use or enjoyment of the Common Elements or by abandonment of the Unit against which Assessments are made or Fines are assessed. Omission or failure to fix an Assessment or deliver or mail a statement for any period shall not be deemed a waiver, modification or release of a Unit Owner from his or her obligation to pay the same.

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8.1.1 Declarant or any Builder of a single family residence on a Lot is not subject to any Assessments or Special Assessments.

8.2 Purpose of Assessments. The Assessments levied by the Association through its Executive Board shall be used exclusively for the purpose of promoting the health, safety and welfare of the residents in the Common Interest Community; for the maintenance, repair and upkeep of the Common Elements and for any other maintenance obligations or common services which may be deemed necessary by the Association for the common benefit of the Unit Owners, or the maintenance of property values, or for the payment of expenses which may be incurred by virtue of an agreement with or requirement of any city, county or other local government authority. The Assessments shall further be used to provide adequate insurance of various types, and in such amounts deemed necessary by the Executive Board, with respect to the Common Elements located within the Common Interest Community. Further, the Assessments shall provide a reserve fund for replacements on a periodic basis as the Executive Board determines necessary to adequately provide for such replacements as may be required by this Declaration.

8.3 Annual Common Expense Assessment. The total annual Common Expense Assessment against all Units shall be based upon the Association's advance budget of the cash requirements needed by it to provide for the administration and performance of its duties during such Common Expense Assessment year, which estimates may include, among other things:

8.3.1 Expenses of management;

8.3.2 Premiums for all insurance which the Association is required or permitted to maintain;

8.3.3 Repairs and maintenance;

8.3.4 Wages for Association employees, if any;

8.3.5 Legal and accounting fees;

8.3.6 Any deficit remaining from a previous Assessment year;

8.3.7 The creation of reasonable contingency reserves, working capital and/or sinking funds;
and

8.3.8 Any other costs, expenses and fees, which may be incurred or may reasonably be expected to be incurred by the Association for the benefit of the Unit Owners under or by reason of this Declaration.

8.3.9 Such Common Expense Assessments shall be collected at such intervals as is determined by the Executive Board but not less frequently than on an annual basis.

8.4 Special Assessments.

8.4.1 In addition to the Common Expense Assessments authorized above, the Association may at any time, from time to time, determine, levy and assess a Special Assessment for the purpose of defraying in whole or in part, payments for any operating deficit and/or unbudgeted costs, fees and expenses of any construction, reconstruction, repair, demolition, replacement or maintenance of the Common Elements or for "Capital Improvements." Any such Special Assessment made by the Executive Board must be approved by not less than seventy-five percent (75%) of the Members who are voting in person or by proxy at a meeting duly called for that purpose. No Special Assessment for legal action

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pursued by the Association shall be required of the Declarant without written Approval by the Declarant. The amounts determined, levied and assessed pursuant hereto shall be assessed equally against each Unit. Notice in writing setting forth the amount of such Special Assessment per Unit and the due date for payment thereof shall be given to the Unit Owners not less than thirty (30) days prior to such due date.

8.4.2 "Capital Improvements," as used herein, shall mean the construction, erection or installation of substantial structure(s) or other substantial improvement(s) in the Common Interest Community, but shall not include the construction, reconstruction, erection, installation, maintenance, repair or replacement of the Common Elements presently located on the Property or which may hereafter be constructed, erected or installed on the Property by the Declarant in its development of the Common Interest Community.

8.4.3 Notice and Quorum. Written notice of any meeting called for the purpose of taking any action authorized under this Section 8.4 shall be sent to all Members not less than five (5) nor more than thirty (30) days in advance of the meeting. At the first such meeting called, the presence of Members or of proxies, if permitted, entitled to cast twenty percent (20%) of all votes of the membership shall constitute a quorum. If the required quorum is not present, the meeting shall be continued to another date to be decided by the voting Members at the first meeting, and it will be called subject to the same notice requirements, and the required quorum at the subsequent meeting shall be ten percent (10%) of all votes of the membership. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

8.5 Rate of Assessment. Except as otherwise provided in this Section 8.5 and in Section 8.14, each Owner shall be responsible for a fraction, the numerator of which shall be 1 and the denominator of which shall be equal to the number of Units in the Common Interest Community, of all Common Expense Assessments, plus any Special Assessments which shall be allocated to each Unit. Notwithstanding the foregoing, any Common Expense Assessments or Special Assessments which benefit fewer than all Owners shall be assessed exclusively against the Units benefited.

8.6 Date of Commencement of Annual Common Expense Assessments. Common Expense Assessments shall begin on the first day in which conveyance of the Unit to a Unit Owner other than the Declarant or any builder of a single family residence occurs. The first Common Expense Assessment shall be prorated according to the number of days remaining in the Assessment period established by the Executive Board. The Executive Board shall fix the amount of the annual Common Expense Assessment against each Unit at least yearly. Written notice of the Common Expense Assessment shall be sent to every Unit Owner subject thereto.

8.7 Association Lien and Effect of Non-Payment of Assessment. The Assessments, charges, fees, Fines, impositions, interest, costs, late charges, expenses and reasonable attorneys' fees which may arise under the provisions of this Declaration, shall be burdens running with, and perpetual liens in favor of the Association upon, the specific Unit to which such Assessments apply. Recording of the Declaration constitutes record notice and perfection of the Association's lien. Further recording of a claim or lien for an Assessment under this section is not required. Any Assessment, charge or fee provided for in this Declaration, or any installment thereof, which is not fully paid within ten (10) days after the due date thereof shall incur a late fee. Any Assessment, charge or fee provided for in this Declaration or any installment thereof, which is not fully paid within thirty (30) days shall bear interest at the rate of eighteen percent (18%) per annum from the due date, and the Association may assess a late charge thereon. In the event of default in which any Unit Owner does not make payment of any Assessment levied against his or her Unit within ten (10) days of the due date, the Executive Board shall have the right to declare all unpaid Assessments for the pertinent fiscal year immediately due and payable. Further, the Association may bring an action at law or in equity, or both, against any Unit Owner personally obligated to pay such

overdue Assessments, charges or fees, or installments thereof, and may also proceed to foreclose its lien against such Owner's Unit. An action at law or in equity by the Association against a Unit Owner to recover a money judgment for unpaid Assessments, charges or fees, or installments thereof, may be commenced and pursued by the Association without foreclosing or in anyway waiving, the Association's lien therefore. In the event that any such Assessment, charge or fee, or installment thereof, is not fully paid when due and the Association shall commence such action (or shall counterclaim or crossclaim for such relief in any action) against any Unit Owner personally obligated to pay the same, or shall proceed to foreclose its lien against the particular Unit, then all unpaid Assessments, charges and fees, and all unpaid installments thereof, and any and all late charges and accrued interest under this section, the Association's costs, expenses and reasonable attorneys' fees incurred in preparing and recording any lien notice, and the Association's costs of suit, expenses and reasonable attorneys' fees incurred for any such action and/or foreclosure proceedings shall be taxed by the court as a part of the cost of any such action or foreclosure proceeding and shall be recoverable by the Association from any Unit Owner personally obligated to pay the same and from the proceeds of the foreclosure sale of such Owner's Unit. Foreclosure or attempted foreclosure by the Association of its lien shall not be deemed to estop or otherwise preclude the Association from thereafter again foreclosing or attempting to foreclose its lien for any subsequent Assessment, charge or fee, or installment thereof, which is not fully paid when due. The Association shall have the power and right to bid on or purchase any Unit at foreclosure or other legal sale, and to acquire and hold, lease, mortgage, vote the Association votes appurtenant to ownership thereof, convey or otherwise deal with the same. A lien for an unpaid Assessment is extinguished unless proceedings to enforce the lien are instituted within six (6) years after the full amount of Assessments becomes due, except that if an Owner of a Unit subject to a lien under this section filed a petition for relief under the United States Bankruptcy Code, the time period for instituting proceedings to enforce the Association's lien shall be tolled until ninety (90) days after the automatic stay of proceedings under §362 of the Bankruptcy Code is lifted. In any action by the Association to collect Assessments or to foreclose a lien for unpaid Assessments, the court may appoint a receiver for the Unit to collect all sums alleged to be due from the Unit Owner or a tenant of the Unit Owner prior to or during the pendency of the action. The court may order the receiver to pay any sums held by the receiver to the Association during the pendency of the action to the extent of the Association's currently accruing or past due assessment.

8.8 Subordination of Lien to Security Interests. A lien under this section is prior to all other liens and encumbrances on a Unit except:

8.8.1 Liens and encumbrances recorded before the recordation of this Declaration;

8.8.2 A First Security Interest on the Unit recorded before the date on which the Assessment sought to be enforced became delinquent; and

8.8.3 Liens for real estate taxes and other governmental assessments or charges against the Unit.

8.8.4 A lien under this section is also prior to all Security Interests to the extent that the Assessments are based on the periodic budget adopted by the Association and which would have become due, in the absence of acceleration, during the six (6) months immediately preceding institution of an action to enforce either the Association's lien or a Security Interest, and statutory liens recognized under Colorado law. If a holder of a First Security Interest in a Unit forecloses that Security Interest, the Purchaser at the foreclosure sale is not liable for any unpaid Assessments against the Unit which became due before the sale, other than the Assessments which are prior to the Security Interest under this section of the Declaration. Any unpaid Assessments not satisfied from the proceeds of sale become Common Expenses collectible from all Unit Owners, including the Purchaser. Sale or transfer of any Unit shall not affect the lien for said Assessment charges except that a sale or transfer of any Unit pursuant to

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foreclosure of any First Security Interest, or any proceeding in lieu thereof, including deed in lieu of foreclosure, or cancellation or forfeiture of any such executory land sales contracts shall only extinguish the lien of Assessment charges which become due more than six (6) months immediately preceding institution of an action to enforce either the Association's lien or a Security Interest, and statutory liens recognized under Colorado law. No such sale, transfer, foreclosure or other proceeding in lieu thereof, including deed in lieu of foreclosure, shall relieve any Unit from liability for any Assessment charges thereafter becoming due, nor from the lien thereof. This section does not affect the priority of mechanics' or materialmen's liens.

8.9 Record of Receipts and Expenditures. The Association shall keep detailed and accurate records in chronological order of all of its receipts and expenditures, specifying and itemizing the maintenance and repair of expenses of the Common Elements and any other expenses incurred. Such records and the vouchers authorizing the payments shall be available on request for examination by the Unit Owners and others with an interest, such as prospective lenders.

8.10 Notice to Security Interest. Upon the request of a holder of a First Security Interest on a Unit, and upon payment of reasonable compensation therefore, the Association shall report to such party any unpaid Assessment or other defaults under the terms of this Declaration which are not cured by the Unit Owner within thirty (30) days.

8.11 Certificate of Status of Assessments. The Association, upon written request to the Association's registered agent, personally delivered or delivered by certified mail, first class postage prepaid, return receipt requested, and upon payment of a reasonable fee, but in no event less than Twenty Dollars (\$20.00), shall furnish to a Unit Owner or such Unit Owner's designee or to a holder of a Security Interest or its designee, a statement, in recordable form, setting out the amount of the unpaid Assessments against the Unit. The statement must be furnished within fourteen (14) business days after receipt of the request and is binding on the Association, the Executive Board and each Unit Owner. A properly executed certificate of the Association as to the status of Assessments on a Unit is binding upon the Association as of the date of its issuance. Omission or failure to fix an Assessment or deliver or mail a statement for any period shall not be deemed a waiver, modification or release of a Unit Owner from his or her obligation to pay the same.

8.12 Homestead. The lien of the Association Assessments shall be superior to any homestead exemption as is now or may here after be provided by Colorado or federal law. The acceptance of a deed to land subject to this Declaration shall constitute a waiver of the homestead exemption as against said lien.

8.13 Exempt Property. The following property subject to the Declaration shall be exempted from the Assessments, charges and liens created herein: None.

8.13.1 All properties to the extent of any easement or other interest therein dedicated and accepted by a municipal or quasi-municipal corporation or other local public utility or authority and devoted to public use.

8.13.2 All Common Elements.

8.14 Common Expenses Attributable to Fewer than All Units.

8.14.1 An Assessment to pay a judgment against the Association may be made only against the Units in the Common Interest Community at the time the judgment was entered, in proportion to their Common Expense Liabilities.

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8.14.2 If a Common Expense is caused by the misconduct of a Unit Owner, the Association may assess that expense exclusively against that Unit Owner's Unit.

8.14.3 Fees, charges, taxes, impositions, late charges, fines, collection costs and interest charged against a Unit Owner pursuant to the Documents and the Act are enforceable as Common Expense Assessments against that Unit Owner's Unit.

8.14.4 Any Common Expense associated with the maintenance, repair, or replacement of a Limited Common Element if any shall exist, shall be assessed against the Unit(s) to which that Limited Common Element is assigned or appurtenant, equally, or in any other proportion determined by the Executive Board after considering the relative size and value that said Limited Common Element bears to all Limited Common Elements and the Units being assessed.

8.14.5 Any Common Expense or portion thereof benefiting fewer than all of the Units must be assessed exclusively against all the Units benefited in the proportions determined by the Executive Board after considering the relative size and value, that the Units being benefited bear to all Units benefited.

ARTICLE IX

INSURANCE

9.1 Insurance Requirements Generally. To the extent reasonably available, the Association shall obtain and maintain insurance described in this Article. If such insurance is not reasonably available, and the Executive Board determines that any insurance described in this Article will not be provided by the Association, the Executive Board shall cause notice of that fact to be hand delivered or sent, postage prepaid, by United States mail to all Unit Owners at their respective last known addresses. All such insurance shall be underwritten, to the extent possible, with companies licensed to do business in Colorado having a Best's Insurance Report rating of A/VI or better covering the risks described below. To the extent possible, property and liability insurance shall incorporate the following:

9.1.1 Waiver. A waiver by the insurer of any right to subrogation under the policy against a Unit Owner, members of the household of a Unit Owner, and the Association, its Directors, officers, employees and agents.

9.1.2 Act or Omission. An act or omission by a Unit Owner will not void the policy or be a condition of recovery under the policy.

9.1.3 Severability of Interest. A "severability of interest" clause shall be included providing that the insurance cannot be canceled, invalidated or suspended on account of the negligent or intentional acts of the Association, its Directors, officers, employees and agents.

9.1.4 Other Insurance. If there is other insurance in the name of a Unit Owner at the time of a loss which covers the same risk covered by the Association policy, the Association's policy shall provide primary insurance.

9.1.5 Adjusted Losses. All losses must be adjusted with the Association as agent of the Unit Owners.

9.1.6 Policies from Casualty Insurance. Proceeds from the casualty policy on account of loss shall be paid to an insurance trustee if one is designated in the policy for that purpose and otherwise to the

Association, but, in any case, proceeds shall be held in trust for the Unit Owner and the Unit Owner's Mortgagee.

9.1.7 Cancellation. The insurer may not cancel or refuse to renew the policy until thirty (30) days after notice of the proposed cancellation or non-renewal has been mailed to the Association, to each Unit Owner and to each holder of a Security Interest to whom a certificate or memorandum of insurance has been issued, at their respective last known addresses.

9.1.8 Name of Insured. The policy shall be issued in the name of MEADOWS AT VAN DE WATER HOMEOWNERS ASSOCIATION, INC. for the use and benefit of the individual Owners.

9.1.9 Maximum Deductible. The maximum deductible for casualty insurance shall be the lesser of Five Thousand Dollars (\$5,000.00) or one percent (1%) of the face amount of the policy.

9.2 Public Liability and Property Damage Insurance. The Association shall obtain and maintain comprehensive public liability insurance, including non-owned and hired automobile liability coverage and personal injury liability coverage, covering liabilities of the Association, its Directors, officers, employees, agents and Members arising in connection with the ownership, operation, maintenance, occupancy or use of the Common Elements and any other area the Association is required to maintain, repair or replace pursuant to this Declaration with a minimum single limit or per occurrence limit of One Million Dollars (\$1,000,000.00).

9.3 Workmen's Compensation and Employees Liability Insurance. The Association shall obtain and maintain workmen's compensation and employees liability insurance as may be necessary to comply with applicable laws.

9.4 Fidelity Bonds. To the extent available at reasonable costs, a blanket fidelity bond or dishonest insurance coverage shall be maintained for anyone who either handles or is responsible for funds held or administered by the Association, whether or not he or she receives compensation for his or her services. The bond or insurance shall name the Association as obligee and shall cover the maximum funds that will be in the custody of the Association or the Manager at any time while the bond or insurance is in force. In no event shall the bond or coverage be for an amount less than the sum of three (3) months' assessments plus reserve funds.

9.5 Directors and Officers Liability Insurance. The Executive Board may obtain and maintain Directors and Officers liability insurance, if available, covering all of the Directors and officers of the Association. This insurance will have limits determined by the Executive Board.

9.6 Other Insurance. The Association may carry other insurance which the Executive Board considers appropriate to protect the Association.

ARTICLE X

INDEMNIFICATION

Provide for the indemnification of the Association's officers and the Executive Board and maintain Directors and Officers liability insurance on any threatened, pending or completed action, suit or proceeding to which the Officers or the Executive Board was or is a party or is threatened to be made a party by reason of the fact that it is or was an Officer or member of the Executive Board of the Association (other than an action by or in the right of the Association) involving an alleged cause of

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action for damages arising from the performance of its activities on behalf of the Association, the Association shall indemnify the Officers and the Executive Board against expenses, including attorneys' fees, judgments and amounts paid in settlement, actually and reasonably incurred by it in connection with such action, suit or proceeding if the Officers and/or the Executive Board acted in good faith and in a manner it reasonably believed to be in or not opposed to the best interests of the Association, and provided that its conduct has not been found by a nonappealable court judgment, order, decree or decision to constitute fraud, deceit, willful or wanton misconduct, or a wrongful taking. The termination of any action, suit or proceeding by judgment, order, or settlement shall not, of itself, create a presumption that the Executive Board did not act in good faith and in a manner which it reasonably believed to be in or not opposed to the best interests of the Association.

ARTICLE XI

SPECIAL DECLARANT RIGHTS AND ADDITIONAL RESERVED RIGHTS

11.1 Special Declarant Rights. The Declarant hereby expressly reserves the right, for a period of ten (10) years following the recordation of this Declaration in the office of the Clerk and Recorder of Larimer County, Colorado, to perform the acts and exercise the rights hereinafter specified ("Special Declarant Rights"). The Special Declarant Rights include the following:

11.1.1 Control of Association and Executive Board. The right to appoint and remove any officer or member of the Executive Board.

11.1.2 Completion of Improvements. The Declarant expressly reserves unto itself, its employees, agents, representatives, contractors, and their employees the right to use the common areas to facilitate and complete the development of the Project including, without limitation, the use of the common area for (i) construction, excavation, grading, landscaping, parking, and/or storage.

11.1.3 Sales Management and Marketing. The right to construct, operate, maintain and/or relocate from time to time model homes, sales offices, construction offices, management offices, signs advertising the Units and Common Interest Community and models and to conduct sales activities therein. Such right shall include display signs, both fixed and moveable, and flags and flagpoles.

11.1.4 Construction and Access Easements. The right to use easements through the Common Elements for the purpose of making improvements and to provide access. The right to construct and complete the construction of Units, utilities, buildings, streets and roads and all other improvements on the Property, and to repair and maintain the Common Elements.

11.1.5 Master Association. The right to make the Common Interest Community subject to a Master Association.

11.1.6 Merger. The right to merge or consolidate the Common Interest Community with another developed property of the same form of ownership.

11.2 Additional Reserved Rights. In addition to the Special Declarant rights set forth in Section 11.1 above, the Declarant also reserves the following additional rights ("Additional Reserved Rights"):

11.2.1 Dedications. The right to establish, from time to time, by dedication or otherwise, utility and other easements for purposes, including, but not limited to, streets, paths, walkways, and drainage

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areas, and to create other reservations, exceptions and exclusions for the benefit of and to serve the Unit Owners within the Common Interest Community.

11.2.2 Use Agreements. The right to enter into, establish, execute, amend and otherwise deal with contracts and agreements for the use, lease, repair, maintenance or regulation of recreational facilities, which may or may not be a part of the Common Interest Community for the benefit of the Unit Owners and/or the Association.

11.2.3 Colorado Common Interest Ownership Act. The right to amend this Declaration to comply with the requirements of the Colorado Common Interest Ownership Act in the event any provision contained herein does not so comply with the Act.

11.2.4 Allocations Regarding Limited Common Elements. The right to allocate specified areas which constitute a part of the Common Elements as Limited Common Elements for the exclusive use of the Owners of Units to which the specified areas shall become appurtenant. The Declarant may assign such Common Elements as Limited Common Elements pursuant to the provisions of C.R.S. §38-33.3-208 of the Act (i) by making such an allocation in a recorded instrument or (ii) in the deed to the Unit to which such Limited Common Element shall be appurtenant or (iii) by recording an appropriate amendment or supplement to this Declaration. Such allocations by the Declarant may be to Units owned by the Declarant. Subsequent to expiration of the Declarant Control period, the right of allocation pursuant to this Section shall pass from the Declarant to the Executive Board, and the Declarant may not thereafter exercise any such right.

11.2.5 Other Rights. The right to exercise any Additional Reserved Right created by any other provision of this Declaration.

11.3 Rights Transferable. No successor or assignee of the Declarant shall have any rights or obligations of the Declarant hereunder unless such rights and obligations are specifically set forth in an instrument or succession or assignment or which pass by operation of law. The rights and obligations set forth in this Article XI of the Declarant shall cease when residential housing construction contemplated within the Project is substantially completed and are to be construed as development rights which are independent of any rights that the Declarant may have by membership in the Association.

ARTICLE XII

ARCHITECTURAL CONTROL

12.1 Architectural Review Committee

12.1.1 Committees. There may be no less than one (1) Architectural Review Committee ("ARC") for the Property. Additional ARC may be created with respect to some or all of the Development Property (defined below). Reference herein to an ARC with respect to a specific Unit or Units shall be deemed to be a reference only to the ARC appointed to govern the Unit(s) in question.

12.1.2 Membership. Subject to any limitations of §303 of the Act, as long as the Declarant is the owner of one (1) or more Units, the Declarant shall appoint the members of the ARC(s). At such time as the Declarant is no longer the owner of one (1) or more Units within the Common Interest Community, then the members of the ARC shall be appointed by the Executive Board from among the members of the Association.

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12.1.3 Term. Each member of the ARC shall serve at the pleasure of the Persons or body appointing such member. In the event of the death or resignation of any member of an ARC, the Persons or body that appointed such member shall appoint a successor.

12.1.4 Decisions. All decisions of an ARC shall be by a majority vote of those members of the ARC present at a meeting at which a quorum is present. A majority of the members of the ARC shall constitute a quorum.

12.1.5 Compensation. The members of an ARC shall not be entitled to any compensation for services performed pursuant to this Declaration. However, the ARC may assess such plan check fees or similar charges as it deems appropriate or as stipulated in Section 12.4, but in no event more than \$100.00 per Unit per submission. An ARC may waive such plan check fee if plans are submitted for the purpose of obtaining Consent to a proposed alteration of an existing improvement.

12.1.6 Delegation. An ARC shall have the power to delegate the responsibility for reviewing any application submitted to an ARC to a professional architect, landscape architect, engineer, or other professional person who is qualified to review the issues raised in the application. An ARC shall also have the power to require that the applicant pay the fees reasonably incurred by an ARC in retaining such professional to review the application submitted.

12.1.7 Non liability. No member of an ARC shall be liable to the Association or to any Owner or Member for any loss, damage, or injury arising out of or in connection with the performance of the duties of an ARC under this Declaration, unless such action constitutes willful misconduct or bad faith on the part of an ARC. Review and consideration of any application submitted to an ARC shall be pursuant to this Declaration, and any Approval granted shall not be considered Approval of the structural safety or integrity of the improvements to be constructed or conformance of such improvements with building codes, zoning resolutions, subdivision regulations, or other governmental rules and regulations applicable to the Common Interest Community.

12.2 Control. No construction, alteration, addition, modification or construction of any building, fence, wall, structure, or other improvement within the Common Interest Community shall be commenced or maintained until the plans and specifications thereof shall have been approved by the ARC.

12.3 Purpose. The ARC is established for the purpose of maintaining within the Common Interest Community a consistent and harmonious general character of development and a style and nature of building, design and individual appeal consistent with the natural beauty and features of the Common Interest Community.

12.4 Submission. Each application for Approval shall include the following:

12.4.1 Two (2) complete copies of a site plan of the Unit. The site plan shall show the following:

- (a) Finished elevation of the Dwelling Units, outbuildings or other improvements.
- (b) A building footprint with dimensions from the front, rear and side property lines of the Unit.
- (c) Driveways and walkways located on the Unit.
- (d) Any existing structures on the Unit.

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(e) Location of improvements with respect to the utility lines and facilities.

12.4.2 Two (2) complete sets of construction plans and specifications. Said plans and specifications shall include the following minimum information:

(a) Floor plans of all levels of any Dwelling Unit, which plans shall contain sufficient detail to describe the elements of the floor plan design.

(b) Total square footage for each level of any Dwelling Unit.

(c) Building elevations on all sides of the proposed structure containing sufficient detail to determine roof form and material, window locations, siding material, and door placement.

(d) A written description of the materials to be used in the roof and exterior walls of the structure.

(e) The size, type, and material to be incorporated in any fencing to be located on the Unit.

(f) The color of any paint or stain to be applied to the improvements.

12.5 Rules and Guidelines. Subject to prior written approval by the Executive Board, each ARC may issue rules setting forth procedures for the submission of plans for Approval and may also issue Rules and Regulations setting forth the criteria that each ARC will use in considering plans submitted to it for Approval.

12.6 Review of Plans and Specifications. Each ARC shall consider and act upon any and all requests submitted for its Approval. The ARC shall approve plans and specifications submitted to it only if it determines that the construction, alteration, and additions contemplated thereby, and in the location as indicated, will comply with this Declaration; will serve to preserve and enhance the values of Units within the Common Interest Community; will be consistent with the spirit and intent of this Declaration. The ARC shall consider the quality of workmanship, type of materials, and harmony of exterior design with other Dwelling Units, if any, located within the Common Interest Community. Should the ARC fail to approve or disapprove the plans and specifications submitted to it by an Owner of a Unit within thirty (30) days after complete submission of all required documents, the plans shall be resubmitted to the ARC by certified mail, return receipt requested, with a copy to the Declarant by certified mail, return receipt requested, and, in the event that the ARC fails to approve or disapprove any plans and specifications as herein provided within thirty (30) days after such resubmission to the ARC and Declarant by certified mail, the same shall be deemed to have been approved, as submitted, and no further action shall be required, provided, however, that no building or other structure shall be erected or allowed to remain on any Unit which violates or is inconsistent with any of the covenants or restrictions contained in this Declaration. The issuance of a building permit or license for the construction of improvements inconsistent with this Declaration shall not prevent the Association or any Owner from enforcing the provisions of this Declaration.

12.7 No Waiver of Future Approval. The approval by the ARC of any proposals or plans and specifications for any work to be done on a Unit shall not be deemed to constitute a waiver of any right to withhold approval or Consent to any similar proposals, plans, specifications, drawings or other matters subsequently or additionally submitted for approval by the same or different owner.

12.8 Construction. Construction of a Dwelling Unit or other structure approved by the ARC shall commence within twelve (12) months after Approval of the plans and specifications, and the Owner

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shall thereafter proceed diligently with such construction. The exterior of any such structure shall be completed and a certificate of occupancy shall be issued by the appropriate governmental authority within nine (9) months of the date of commencement of construction. The ARC may grant an extension of the foregoing time periods for good cause shown and when such extension is requested by the Owner.

12.9 Landscaping. The intent of the approval process for landscaping is to encourage an open flowing relationship between lots. Any plan which defines a rigid property boundary is discouraged while plans which blend one landscaped yard into another, through the use of similar planting materials and random clumps of trees along the property lines, are encouraged. Therefore, exclusive of the residence, driveways and sidewalk area shall be covered with living plants. Within sixty (60) days following purchase of the Dwelling Unit or commencement of occupancy of the Dwelling Unit by the owner/tenant, whichever is later, the Owner of the Dwelling Unit shall submit to the ARC, for its approval, a landscaping plan showing the landscaping to be installed including the location of all trees, shrubs, grass and other landscaping features. Once the plan is approved, the landscaping must be installed within three hundred sixty-five (365) days following the approval of the landscape plan. All Owners are encouraged to plant trees, shrubs and other landscaping for the purpose of enhancing the natural beauty of the subdivision.

(a) Artificial turf or artificial plants, bare ground, and weed covered or weed-infested surfaces are not considered xeriscape landscaping and are not allowed. In addition, mulched or graveled beds without landscape plant material or other areas without landscape plant material, and paved areas not required for walkways, patios or parking areas, are not considered xeriscape landscaping and may be limited or prohibited by the ARC.

(b) Maintenance of street trees and tree lawn landscaping shall be the responsibility of the adjacent property owner.

12.10 Variances. The Executive Board may authorize variances from compliance with any provisions of this Declaration or any applicable Rules and Regulations issued pursuant to Section 12.5 above, including restrictions upon height, size, floor area, or placement of structures or similar restrictions, when circumstances such as natural obstructions, hardships, aesthetics, flood plains, or environmental considerations may require. Such variances must be evidenced in writing and shall become effective when signed by at least a majority of the members of the ARC and the Executive Board. If any such variance is granted, no violation of the provisions of this Declaration shall be deemed to have occurred with respect to the matter for which the variance was granted; provided, however, that the granting of the variance shall not operate to waive any of the provisions of this Declaration or any rule or guideline for any purpose except as to the particular property and the particular provision hereof covered by the variance, nor shall the granting of a variance affect in any way the Owner's obligation to comply with any governmental laws and regulations affecting the property concerned, including, but not limited to, zoning ordinances and setback lines or requirements imposed by any governmental authority having jurisdiction. The Executive Board and/or the ARC is under no obligation to approve any variances.

12.11 Diversity of Architectural Styles. It is the intent of these guidelines to insure that each Dwelling Unit remains compatible with the neighborhood as a whole. Domes, hyperbolic parabolas, mansard roofs and flat roofs will not be permitted in the subdivision unless specifically approved by the ARC. Each Dwelling Unit shall have an exterior comprised of high quality materials appropriate for the home style and design being constructed.

12.12 Minimum Square Footage and Building Height. All homes shall have a minimum floor area of 1,200 square feet for ranch plans (single story) and 1,500 square feet for multi-level plans. In all cases the calculation of floor area does not include the floor area of any part of the garage, basement,

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attic, deck, patio or other similar accessory area. Each Dwelling Unit shall have a minimum attached two (2) car garage with space. Each Dwelling Unit shall have a continuous driveway from the public street to the vehicle entrance of the garage constructed of concrete or other approved material of sufficient depth and width to provide for a minimum of two (2) off-street parking spaces exclusive of the parking spaces within the garage.

12.13 Roof Pitches. The roof pitch on any Dwelling Unit must be 5/12 and/or greater, unless specifically approved by the ARC. Porches and shed elements may have roof pitches as low as 3/12.

12.14 Exterior Elevations of Residences. Any residential plan shall be designed to look attractive from all four sides. Decorative elements (masonry, veneer, shutter, dormer window, etc.) should not be limited to the front side of the Dwelling Unit.

12.15 Dwelling Unit Window and Door Placement. The placement of windows and doors of the residence on flat walls should align vertically and horizontally and should not be randomly located.

12.16 Standards Regarding Use of Exterior Materials. Exterior materials shall be limited as follows:

12.16.1 Wood/cement composite siding shall be restricted to natural wood boards or shingles, stained or painted, with a minimum recommended 20% pigment. No vertical siding will be allowed (accent only). Hardboard or fiber-cement siding shall be restricted to pre-finished or painted with natural colors as defined in Section 12.17, having no more than eight inch (8") exposure.

12.16.2 Three foot (3') minimum stone wainscot on front elevation.

12.16.3 Roofing shall be restricted to Heritage II, 25 year, weathered wood in color, or equivalent. Standard asphalt shingles are not acceptable.

12.16.4 Vinyl siding shall not be allowed.

12.16.5 Window frames shall be painted wood, natural wood, painted steel, anodized painted aluminum or vinyl cladding.

12.16.6 Foundation walls shall not be exposed, except twelve inches (12") above grade of house.

12.16.7 All fascia shall be a minimum of six inches (6") and generally all soffits shall be a minimum of twelve inches (12").

ALL EXTERIOR COLORS MUST BE APPROVED BY THE

ARCHITECTURAL REVIEW COMMITTEE PRIOR TO CONSTRUCTION

12.17 Color of Exterior Materials. The color of exterior materials used on the residence must be subdued and blend with the colors of the natural landscape. Earth tones, generally muted, are recommended. Accent colors on exterior doors, window frames, fascias, soffits and trim, used with restraint in a manner which does not exceed 10% of the surface of the residence, must be approved by the ARC. All projections, including but not limited to, chimney flue, vents, gutters, down spouts, utility

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boxes, porches, railings and exterior stairways shall match the color of the surface from which they project and shall be approved by the ARC.

12.18 Standards Relating to Decks, Patios, Walls, Porches and House Numbers. All decks, patios, walls and porches must be within allowable building setbacks. Patios constructed out of brick, stone, concrete, wood or other materials will be permitted on a lot as long as all landscape requirements are met. Walls constructed out of brick, stone, wood, and stucco or concrete faced with brick, stone, wood or stucco will be allowed within the building setbacks. Front porches and stoops may be constructed of brick, stone, colored or exposed aggregate concrete, decorative concrete or plain concrete. Other designs or colors require specific approval of the ARC.

12.19 | Setbacks. The Unit Owner shall be responsible for compliance with all City of Loveland set backs. Any ARC approvals will be subject to the Unit Owner's compliance with any applicable set backs.

12.20 Site Grading. Site grading shall be adequate for drainage away from the Dwelling Unit and adjacent Dwelling Units; however, the grading shall not be forced to allow basement garden level or walkout windows and door, except through the use of area walls. Dwelling Units shall be sited to complement existing or planned Dwelling Units on adjacent sites. Grade level decks, patios and outside living areas are encouraged and large elevated decks or patios are discouraged. The drainage and grading plan is approved by the local government agencies to ensure proper drainage and cannot be altered from the approved grading and drainage plan. See Paragraph 14.3.

12.21 Paved Areas. Hard-surfaced private driveways and parking areas are required. Asphalt or concrete is required. Any materials used to create a special paving pattern require prior approval of the ARC.

12.22 Screening and Fencing. No fencing shall be permitted except with the prior written approval of the ARC.

12.23 Standards for Exterior Mechanical Equipment. All exterior mechanical equipment shall be either incorporated into the Dwelling Unit that is constructed or be permanently enclosed by some screening material. All screening material must be approved by the ARC and in compliance.

12.24 Accessory Structures. Accessory structures, including dog runs and exterior storage, must be constructed with similar materials and paint as the Dwelling Unit and shall be submitted to the ARC and approved prior to construction. No awnings, clothes lines, basketball goals, play structures, swing sets or similar exterior accessories shall be installed or used without the prior written Consent of the ARC.

12.25 Exterior Lighting Standards. The design standard for exterior lighting shall be such that it will not interfere with the use and enjoyment of other Dwelling Units within the subdivision. The light source should not be visible from adjoining Dwelling Units, and the ARC shall approve the location of all exterior lighting. All exterior lighting shall be a design compatible with the structure and should be used for purposes such as illuminating entrances, decks, driveways and parking areas.

ARTICLE XIII

USE RESTRICTIONS

13.1 Restrictions Imposed. The Property is subject to all restrictions as contained in this Article and any Rules and Regulations.

13.2 Nuisances. No nuisance shall be permitted to exist or operate upon any Lot so as to jeopardize property values or to be detrimental to the well-being of any other Owner.

13.3 Restriction and Further Subdivision. No Lot upon which a Dwelling Unit has been constructed shall be further subdivided or separated into smaller lots by any Owner, and no portion constituting less than all of any such Unit nor any easement or other interest herein shall be conveyed or transferred by an Owner, provided that this shall not prohibit deeds of correction, deeds to resolve boundary line disputes, and similar corrective instruments.

13.4 Single-Family Residence. No Dwelling Unit or Lot shall be used for any other purpose other than as a single-family residence, and no business or commercial activity shall be carried on or within the Property other than those authorized by the City of Loveland Zoning Ordinance as presently enacted or as amended in the future.

13.5 No Violation of Law. Nothing shall be done or kept in or on any Lots within the Property which would be in violation of any statute, rule, ordinance, regulation, permit, or validly imposed requirement of any governmental body.

13.6 Appearance. All Lots within the Property shall be kept in a clean, safe, and attractive condition, and no rubbish, refuse, or garbage shall be allowed to accumulate.

13.7 Restrictions on Signs. No signs or advertising devices of any nature shall be erected or maintained on any Lot other than a sign advertising the sale of the Lot and/or Dwelling Unit contained thereof. Any sign used to advertise the Lot and/or a Dwelling Unit shall be no greater than two feet (2') in length and two feet (2') in width. Any builder/resale signs shall be removed within two (2) weeks after sale.

13.8 Conditions for Architectural Control. No improvements, alterations, repairs, change of paint colors, excavations, changes in landscaping or other work which in any way alters the exterior of any Lot, Dwelling Unit, common area or the improvements located thereon from its natural or improved state existing at the date such Property was first subject to this Declaration shall be made or done without compliance with the procedures set forth in Article XII of this Declaration regarding architectural review.

13.9 Rules and Regulations. Every Owner, family member, tenant, guest and employee shall strictly adhere to the Rules and Regulations adopted from time to time by the Association or ARC. The Executive Board may adopt general rules to regulate potential problems relating to the use of the Property and the well-being of the Members, including but not limited to keeping of animals, storage items, vehicles, storage and use of machinery, use of outdoor clotheslines, antennas, signs, trash, trash containers, maintenance, and removal of vegetation on the properties.

13.10 Parking. No trailers, motor homes, camper units, boats, snowmobiles, all terrain vehicles, motorcycles or similar recreational vehicles shall be stored or permitted to remain for more than three (3) consecutive days on any Lot except within enclosed garages, or within fully screened, fenced areas (for which the vehicle, boat or camper in question shall not exceed the height of the fence), all as approved by the ARC. For clarification, it is not acceptable to move any campers, trailers, motorhomes, buses, tractors, trailers, recreational vehicles or boats and repark every three (3) days to avoid enforcement. Without limiting the foregoing, the ARC or the Executive Board shall have the power to grant permission to store such vehicles on a Lot under such conditions as the approving entity shall deem appropriate to protect the rights of other Owners. In addition, no trucks, mobile homes, large commercial vehicles, unused vehicles, snowmobiles, all terrain vehicles or motorcycles shall be kept, placed, stored or maintained upon any Lot

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in such a manner that such vehicle is visible from neighboring Lot, or any street. Commercial vehicles engaged in the delivery or pick up of goods or services shall be exempt from the provisions of this section provided that they do not remain onsite in excess of the reasonable period of time required to perform such commercial function not to exceed twenty-four (24) hours. For purposes of this section, a three fourths (3/4) ton or smaller vehicle, commonly known as a "pick-up truck" shall not be deemed to be a "truck" or "commercial vehicle." The term "unused vehicle" shall mean and refer to any vehicle which has not been driven under its own propulsion for a period of four (4) days or longer. Furthermore, no Owner, or other Person, shall park on or about a Lot (or on the streets adjoining any Lot) for more than three (3) consecutive days more than one (1) personal passenger vehicle, non-commercial pickup truck or other vehicle; it being the intent of this provision that Owners, or other Persons, shall not regularly park more than one personal passenger vehicle outside the garage on a Lot.

13.11 Household Pets. No animals, livestock, poultry, venomous reptiles or bees of any kind shall be raised, bred, kept or boarded upon any Lot, except that dogs, cats or other household pets as the same may be defined and determined by the Executive Board may be kept on any portion of a Lot, provided the same are not kept, bred or maintained for any commercial purposes. The Executive Board may, in its sole discretion, limit the number, size and weight of household pets which may be kept upon any Lot. However, each Lot Owner shall have the right to keep a maximum of two (2) household pets on any Lot. Household pets shall be subject to any Rules and Regulations adopted by the Executive Board and all governmental ordinances or applicable laws. Each owner of a pet shall be responsible for cleanup and removal of such pet's excrement upon the Lot, streets, sidewalks or Common Elements.

13.12 Control of Antennas and Receiving Equipment. Exterior television receiving or transmitting devices of any type, except satellite dishes twenty-four inches (24") in diameter or smaller, receiving or transmission equipment for microwave transmissions and any radio receiving or transmitting devices of any type are expressly prohibited unless approved in writing by the ARC.

13.13 Underground Electric Lines. All electric, television, radio, telephone line installations and connections from any property line of a Lot to a Dwelling Unit or other structure shall be placed underground, except that during the construction of a Dwelling Unit the contractor or builder may install a temporary utility line which shall be promptly removed upon completion of construction.

13.14 No Hazardous Activities. No activities shall be conducted on the Property and in Improvements constructed on a Lot which are or might be unsafe or hazardous to any Person or Property. Without limiting the generality of the foregoing, no firearms shall be discharged upon the Property and no open fires shall be lighted or permitted on the Lots except in a contained barbecue unit while attended and in use for cooking purposes, or within a safe and well-designed substantially enclosed fire pit while attended, subject to any City of Loveland regulations.

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

13.16 Dog Runs, Clotheslines, Storage Sheds, and Storage Areas. No clotheslines, dog runs, service yards, wood piles, storage areas or storage sheds shall be located on any Lot as to be visible from a street and/or public view and must be approved in writing by the ARC.

13.17 Trash and Refuse Disposal. No garbage, refuse, rubbish, or cuttings shall be placed on any street, Lot or driveway unless placed in a container suitably located, solely for the purpose of trash

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pickup. All equipment and/or containers for the storage or disposal of such materials shall be kept in a clean and sanitary condition and out of public view except on trash service days.

13.18 Repair. No activity such as, but not limited to, maintenance, repair, building, rebuilding, dismantling, repainting, or servicing of any kind of machines, vehicles, trailers, or boats, may be performed on any Lot unless the work is done within a completely enclosed garage or other structure located on the Lot which screens the sight and sound of the activity from the street and from adjoining property, nor shall any such activity be performed on Association properties. The foregoing restriction shall not be deemed to prevent washing and polishing of any vehicle, boat, trailer, or motor cycle or those activities normally incident and necessary to such washing and polishing.

13.19 Storage Tanks. No tanks for the storage of gas, fuel, oil, chemicals or other materials shall be erected, placed, or permitted above or below the surface of the Lot.

13.20 Trash Burning. Trash, leaves, and other similar materials shall not be burned within the Common Interest Community.

13.21 Maintenance of Property.

13.21.1 Owner Obligation. Each Owner shall keep any Lot owned and all improvements thereon in good order and repair free of debris, all in a manner and with such frequency as is consistent with reasonable property management. Each Lot at all times shall be kept in a clean, sightly and wholesome condition. No trash, litter, junk, boxes, containers, bottles, cans, implements, machinery, lumber or other building materials shall be permitted to remain exposed upon any Lots so that the same are visible from any neighboring Lot or street, except as necessary during the period of construction. Each Owner agrees to comply with a landscape maintenance standard regarding landscaping, including undeveloped Lots, so as to not have weed growth that exceeds twelve inches (12") in height.

13.21.2 Failure to Maintain Premises. In the event an Owner of any Lot fails to maintain the Lot and improvements situated thereon as provided in this Declaration, either the Association or any other Lot Owner shall have the right to initiate a civil action to enforce the Owner's obligations under Section 13.21.1 regarding maintenance of Property. If either the Owner or the Association shall be successful in proving that the terms and conditions have not been complied with, the Owner who initiates that civil action or the Association shall be entitled to recover all costs of the action, reasonable attorney's fees and shall be entitled to request that a mandatory injunction be issued requiring the defaulting Lot Owner to maintain the Property in accordance with this Declaration. It is the intent of this Declaration to allow either the Association or Lot Owner to obtain equitable relief in the event maintenance of Property is not performed by a Lot Owner subject to this Declaration.

ARTICLE XIV

DRAINAGE

14.1 Acknowledgment. Soils within the State of Colorado consist of expansive soils, low density soils, and moisture retentive soils which will adversely affect the integrity of a Dwelling Unit if the Dwelling Unit and the Unit on which it is constructed are not properly maintained. Expansive soils contain clay minerals which have the characteristic of changing volume with the addition or subtraction of moisture, thereby resulting in swelling and/or shrinking soils. The addition of moisture to low density soils causes a realignment of soil grains, thereby resulting in consolidation and/or collapse of the soils.

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14.2 Moisture. Each Owner of a Unit shall use his or her best efforts to assure that the moisture content of those soils supporting the foundation and the concrete slabs forming a part of the Dwelling Unit constructed thereon remain stable and shall not introduce excessive water into the soils surrounding the Dwelling Unit.

14.3 Grading and Drainage. Each Owner of a Unit shall maintain the grading and drainage patterns of the Unit and yard as indicated in the subdivision plans on file with the City of Loveland, Colorado. No Owner shall modify or change the topography or contour of any drainage areas or easements, including swales, constructed on the Units and other portions of the Property from the shape and outline established by the Declarant or Persons or entities acting on behalf of the Declarant; provided, however, that an Owner shall be permitted to modify the drainage areas on his or her Unit upon receiving written Approval therefore from ARC. Any Owner who in any way materially modifies the drainage pattern on the land without such Consent shall be subject to sanctions contained herein for violations of this Declaration.

14.4 Water Flow. The Owner of a Unit shall not impede or hinder in any way the water falling on the Unit from reaching the drainage courses established for the Unit and the Common Interest Community.

14.5 Action by Owner. To accomplish the foregoing, each Owner of a Unit covenants and agrees, among other things:

14.5.1 Not to install improvements, including, but not limited to, landscaping, items related to landscaping, walls, walks, driveways, parking pads, patios, fences, additions to a Dwelling Unit, or any other item or improvement which will change the grading of the Unit.

14.5.2 To fill with additional soil any back filled areas adjacent to the foundation of the Dwelling Unit and in or about the utility trenches on the Unit in which settling occurs to the extent necessary to maintain the grading and drainage patterns of the Lot.

14.5.3 Not to water the lawn or other landscaping on the Unit excessively.

14.5.4 Not to plant flower beds (especially annuals) and vegetable gardens adjacent to or within four feet (4') of the foundation and slabs of the Dwelling Unit.

14.5.5 To install any gravel beds in a manner which will assure that water will not pond in the gravel areas, whether due to non perforated edging or due to installation of the base of the gravel bed at a level lower than the adjacent lawn.

14.5.6 To install a moisture barrier (such as polyethylene) under any gravel beds except any gravel beds in back filled areas.

14.5.7 To maintain the gutters and down spouts which discharge water into extensions or splash blocks by assuring that (i) gutters and down spouts remain free and clear of all obstructions and debris; (ii) water that flows from the extension or the splash block is allowed to flow rapidly away from the foundation and/or slabs; and (iii) splash blocks are maintained under sill cocks.

14.5.8 To re-caulk construction joints opening up between portions of exterior slabs and garage slabs in order to thereby seal out moisture.

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14.6 **Disclaimer.** Declarant shall not be liable for any loss or damage to a Dwelling Unit caused by, resulting from, or in any way connected with soil conditions or failure of an Owner to control and/or maintain drainage on any Unit.

ARTICLE XV

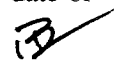
GENERAL PROVISIONS

15.1 **Enforcement.** The Association or the Unit Owner or Owners of any of the Units may enforce the restrictions, conditions, covenants and reservations imposed by the provisions of this Declaration or any Bylaws or Rules or Regulations promulgated by the Association which are consistent with this Declaration by proceedings at law or in equity against any Person or against the Association violating or attempting to violate any of the said Bylaws or Rules and Regulations or restrictions and limitations of this Declaration, either to recover damages for such violation, including reasonable attorneys' fees incurred in enforcing this Declaration, or to restrain such violation or attempted violation or to modify or remove structures fully or partially completed in violation hereof, or both. Failure of the Association or of any Unit Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter. The Association shall not be liable to reimburse any Unit Owner for attorneys' fees or costs incurred in any suit brought by a Unit Owner to enforce or attempt to enforce this Declaration.

15.2 **Term of Declaration.** This Declaration shall run with the land, shall be binding upon all Persons owning Units and any Persons hereafter acquiring said Units, and shall be in effect in perpetuity unless amended or terminated as provided in the Act.

15.3 **Amendment of Declaration.** Except as otherwise provided in the Act and this Declaration, and subject to provisions elsewhere contained in this Declaration requiring the Consent of the Declarant or others, any provision, covenant, condition, restriction or equitable servitude contained in, this Declaration may be amended or repealed at any time and from time to time upon Approval of the amendment or repeal by Members of the Association holding at least sixty seven percent (67%) of the voting power of the Association present in person or by proxy at a duly constituted meeting of the Members. The Approval of any such amendment or repeal shall be evidenced by the certification by the Executive Board of the Association of the vote of Members. The amendment or repeal shall be effective upon the recordation in the office of the Clerk and Recorder of Larimer County, Colorado, of a certificate, executed by the President or a Vice President and the Secretary or an Assistant Secretary of the Association setting forth the amendment or repeal in full and certifying that the amendment or repeal has been approved by the Members and certified by the Association as set forth above.

15.4 **Special Rights of First Security Interests.** Any First Security Interest of a mortgage encumbering any Unit, upon filing a written request therefore with the Association, shall be entitled to (a) written notice from the Association of any default by the mortgagor of such Unit in the performance of the mortgagor's obligations under this Declaration, the Articles of Incorporation, the Bylaws or the Rules and Regulations, which default is not cured within sixty (60) days after the Association learns of such default; (b) examine the books and records of the Association during normal business hours; (c) receive a copy of financial statements of the Association, including any annual audited financial statement; (d) receive written notice of all meetings of the Association or Members of the Association; (e) receive written notice of abandonment or termination of the Association; (f) receive thirty (30) days written notice prior to the effective date of any proposed, material amendment to this Declaration, the Articles of Incorporation, or the Bylaws; and (g) receive thirty (30) days written notice prior to the effective date of



termination of any agreement for professional management of the Association or the Common Elements following a decision of the Executive Board to assume self management of the Common Elements.

15.5 First Security Interest Right to Pay Taxes, Rental and Insurance Premiums. Any one (1) or more First Security Interests, jointly or severally, shall be entitled to pay (a) any taxes or other charges which are in default and which may or have become a lien against any of the Common Elements; or (b) any overdue premiums on hazard insurance policies or secure new hazard insurance coverage for the Common Elements or Units, and the First Security Interests making such payments shall be entitled to immediate reimbursement from the Association.

15.6 Association Right to Security Interest Information. Each Unit Owner hereby authorizes any First Security Interest holding a Security Interest on such Owner's Unit to furnish information to the Association concerning the status of such First Security Interest and the loan which it secures.

15.7 Special Approvals by First Security Interests. Unless at least sixty seven percent (67%) of the First Security Interests (based on one (1) vote for each Security Interest owned) of Units in the Association have given their written Approval, neither the Association nor any Member shall (a) by act or omission seek to abandon, partition, subdivide, encumber, sell or transfer the Common Elements or any improvements thereon which are owned, directly or indirectly, by the Association (except that the granting of access easements, utility easements, drainage easements and water facilities easements or easements for other public purposes consistent with the intended use of such property by the Association shall not be deemed within the meaning of this provision); (b) change the method of determining the obligations, assessments or other charges which may be levied against Members; (c) by act or omission change, waive or abandon any scheme or regulation, or enforcement thereof, pertaining to architectural Approval of improvement of Units, including the architectural design of the exterior appearance of Units, or the upkeep of lawns and plantings on the Common Elements; and (d) amend any material provision of this Declaration. An amendment shall not be deemed material if it is for the purpose of correcting technical errors, or for clarification only. If a First Security Interest who receives a written request for Approval of the proposed act, omission, change or amendment does not deliver or post to the requesting party a negative response within thirty (30) days, it shall be deemed to have approved such request. To be eligible either to approve or object to any written request for Approval, a First Security Interest must have previously given the Association written notice of the existence of its Security Interest.

15.8 No Partition of Common Elements. The Common Elements will be owned by the Association, and no Owner will bring any action for partition or division of the Common Elements. By acceptance of a deed or other instrument of conveyance or assignment, each Owner will be deemed to have specifically waived such Owner's rights to institute or maintain a partition action or any other action designed to cause a division of the Common Elements, and this Section may be pleaded as a bar to any such action.

15.9 Captions. The captions contained in the Documents are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of the Documents or the intent of any provision thereof.

15.10 Gender. The use of the masculine gender refers to the feminine gender, and vice versa, and the use of the singular includes the plural, and vice versa, whenever the context of the Documents so require.

15.11 Waiver. No provision contained in the Documents is abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches which may occur.

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15.12 Invalidity and Severability. The invalidity of any provision of the Documents does not impair or affect in any manner the validity, enforceability or effect of the remainder, and if a provision is invalid, all of the other provisions of the Documents shall continue in full force and effect.

15.13 Conflict. The Documents are intended to comply with the requirements of the Act. If there is any conflict between the Documents and the provisions of the Act, the provisions of the Act shall control. In the event of any conflict between this Declaration and any other Document, this Declaration shall control.

ARTICLE XVI

RESERVATION OF EXPANSION AND DEVELOPMENT RIGHTS

16.1 Expansion Rights. The Declarant expressly reserves the right to subject additional property ("Development Property") to the provisions of this Declaration. The Consent of the then Unit Owners or holders of Security Interests shall not be required for any such expansion, and the Declarant may proceed with such expansion without limitation and at its sole option.

16.2 Development and Withdrawal Rights. Notwithstanding any provision in this Declaration to the contrary, the Declarant expressly reserves the right to create additional Units and Common Elements to subdivide the Units and to convert Units into Common Elements on all or any portion of the Property or Development Property if such property is reserved for future development on the Plat. The Declarant may exercise its development rights on all or any portion of the Development Property in whatever order of development the Declarant, in its sole discretion, determines. If all or any part of the Development Property is submitted to this Declaration, this right to reserve property for future development shall apply to such property as well. The Declarant expressly reserves the right to withdraw all or any portion of the Development Property from the Common Interest Community by recording a document evidencing such withdrawal in the office of the Clerk and Recorder of Larimer County, Colorado. The property withdrawn from the Common Interest Community shall be subject to whatever easements, if any, are reasonably necessary for access to or operation of the Common Interest Community. The Declarant shall prepare and record in the office of the Clerk and Recorder of Larimer County, Colorado, whatever documents are necessary to evidence such easements.

16.3 Amendment of Declaration. If the Declarant elects to submit the Development Property, or any part thereof, to this Declaration, the Declarant shall record an Amendment or a Supplement to the Declaration containing a legal description of the Development Property, or a portion thereof to be submitted to this Declaration, and reallocating the Allocated Interests so that the Allocated Interest appurtenant to each Unit will be apportioned according to the total number of Units submitted to the Declaration. The Allocated Interest appurtenant to each Unit in the Common Interest Community, as expanded, shall be a fraction, the numerator of which shall be one (1) and the denominator of which shall be the total number of Units within the Common Interest Community, as expanded.

16.4 Supplement to Plat. The Declarant shall, contemporaneously with any Amendment of this Declaration, file a supplement to the Plat showing the Development Property, or portion thereof, to be submitted to this Declaration and the Units and Common Elements created within the Development Property, or portion thereof, to be submitted to this Declaration.

16.5 Interpretation. Recording of Amendments or Supplements to the Declaration in the office of the Clerk and Recorder of Larimer County, Colorado, shall automatically (i) vest in each existing Unit Owner the reallocated Allocated Interest appurtenant to his or her Unit, and (ii) vest in each holder of an existing perfected Security Interest the reallocated Allocated Interest appurtenant to the encumbered Unit.

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

16.6 Maximum Number of Parcels. The maximum number of Units in the Common Interest Community shall not exceed 172 Units. The Declarant shall not be obligated to expand the Common Interest Community beyond the 172 Units initially submitted to this Declaration.

16.7 Construction Easement. The Declarant expressly reserves the right to perform construction work, store materials on the Common Elements, and the future right to control such work and the right of access thereto until its completion. All work may be performed by the Declarant without the Consent or approval of any Unit Owner or holder or a Security Interest. The Declarant has such an easement through the Common Elements as may be reasonably necessary for the purpose of discharging the Declarant's obligations and exercising the Declarant's reserved rights in this Declaration. The Declarant's reserved construction easement includes the right to grant easements to public utility companies and to convey improvements within those easements. If the Declarant grants any such easements, after the recordation of the Plat, the Developer will record appropriate easement documentation with the Larimer County Clerk and Recorder.

16.8 Reciprocal Easement. If all or a part of the Development Property is not submitted to this Declaration, or if property is withdrawn from the Common Interest Community ("Withdrawn Property"):

16.8.1 The Unit Owners of the Development 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 Common Interest Community; and

16.8.2 The Unit Owners in the Common Interest Community shall have whatever easements are necessary or desirable, if any, for access, utility service, repair, maintenance and emergencies over and across the Development Property and Withdrawn Property.

16.8.3 The Declarant shall prepare and record in the office of the Clerk and Recorder of Larimer County, Colorado, whatever documents are necessary to evidence such easements. Such recorded easements shall specify that the Unit Owners of the Development Property and the Withdrawn Property and the Unit Owners in the Common Interest Community shall be obligated to pay a proportionate share of the cost of the operation and maintenance of any easements utilized by either one (1) of them on the other's property upon such reasonable basis as the Declarant shall establish in the easements. Preparation and recordation by the Declaration 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.

16.9 Termination of Expansion and Development Rights. The expansion and development rights reserved to the Declarant, for itself, its successors and assigns, shall expire five (5) years from the date of the recording of 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 Association may impose upon the subsequent exercise of the expansion and development rights by the Declarant.

B

16.10 Transfer of Expansion and Development Rights. Any expansion, development or withdrawal right created or reserved under this Article for the benefit of the Declarant may be transferred to any Person by an instrument describing the rights transferred and recorded in Larimer County, Colorado. Such instrument shall be executed by the transferor, Declarant and the transferee.

ARTICLE XVII

OTHER DISCLOSURES

17.1 Oil and Gas Operations. Oil and gas mineral interests have been severed from the surface estate of all or a portion of the Property and certain property abutting and adjacent to the Property. The Property and such adjacent property is and/or may become subject to certain oil and gas leases and/or are subject to active and ongoing oil and gas operations or are subject to potential oil and gas operations (collectively, the "Oil and Gas Operations") which may be conducted daily, continuously and at any time of the day or night. In connection therewith, the Property and the Owners are subject to or will be subject to certain surface use agreements and/or grants of rights-of-way and/or easements. The Oil and Gas Operations may include, without limitation: (a) drilling (including, without limitation, horizontal and directional drilling), production, workovers, well deepenings, recompletions, fracturing, well replacement, extraction, transmission, venting, separation and storage of oil and gas minerals and associated products and by-products of oil and gas operations; (b) installation, construction, maintenance, operation, repair and replacement of oil and gas facilities and equipment (including without limitation, drilling rigs and derricks; tank batteries; separators; dehydrators; compressors; distribution, transmission and flowlines; gathering lines; pipelines; and access roads); and (c) traffic (including, without limitation, Oil and Gas Operations vehicles and equipment). The Oil and Gas Operations are expected to generate an unpredictable amount of visible, audible and odorous impacts and disturbances to the Property, which may include, without limitation: (a) creation of dust, dirt, noise and fumes; and (b) well blowouts, craterings, explosions, uncontrollable flows of oil, natural gas or well fluids, fires, formations with abnormal pressures, pipeline and flowline ruptures or spills, and releases or discharges of toxic gas or other environmental hazards and pollution into the air or ground. Each Owner, by taking title to a Lot, acknowledges that the Oil and Gas Operations may disturb the Property and such Owner's use and occupancy of the Property, each in the manner described above and in other currently unknown ways. EACH OWNER, BY TAKING TITLE TO A LOT, ASSUMES ALL RISK TO PERSON AND PROPERTY ARISING OR RESULTING FROM OIL AND GAS OPERATIONS AND AGREES THAT THE DECLARANT AND ITS AFFILIATES AND THE ASSOCIATION SHALL NOT HAVE ANY OBLIGATION OR LIABILITY FOR, AND WAIVES ANY CLAIM AGAINST THE DECLARANT OR ITS AFFILIATES OR THE ASSOCIATION, AND THEIR CONTRACTORS OR AGENTS, ARISING FROM DISTURBANCE OF THE PROPERTY IN CONNECTION WITH OIL AND GAS OPERATIONS.

17.2 Notice. Without limiting the generality of the foregoing, the Declarant hereby provides notice to all Owners that:

17.2.1 There may be ongoing surface Oil and Gas Operations and production in the "Oil and Gas Operations areas" and associated easements as those areas and easements are shown on the recorded plats of the Property.

17.2.2 There are likely to be additional future wells drilled and Oil and Gas Operations that affect the surface of the Property.

IB

17.2.3 Heavy equipment may be used from time to time for Oil and Gas Operations such that such operations may be conducted on a 24-hour basis.

17.2.4 Owners of all or any portion of the Property may be subject to certain rights and obligations under any surface use agreements and/or grants of rights-of-way and/or easement affecting the Property.

17.2.5 Owners of all or any portion of the Property may be subject to certain waivers of rights as set forth under any surface use agreements and/or grants of rights-of-way and/or easements affecting the Property.

17.3 Access Easements for Oil and Gas Operations. In connection with the Oil and Gas Operations, the Declarant has granted and/or may in the future grant to mineral interest owners and/or lessees certain easements in, on, over, under, through and across the Property for such owners and/or lessees use and enjoyment of their mineral interest, including, without limitations, easements for the purposes of surveying, constructing, maintaining, inspecting, operating, repairing, replacing, modifying, reconstructing, marking, monitoring, abandoning, and removing pipelines and all appurtenances.

EB

EXHIBIT A

Legal Description

Lots 1-17, Block 1; Lots 1-11, Block 2
Lots 1-6, Block 3; Lots 1-2, Block 4
Lots 1-8, Block 5; Lots 1-10, Block 6
Lots 1-3, Block 7; Lots 1-5, Block 8
Lots 1-10, Block 9; Lots 1-6, Block 10
Lots 1-12, Block 11; Lots 1-22, Block 12
Lots 1-35, Block 13; Lots 1-25, Block 14
Outlots A-E

Millennium SW Eighteenth Subdivision, A Resubdivision of Tract 2 and a Part of Outlot 13,
Millennium SW Third Subdivision Being a Part of the Southwest One Quarter of Section 17,
Township 5 North, Range 68 West of the 6th P.M. as recorded at
Reception No. 20200039881 of the real estate records of the Clerk and Recorder of
Larimer County, Colorado

FB

