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DECLARATION

OF

FAIRWAY GARDENS TOWNHOMES

THIS DECLARATION is made on the date hereinafter set forth, by **Fitzsimmons Townhomes Ltd. a California Limited Partnership**, with an address of **1645 Taylor Blvd., Lafayette, CA 94569** ("Declarant").

RECITALS

A. Declarant is the owner of certain property in the **County of Adams**, State of Colorado which, is more particularly described as set forth in **Exhibit A** attached hereto and by reference made a part hereof.

B. Declarant desires to ensure the attractiveness of the individual Property parcels and facilities developed within the Real Estate and to preserve, protect, and enhance the values and amenities of the Real Estate. It is the intent of the Declarant to guard against the construction on the Real Estate of improvements, structures or landscaping built or consisting of improper or unsuitable materials or with improper quality or methods of construction. Declarant intends to encourage the construction of attractive permanent improvements of advanced technological, architectural, and engineering design, appropriately located to preserve the harmonious development of the Real Estate.

C. Declarant desires to create a **Planned Community** on the Real Estate (as Real Estate is defined herein) under the name of **Fairway Gardens Townhomes**, in which portions of the Real Estate will be designated for separate ownership and uses of a residential nature, and in which portions of the Real Estate will be designated for ownership by an owners' association.

D. Declarant has caused "**Fairway Gardens Townhomes Owners Association**," a Colorado nonprofit corporation, to be incorporated under the laws of the State of Colorado, as a **unit owners' association**, for the purpose of exercising the functions as herein set forth.

ARTICLE 1

SUBMISSION/DEFINED TERMS

Section 1.1 Submission of Real Estate. Declarant hereby submits the property described in **Exhibit A**, and such additional property as may be subsequently added (the "Real Estate") to the provisions of the Act that apply to **Planned Communities**, as set forth in C.R.S. §38-33.3-116 (the "Act"), as the Act may be amended from time to time, and to the terms and conditions of this Declaration. In the event the Act is repealed, the Act on the

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

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

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

(b) Allocated Interests means the undivided interest in the Common Expense liability and votes in the Association allocated to each Property.

(c) Association means **Fairway Gardens Townhomes Owners Association**, a Colorado nonprofit corporation, which Association shall be a "unit owner's association" as defined in the Act.

(d) Common Elements means the Real Estate within this Common Interest Community owned by the Association, other than a Property; which Real Estate may be designated in recorded plats or maps.

(e) Common Expense Assessment(s) shall include late charges, attorney's fees, fines and interest charged by the Association.

(f) Declarant means the Declarant named in this Declaration, and any successor and/or assignee, designated by written notice or assignment executed by the Declarant in this Declaration and recorded, to the extent any rights or powers reserved to the Declarant are transferred or assigned to that party.

(g) Design Review Committee means the committee created by the Declarant for the purpose of establishing architectural controls over the Common Interest Community to insure the proper use and appropriate development and improvement of the Common Interest Community so as to provide for harmonious development and improvement of the Common Interest Community.

(h) Executive Board, Board or Board of Directors means the body, regardless of name, designated in this declaration to act on behalf of the Association.

(i) Governing Documents means this Declaration, the plat and map, the Articles of Incorporation, the Bylaws, and any rules and regulations of the Association, as all of the foregoing may be amended from time to time.

(j) Improvement(s) means structures installed within or upon a Property, and all structures and any appurtenances thereto or components thereof of every type or kind, and of every use, and all landscaping, grading and other improvements to property, including, replacement, refinishing, resurfacing, and repair of existing improvements to be constructed upon a Property or upon or within the Real Estate, but specifically excluding all facilities and services owned, constructed or maintained by local government.

(k) Limited Common Elements means those portions of the Common Elements, if any, designated by Declarant for the exclusive use of one or more but fewer than all of the Properties.

(l) Rules and Regulations means all rules, regulations, procedures and guidelines of the Association, in general, and the Design Review Committee, specifically, as the same may be adopted and amended from time to time by the Executive Board of the Design Review Committee, pursuant to this Declaration.

(m) Property or Properties means a physical portion of the Common Interest Community, designated for separate ownership, shown as a unit or lot on a recorded plat or map for the Common Interest Community, the boundaries of which are defined in the plat or map and in Article 4 of this Declaration.

(n) Real Estate means the property described in Exhibit A, and such additional property as may be subsequently added, pursuant to the expansion in this Declaration, together with all easements, rights, and appurtenances thereto and the buildings and Improvements erected or to be erected thereon. All easements and licenses, which the Common Interest Community is subject to as of the date of this Declaration, are recited in Exhibit A.

(o) Owner means the Declarant, or any other person or entity that owns a Property.

ARTICLE 2
DESCRIPTION OF THE COMMON INTEREST
COMMUNITY/EASEMENTS

Section 2.1 Name and Type. The type of Common Interest Community is a **Planned Community**. The Common Interest Community is located **Adams County, State of Colorado**. The name of the Common Interest Community is the "**Fairway Gardens Townhomes**" The name of the Association is "**Fairway Gardens Townhomes Owners Association**."

Section 2.2 Restrictions on Subordinate Covenants, Map, and PUDs. The prior written consent of Declarant, or its assignee, (if this restriction and approval right is assigned in writing) shall be required by any Owner or with regard to any Property (a) before junior or subordinate covenants may be filed of record against all or any portion of a Property, and (b) before any planned unit development, map, plat or re-subdivision may be filed of record against all or any portion of a Property; until Declarant has conveyed all of the Properties or **five (5) years** from the date this Declaration is recorded, whichever event shall first occur. In the event an Owner records covenants against all or any part of a Property without the written consent required by the provisions of this Section, or in the event an Owner records any planned unit development, map, plat or re-subdivision against all or any part of any Property without the written consent required by the provisions of this Section, the instruments recorded shall be voidable and shall be deemed void by the Declarant (or its assignee) upon Declarant (or its assignee) recording a notice to that effect.

Section 2.3 Identification of Property Descriptions. The identification of each Property is to be shown on the applicable plats and/or maps for properties included in **Fairway Gardens Subdivision**. Every contract for sale, deed, lease, Security Interest, will or other legal instrument may legally describe a Property by its identifying number followed by the name of the community, with reference to the plat or map, and the Declaration. Reference to the Declaration, plat or map in any instrument shall be deemed to include any supplement(s) or amendment(s) to the Declaration, map or plat, without specific reference thereto.

Section 2.4 Utilities. Declarant hereby creates and reserves to itself, until Declarant has sold the last Property that may be credited to an Owner other than Declarant and, thereafter, to the Association, a blanket easement upon, across, over and under the Real Estate for access, utilities, drainage and the installation, replacement, repair, and maintenance of utilities, including but not limited to water, sewer, waste water treatment, effluent irrigation systems, gas, telephone, electricity and master television antenna or cable systems, if any. By virtue of this blanket easement, it shall be expressly permissible for Declarant or the Association to erect and maintain the necessary facilities, equipment and appurtenances on the Real Estate and to affix, repair, and maintain landscaping, fencing, water, treated waste water, effluent irrigation and sewer pipes, gas, electric, telephone and television wires, circuits, conduits and meters, and such other improvements or facilities. If any utility or quasi-

utility company furnishing a service covered by the general easement created herein requests a specific easement, a separate right and authority to grant such easement upon, across, over or under any part or all of the Real Estate is reserved, provided the easement granted does not conflict with the terms hereof. The easement provided for in this Section shall in no way affect, avoid, extinguish, or modify any other recorded easement on the Real Estate.

Section 2.5 Drainage Easements. An Easement is hereby granted to the Association and local government, their officers, agents, employees, successors, and assigns to enter upon, across, over, in an under any portion of the Real Estate subject to this Declaration for the purpose of changing, correcting or otherwise modifying the grade of the Real Estate, the Properties or drainage channel so as to improve the drainage of water. Said easements shall be deemed to also include easements for the collection of storm water runoff. Every Property and the Common Elements shall be burdened with easements for natural drainage of storm water run off from other portions of the Real Estate; provided, no Person shall alter the natural drainage on any Property so as to materially increase the drainage of water onto adjacent portions of the Real Estate without the consent of the Owner of the affected property.

Section 2.6 Owners' Easements of Enjoyment. Every Owner shall have a right and easement access to their Property and of enjoyment in and to any Common Elements and such easement shall be appurtenant to and shall pass with the title to every Property, subject to the following provisions: (a) this Declaration and the other Governing Documents; (b) any restriction contained in any deeds of Common Elements to the Association; (c) the right of the Association to promulgate and publish rules and regulations (subject to **Section 3.12**) which each Owner and their guests shall strictly comply with; (d) the right of the Association to suspend the voting rights and rights to use the Common Elements by an Owner for any period during which any assessment against their Property remains unpaid, and for a period not to exceed sixty (60) days for any infraction of its published rules and regulations; (e) the right of the Board to impose reasonable membership requirements and charge reasonable membership admission or other fees for the use of any recreational facility situated upon the Common Elements and the right of the Board to permit use of any recreational facilities situated on the Common Elements by persons other than Owners, their families, lessees and guests upon payment of use fees established by the Board; (f) the right, power and authority of the Association to grant any easement, right-of-way, license, lease, dedication, transfer or conveyance or grant of any similar interest affecting the Common Elements, to the extent permitted by the Act; (g) the right of the Association to close or limit the use of the Common Elements while maintaining, repairing and making replacements in the Common Elements; and (h) the Development and Special Declarant

Rights of the Declarant reserved in this Declaration.

Section 2.7 Utility, Map, and Plat Easements. Easements for utilities and other purposes over and across the Properties and Common Elements may be as shown upon a recorded plat or map and as may be established pursuant to the provisions of this Declaration, or granted by authority reserved in any recorded document.

Section 2.8 Easements for the Executive Board and Owners. Each Property shall be subject to an easement in favor of the Executive Board (including its agents, employees and contractor) and to each Owner to allow for their performance of obligations in this Declaration, provided that the easement granted and the use thereof shall not unreasonably interfere with or impair the use of any Improvements constructed on a Property. On exercising this easement right, the party exercising the right shall be responsible for any resulting damages, and a lien therefore is authorized and established against that party's property, pursuant to this Declaration.

Section 2.9 Emergency Easements. A nonexclusive easement for ingress and egress is hereby granted to all police, sheriff, fire protection, ambulance, and other similar emergency agencies or persons, now or hereafter servicing the Common Interest Community, to enter upon any part of the Common Interest Community in the performance of their duties.

Section 2.10 Delegation of Use. Any Owner may delegate their right of enjoyment to the Common Elements and facilities to the members of their family, their tenants, guests, or contract purchasers who reside at their property.

ARTICLE 3 THE ASSOCIATION

Section 3.1 Membership. Every person whose is a record Owner of a fee interest in any Property which is subject to this Declaration shall be a member of the Association, including contract sellers. Membership shall be appurtenant to and may not be separated from ownership of any Property. Ownership of a Property shall be the sole qualification for such membership. Where more than one (1) person holds an interest in any Property, all such persons shall be members.

Section 3.2 General Purposes and Powers of the Association. The Association, through its Executive Board, shall perform functions and manage the Common Interest Community of **Fairway Gardens Townhomes** so as to further the interests of the members, residents, occupants, tenants and guests of **Fairway Gardens Townhomes**. All owners in **Fairway Gardens Townhomes** shall be deemed to have assented to, ratified and approved such designation and management. The Association shall have all powers necessary or

desirable to effectuate such purposes as a unit owner's association.

Section 3.3 Authority of the Association. The business affairs of the **Fairway Gardens Townhomes** Community shall be managed by the Association. The Association shall be governed by the Act, this Declaration, its Articles of Incorporation and Bylaws, as amended from time to time, any rules and regulations adopted by the Executive Board, and such other documents as may grant power and authority to the Association, to the extent those powers and authorities are accepted by the Association. The Executive Board may, by written resolution, delegate authority to a manager or managing agent for the Association, provided no such delegation shall relieve the Board of final responsibility. The Association shall have all of the powers, authority and duties permitted or set forth in the Act. The Association shall have the power to assign its right to future income, including the right to assign its right to receive Common Expense Assessments, but only upon the affirmative vote of the Owners of Properties to which at least fifty-one percent (51%) of the votes in the Association at a meeting called for that purpose.

Section 3.4 Allocated Interests. The common expense liability and votes in the Association are allocated equally to each Property. The attached **Exhibit C** is the Table of Interests reflecting each unit's number of votes as well as its percentage interest in the common elements and common expenses.

Section 3.5 Association Agreements. Any agreement for professional management of the Common Interest Community or any contract providing for services of the Declarant, may not exceed one (1) year. Any such agreement must provide for termination by either party without cause and without payment of a termination fee or penalty upon thirty (30) days' written notice. The Association shall not be bound either directly or indirectly to contracts or leases (including management contracts) entered into during the Declarant control period unless the Association is provided with a right of termination of any such contract or lease without cause, which is exercisable without penalty at any time after the turnover date upon not more than thirty (30) days' notice to the other party thereto.

Section 3.6 Common Elements. The real estate described in **Exhibit B** are the initial Common Elements.

Section 3.7 Duty to Accept Common Elements and Facilities Transferred by Declarant. The Association shall accept any property, including any Improvements thereon, and personal property transferred to the Association by Declarant and equipment related thereto, together with the responsibility to perform any and all functions associated therewith, provided that such property and functions are not inconsistent with the terms of this Declaration.

Interests transferred to the Association by Declarant may include fee simple interests, easements, leasehold interests and contractual rights or licenses to use property. Any property or interest in property transferred to the Association by Declarant shall, except to the extent otherwise specifically approved by resolution of the Executive Board, be transferred to the Association free and clear of all liens (other than the lien of property taxes and assessments not then due and payable), but shall be subject to the terms of this Declaration.

Section 3.8 Power to Provide Special Services. The Association shall have the power to provide services to one or more, but less than all, Owners. Any such service or services shall be provided pursuant to an agreement in writing, which shall provide for payment to the Association by such Owner or Owners of the Costs and Expenses which the Association incurs in providing such services, including a fair share of the overhead expenses of the Association, and shall contain provisions assuring that the obligation to pay for such services shall be binding upon any heirs, personal representatives, successors and assigns of the Owner or Owners, and that the payment for such services shall be secured by a lien on the Property or Properties of such Owners and may be collected in the same manner as an Assessment, or, if the written agreement so provides, in installments as part of the Common Assessments.

Section 3.9 Power to Operate and Charge for Facilities and Services. The Association shall have the power to acquire, create, own and operate any and all such facilities and services as it deems appropriate, including, without limitation, landscape maintenance and refuse collection, or any other similar or dissimilar function, and to establish charges for the use of facilities and services. The charges may include admission, rental or other fees and charges for any use of property, facilities or services of the Association. Such charges or fees shall be as determined from time to time by the Executive Board.

Section 3.10 Right to Notice and Comment/Generally and in Regard to Amendment of the Bylaws and/or Rules and Regulations. Pursuant to C.R.S §38-33.3-205(1)(o), before the Board amends the Bylaws or amends the Rules and Regulations, and under the other circumstances as set forth in the Act or this Declaration where the Act or this Declaration require that an action be taken after "Notice and Comment," and at any other time the Executive Board determines, the Owners have the right to receive notice of the proposed action and the right to comment orally or in writing. Further, any Owner may give "Notice and Comment" to the Owners of any matter affecting the Common Interest Community, and Owners shall then have the right to comment, orally or in writing on the matter. Notice shall be given to each Owner in writing, delivered personally or by mail to all Owners at such address as appears in the records of the Association or notice shall be published in a

newsletter or similar publication which is routinely circulated to all Owners. The notice shall be given not less than three (3) days before proposed action is to be taken. The Notice shall invite comment to the Executive Board or an Owner, orally or in writing before the scheduled time of any meeting.

Section 3.11 Indemnification. To the full extent permitted by law, each officer and director of the Association shall be and are hereby indemnified by the Owners and the Association against all expenses and liabilities, including attorneys' fees, reasonably incurred by or imposed upon them in any proceeding to which they may be a party, or in which they may become involved, by reason of being or having been an officer or director of the Association, or any settlements thereof, whether or not they are an officer or director of the Association at the time such expenses are incurred; except in such cases wherein such officer or director is adjudged guilty of willful misfeasance or malfeasance in the performance of his duties; provided that in the event of a settlement the indemnification shall apply only when the Executive Board approves such settlement and reimbursement as being in the best interest of the Association.

Section 3.12 Declarant Control. The Declarant shall have the reserved power to appoint and remove officers and members of the Executive Board as allowed under the Act, until the Declarant has closed on the sales of those percentages of the Properties as set forth in the Act. The Declarant may voluntarily surrender the right to appoint and remove officers and members of the Executive Board before termination of the period of Declarant Control, but, in that event, the Declarant may require, for the duration of the period of Declarant Control, that specified actions of the Association or Executive Board, as described in a recorded instrument executed by the Declarant, be approved by the Declarant before they become effective.

ARTICLE 4 **ALLOCATION OF MAINTENANCE RESPONSIBILITIES**

Section 4.1 Owner Maintenance. Owners are responsible for the maintenance, repair and replacement of the Improvements and properties located within their Property boundaries and landscaping within any publicly dedicated right of way adjacent to their Property. Specifically, Owners shall provide for all interior and exterior maintenance of all Improvements constructed on or as a part of a Property and all fences located within their Property or located approximately on the boundary line of their Property. The planes defined by the unit boundary lines on the plat or map for the Real Estate are designated as boundaries of each Property. Each Property includes the spaces and improvements lying within the boundaries described above, and also includes the utilities and utility meters and communications, television, telephone and electrical receptacles and boxes serving that Property exclusively,

whether or not in the boundaries or contiguous to the Property, unless the same are maintained by a governmental agency or entity.

Section 4.2 Association Maintenance. The Executive Board of the Association shall determine the specifications, scope, extent, nature, and parameters of the Association's maintenance responsibilities. The Association shall be responsible for:

(a) All landscaping and other flora, signage, structure, entry signage and similar improvements situated upon the Common Elements and for the improvement, upkeep and maintenance, repair and replacement of certain or designated perimeter fences.

(b) Such portions of property included within the Real Estate as may be dictated by this Declaration in any contract or agreement for maintenance thereof entered into by the Association.

(c) Any property and facilities owned by the Declarant and made available, on a temporary or permanent basis, for the primary use and enjoyment of the Association, such property and facilities to be identified by written notice from the Declarant to the Association and to be maintained by the Association until such time as Declarant revokes such privilege of use and enjoyment by written notice to the Association.

(d) The improvement, upkeep and maintenance, repair and reconstruction of landscaped area in dedicated public right of way or public easements; or for the payment of expenses which may be incurred by virtue of agreement with or requirement of any local governmental authority, **the City of Aurora, Adams County** or other government authorities.

(e) Other property which it does not own, including, without limitation, conservation easements held by nonprofit entities, and other property dedicated to public use, if the Board determines that such maintenance is necessary or desirable.

(f) For such other maintenance and repair as set forth below or elsewhere in this Declaration.

ARTICLE 5 COVENANT FOR COMMON EXPENSE ASSESSMENTS

Section 5.1 Creation of Association Lien and Personal Obligation to Pay Common Expense Agreements. Declarant, for each Property, shall be deemed to covenant and agree, and each Owner, by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to

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

Section 5.2 Apportionment of Common Expenses. Except as provided in this Declaration, all Common Expense Assessments shall be assessed against all Properties in accordance with the formula for liability for the Common Expenses as set forth in this Declaration.

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

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

Section 5.5 Effect of Non-Payment of Assessments. Any assessment, charge or fee provided for in this Declaration, or any monthly or other installment thereof, which is not fully paid within ten (10) days after the due date thereof, as established by the Executive Board, shall bear interest at the rate of interest as may determined, from time to time, by the Executive Board, and the Association may assess a reasonable late charge thereon as determined by the Executive Board. Failure to make payment within sixty (60) days of the due date thereof shall cause the total amount of such Owner's Common Expense Assessment for the remainder of that fiscal year to become immediately due and payable at the option of the Board. Further, the Association may bring an action at law or in equity, or both, against any Owner personally obligated to pay such overdue assessments, charges or fees, or monthly or other installments thereof, and may also proceed to foreclose its lien against such Owner's Property. An action at law or in equity by the Association against an Owner to recover a money judgement for unpaid assessments, charges or fees, or monthly or other installments thereof, may be commenced and pursued by the Association without foreclosing, or in any way waiving, the Association's lien therefor. Foreclosure or attempted foreclosure by the Association of its lien shall not be deemed to estop or otherwise preclude the Association from thereafter again foreclosing or attempting to foreclose its lien for any subsequent assessment, charges or fees, or monthly or other installments thereof, which are not fully paid when due. The Association shall have the power and right to bid on or purchase any Property 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. The rights of the Association shall be expressly subordinate to the rights of any holder of a first lien Security Interest as set forth in its deed of trust or mortgage (including any assignment of rent(s), to the extent permitted under the Act.

Section 5.6 Lien Priority. The lien of the Association under this Section is prior to all other liens and encumbrances on a Property except: (1) liens and encumbrances recorded before the recordation of the Declaration; (2) a first lien Security Interest on the Property (except as allowed by the Act with regard to the limited lien priority allowed to the Association); and (3) liens for real estate taxes and other governmental assessments or charges against the Property. This Section does not affect the priority of mechanics' or materialmen's liens. The lien of the Association under this Article is not subject to the provision of any homestead exemption as allowed under state or federal law. Sale or transfer of any Property shall not affect the lien for said assessments or charges except that sale or transfer of any Property pursuant to foreclosure of any first lien Security Interest, or any proceeding in lieu thereof, including deed in lieu of foreclosure, or cancellation or forfeiture shall only extinguish the lien of assessment charges as provided by applicable State law. No such

sale, transfer, foreclosure, or any proceedings in lieu thereof, including deed in lieu of foreclosure, nor cancellation or forfeiture shall relieve any Property from continuing liability for any assessment charges thereafter becoming due, nor from the lien thereof.

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

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

ARTICLE 6

RESTRICTIONS ON USE, ALIENATION AND OCCUPANCY

Section 6.1 Absolute Authority of the Executive Board. The

Executive Board shall have complete authority and control to issue and amend restrictions on use, occupancy and alienation of the Properties in addition to those contained in this Declaration. All provisions of the Governing Documents shall apply to Owners and all occupants and guests.

Section 6.2 Plan of Development; Applicability; Effect. Declarant has created **Fairway Gardens Townhomes** as a residential development and, in furtherance of its and every other Owner's interests, has established a general plan of development for **Fairway Gardens Townhomes** as a **Planned Community**. The Real Estate is subject to land development constraints and requirements, Rules and Regulations and provisions of this Declaration governing land use, individual conduct, and uses of or actions upon the Real Estate as provided in this Declaration. This Declaration and the Rules and Regulations, establish affirmative and negative covenants, easements, and restrictions.

Section 6.3 Purpose. Declarant has promulgated **Fairway Gardens Townhomes**'s general plan of development in order to protect all Owners' quality of life and collective interests, the aesthetics and environment within the Real Estate, and the vitality of and sense of community within **Fairway Gardens Townhomes** all subject to the Association's ability to respond to changes in circumstances, conditions, needs, and desires within the Common Interest Community. Declarant has prepared restrictions below which contain general provisions applicable to all of the Real Estate, as well as specific provisions which may vary within the Real Estate depending upon the location, characteristics, and intended use. These restrictions are set forth below.

Section 6.4 Owners' Acknowledgement. All Owners are subject to this Declaration and the following restrictions and by acceptance of a deed to their Property, acknowledge that they have been given notice, and that: the ability of Owners to use their Properties is limited by the provisions in the Governing Documents; the Executive Board may, in its sole discretion, add, delete, modify, create exceptions to, or amend the restrictions; the Executive Board may, from time to time, adopt and amend definitions of words, phrases and terms used in this Declaration and other Governing Documents; and the use, enjoyment and marketability of his or her Property can be affected by this provision and that the restrictions and Rules and Regulations may change from time to time.

Section 6.5 Right of Owners Regarding Rules and Regulations. In furtherance of the provisions of this Declaration, and the general plan, rules and regulations concerning and governing the Common Interest Community or any portion thereof may be adopted, amended, or repealed, from time to time, by the Executive Board, its successors and assigns. The Executive Board may Establish and enforce penalties for the infraction thereof.

The Board may not adopt any Rule in violation of the Following provisions:

Equal Treatment. Similarly situated Owners shall be treated similarly.

Speech. The rights of Owners to display political signs and symbols in or on their Properties of the kinds normally displayed in or outside of residences located in single-family residential neighborhoods shall not be abridged, except that the Association may adopt reasonable time, place, and manner restrictions for the purpose of minimizing damage and disturbance to other Owners.

Religious and Holiday Displays. The rights of Owners to display religious and holiday signs, symbols, and decorations, in their Properties of the kinds normally displayed in or outside of residences located in single-family residential neighborhoods shall not be abridged, except that the Association may adopt reasonable time, place, and manner restrictions for the purpose of minimizing damage and disturbance to other Owners.

Household Composition. No Rule shall interfere with the freedom of owners to determine the composition of their households, except that the Association shall have the power to require that all occupants be members of a single housekeeping unit and to limit the total number of occupants permitted in each Property on the basis of the size and facilities of the Property and its fair share use of the Common Elements.

Activities Within Property. No Rule shall interfere with the activities carried on within the confines of Properties, except that the Association may prohibit activities not normally associated with property restricted to residential use, and it may restrict or prohibit any activities that create monetary costs for the Association or other Owners, that create a danger to the health or safety of occupants of other Properties, that generate excessive noise or traffic, that create unsightly conditions visible outside the Property, that generate excessive noise or traffic, that block the views from other Properties, or that create an unreasonable source of annoyance.

Household Pets. (No animals, livestock, birds, poultry or insects, of any kind, shall be raised, bred, kept or boarded in or on the Properties; provided, however, that the Owners of each Property may keep two dogs or two cats or one dog and one cat. No dog or cat may exceed thirty pounds in weight. The Association shall have, and is hereby given, the right and authority to determine in its sole discretion that

dogs or cats are being kept for commercial purposes or are being kept in such manner as to be unreasonable or to create a nuisance to any resident(s) of the Properties, or that an Owner is otherwise in violation of the provisions of this Section, and to take such action or actions as it deems reasonably necessary to correct the same. An Owner's right to keep dogs or cats shall be coupled with the responsibility to pay for any damage caused by such Owner's pet(s), and any such costs and damages shall be subject to all of the Association's rights with respect to the collection and enforcement as provided in **Article 5** above.

Allocation of Burdens and Benefits. Except as reallocation of interests is permitted by this Declaration, the initial Allocation of Interests shall not be changed to the detriment of any Owner over that Owner's objection expressed in writing to the Association. Nothing in this provision shall prevent the Association from adopting generally applicable rules for use of Common Elements, or from denying use privileges to those who abuse the Common Elements, violate provisions of the Governing Documents, or fail to pay assessments. This provision does not affect the right to increase the amount of Assessments.

Alienation. No Rule shall prohibit transfer of any Property, or require consent of the Association or Executive Board for transfer of any Property, for any period greater than two (2) months.

Abridging Existing Rights. If any Rule would otherwise require Owners to dispose of personal property which they owned at the time they acquired their Properties, such rule shall not apply to any such Owners without their written consent.

Section 6.6 Initial Use Guidelines and Restriction-General. All Real Estate and Properties within the Common Interest Community shall be held, used and enjoyed subject to the following limitations and restrictions. The strict application of the following limitations and restrictions in any specific case may be modified or waived, in whole or in part, by the Executive Board or by an appropriate committee (subject to review by the Executive Board) if such strict application would be unreasonable or unduly harsh under the circumstances. Any such modification or waiver must be in writing or must be contained in written guidelines or rules.

Section 6.7 Use/Occupancy. All Real Estate within the Common Interest Community shall be used only for residential uses and/or uses or purposes as allowed by local zoning, control and regulation. The use of each Property is restricted to that of a single-family residence. The term "single family residence" means

a single housekeeping unit excluding group homes. Except for those activities conducted as a part of the marketing and development program of the Declarant and its assignees, no industry, business, trade or commercial activities, shall be conducted, maintained or permitted in any part of a Property, nor shall any Property be used or rented for transient, hotel or motel purposes. Home professional pursuits are permitted, provided however, such activity must be conducted without employees, public visits or nonresidential storage or other similar uses. No Improvements located upon a Property, when completed, shall be occupied in any manner until there is compliance with all requirements, conditions, covenants, and restrictions herein set forth.

Section 6.8 Leasing and Occupancy. Any Owner shall have the right to lease or allow occupancy of a Property upon such terms and conditions as the Owner may deem advisable, subject to restrictions of this Declaration, subject to restrictions of record and subject to Rules and Regulations adopted by the Association. Except as restricted in this Declaration, and such Rules and Regulations as the Association may promulgate, the right to lease or allow occupancy of a Property shall not be restricted.

Section 6.9 Architectural Approval Required. Improvements or any changes to each Property must first be approved by the Design Review Committee as set forth in this Declaration. Specifically, no structure, improvements, landscaping change shall be commenced, constructed, erected, placed or installed, including, but not limited to, a change in painting and/or staining of exterior siding, unless first submitted to and approved in writing by the Design Review Committee. All additions to Improvements shall be of new construction.

Section 6.10 Landscaping Requirements and Restrictions. All portions of a Property not improved with a residence, walkway, patio or decks (referred to as the unimproved area of a Property) shall be landscaped by the Owner thereof, other than the Declarant, except in cases where a Declarant rents the residence for residential occupancy, in which event the Declarant shall have the obligation to install landscaping in accordance with this paragraph. Any portions of Property that are not landscaped by the Declarant must be fully landscaped, as approved by the Committee, no later than one (1) year after the first occupancy of the Property. All landscaping shall be installed in accordance with landscaping plans submitted to and approved by the Design Review Committee. The landscaping of each Property, having once been installed, shall be maintained by the Owner in a neat, attractive, sightly and well-kept condition, which shall include lawns mowed, hedges, shrubs, and trees pruned and trimmed, adequate watering, replacement of dead, diseased or unsightly materials, and removal of weeds and debris.

Section 6.11 Restriction on Garbage Collection. If garbage

collection is ever a service of the Association to the Owners, no Owner shall have the Right to engage or contract for garbage removal from their Property, on a weekly or other basis, other than through the service provided by the Association.

Section 6.12 Nuisances. No Nuisance shall be permitted within the Common Interest Community, nor any use, activity or practice which is the source of unreasonable annoyance or embarrassment to, or which unreasonably offends or disturbs any Owner or which may unreasonably interfere with the peaceful enjoyment or possession or the proper use of a Property or Common Element, or any portion of the Common Interest Community by Owners. Further, no immoral, improper, offensive or unlawful use shall be permitted within the Common Interest Community or any portion thereof. All valid laws, ordinances and regulations of all governmental bodies having jurisdiction over the Common Interest Community or a portion thereof shall be observed. As used herein, the term nuisance shall not include any activities of Declarant, or its assignees which are reasonably necessary to the development and construction of Improvements within this Common Interest Community; provided, however, that such activities shall not reasonably interfere with any Owner's use and enjoyment of their Property, or any Owner's ingress or egress from their Property and a public way.

Section 6.13 Vehicular Parking, Storage, Garages, Garage Doors and Repairs.

(a) No oversized vehicles, trailers, camping trailer, boat trailer, hauling trailer, boat, or accessories thereto, truck, self contained motorized recreational vehicle, or other oversized type of vehicle, or equipment, may be parked or stored within the Common Interest Community; except, that any such oversized vehicles may be otherwise parked as a temporary expedience for loading, delivery of goods or services, or emergency. This restriction shall not apply to trucks or other commercial vehicles temporarily located within the Common Interest Community, which are necessary for construction or for the maintenance of the Common Elements, Properties, or any Improvement located thereon.

(b) No abandoned or inoperable automobiles or vehicles of any kind shall be stored or parked within the Common Interest Community. An "abandoned or inoperable vehicle" shall be defined as any automobile, truck, motorcycle, boat, trailer, camper, house trailer, self-contained motorized recreational vehicle, or other similar vehicle, which has not been driven under its own propulsion for a period of seventy-two (72) hours or longer, or which does not have an operable propulsion system installed therein. In the event that the Association shall determine that a vehicle is an abandoned or inoperable vehicle, then a written notice describing said vehicle shall be personally delivered to the Owner thereof or

shall be conspicuously placed upon the vehicle. If the abandoned or inoperable vehicle is not removed within seventy-two (72) hours after providing such notice, the Association shall have the right to remove the vehicle, and the owner thereof shall be solely responsible for all towing and storage charges as incurred by the Association.

(c) No activity such as, but not limited to, maintenance, repair, rebuilding, dismantling, repainting, or servicing of any kind of vehicle, trailer or boat, may be performed or conducted on the common elements or the Properties.

(d) Designated parking spaces (designated as either a part of a Property, a Limited Common Element or as a part of Common Elements) are restricted to use as a parking space for vehicles.

Section 6.14 No Annoying Lights, Sounds or Odors. No light shall be emitted from any portion of the Common Interest Community which is unreasonably bright or causes unreasonable glare, and no sound or odor shall be emitted from any portion of the Common Interest Community which would reasonably be found by others to be noxious or offensive. Without limiting the generality of the foregoing, no exterior spot lights, searchlights, speakers, horns, whistles, bells or other light or sound devices shall be located or used on any portion of the Common Interest Community except with the prior written approval of the Design Review Committee.

Section 6.15 No Unsightliness. All unsightly conditions, structures, facilities, equipment, objects and conditions shall be enclosed within an approved structure.

Section 6.16 Restriction on Signs and Advertising Devices. No sign, poster, billboard, advertising device or display of any kind shall be erected or maintained anywhere within the Common Interest Community except such sign or signs as may be approved in writing by the Design Review Committee.

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

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

Section 6.19 Underground Utilities. All utilities, including

electrical, television, radio, and telephone line installations and connections from any property line of a Property to a residence other structures shall be placed underground.

Section 6.20 Clothesline and Storage. No clotheslines, dog runs, drying yards, service yards, wood piles, equipment or storage areas shall be allowed.

Section 6.21 Construction Use. Notwithstanding anything to the contrary contained in this Declaration, it shall be expressly permissible for Declarant, its assigns, employees and agents, to perform construction and such other reasonable activities, and to maintain upon portions of the Common Interest Community such facilities as may be deemed reasonably necessary or incidental to the Construction and sale of Properties in the development of the Common Interest Community, specifically including, without limiting the generality of the foregoing, the maintenance of temporary business offices, storage areas, trash bins, construction yards and equipment, signs, model units, temporary sales offices, parking area and lighting facilities.

ARTICLE 7

DEVELOPMENT RIGHTS AND SPECIAL DECLARANT RIGHTS

Section 7.1 Development Rights and Special Declarant Rights. The Declarant reserves, through the maximum period of time allowed by law, but in all events, not less than **five (5) years** after the recording of this Declaration, the following Development Rights and Special Declarant Rights:

(a) the right to add Properties and additional unspecified property to the provisions of this Declaration;

(b) the right to subject the Real Estate to additional covenants, conditions and restrictions, as Declarant may determine;

(c) the right to subject any real property added to or annexed to the Real Estate or to the **Planned Community** to additional or different covenants, conditions and restrictions.

(d) the right to relocate boundaries between adjoining Properties, enlarge Properties, enlarge the Common Elements, reduce or diminish the size of Properties, reduce or diminish the size of areas of the Common Elements, subdivide Properties or complete or make improvements, as the same may be indicated on maps or plats filed of record or filed with the Declaration;

(e) the right to create or construct additional Properties, Common Elements and Limited Common Elements, to

subdivide Properties and to convert Properties into Common Elements.

(f) the right to enlarge any existing Properties, enlarge the Common Elements, reduce or diminish the size of Properties or the size of areas of the Common Elements;

(g) the right to exercise any development rights reserved or allowed in the Act;

(h) the right to use, and to permit others to use, easements through the Common Elements as may be reasonably necessary;

(i) the right to make the Common Interest Community subject to a master association and master declaration;

(j) the right to merge or consolidate the Common Interest Community with another Common Interest Community;

(k) the right to appoint or remove any officer of the Association or any Director during the Declarant Control period;

(l) the right to withdraw Properties owned by Declarant from the Community and the terms of this Declaration;

(m) the right to amend the Declaration in connection with the exercise of any development right; and

(n) the right to amend the maps or plat in connection with the exercise of any development right.

Section 7.2 Additional Reserved Rights. In addition to the rights set forth above, Declarant also reserves the following additional rights:

(a) Sales. The right to maintain sales offices, mobile offices, parking lots, management offices and models in Properties or on the Common Elements.

(b) Signs. The right to maintain signs and advertising on the Common Interest Community to advertise the Common Interest Community or other communities developed or managed by, or affiliated with the Declarant.

(c) Dedications. The right to establish, from time to time, by dedication or otherwise, public streets, utility and other easements for purposes including but not limited to public access, access, paths, walkways, drainage, recreation areas, parking areas, ducts, shafts, flues, conduit installation areas, and to create other reservations,

exceptions and exclusions.

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

(e) Construction Easement. Declarant, for itself and its assignees, expressly reserves the right to perform warranty work, and repairs and construction work and to store materials in secure areas, in Properties and in Common Elements, and the future right to control such work and repairs, and the right of access thereto, until completion. All work may be performed without the consent or approval of any Owner or holder of a Security Interest. Declarant, for itself and its assignees, expressly reserves such an easement through the Common Elements as may be reasonably necessary for exercising reserved rights in this Declaration. Such easement includes the right to construct underground utility lines, pipes, wires, ducts, conduits, and other facilities across the Real Estate.

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

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

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

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

Section 7.6 Interpretation. Recording of amendments to the Declaration and the map or plat pursuant to reserved rights in this Declaration shall automatically effectuate the terms and provisions of that amendment. Further, such amendment shall automatically: (i) vest in each existing Owner the reallocated Allocated Interests appurtenant to their Property; and (ii) vest in each existing Security Interest a perfected security interest in the reallocated Allocated Interest appurtenant to the encumbered Property. Further, upon the recording of an amendment to the Declaration, the definitions used in this Declaration shall automatically be extended to encompass and to refer to the Common Interest Community as expanded and to any Additional Improvements, and the same shall be added to and become a part of the Common Interest Community for all purposes. All conveyances of Properties after such amendment is recorded shall be effective to transfer rights in all Common Elements, whether or not reference is made to any Amendment of the Declaration plat or map. Reference to the Declaration plat or map in any instrument shall be deemed to include all Amendments to the Declaration, plat and map without specific reference thereto.

Section 7.7 Maximum Number of Properties. The maximum number of Properties shall not exceed **thirteen (13)** Properties, or such other number as allowed by any governmental entity having jurisdiction.

Section 7.8 Construction. Subsequent to the initial Improvements constructed on the Real Estate, any additional buildings, structures and types of improvements to be placed on the Real Estate may be of such quality and type as the persons developing the same may determine, and those improvements need not be of the same quality or type as the Improvements previously constructed, nor of the same size, style or configuration. The Improvements may be located anywhere in the Common Elements of the Common Interest Community, the same being reserved for future development, or on the additional property as may be added or as shown on the plat.

Section 7.9 Termination of Reserved Rights. The rights reserved to Declarant, for itself, and its assigns, shall expire as set forth above, unless (i) reinstated or extended or extended by the Association, subject to whatever terms, conditions, and limitations the Executive Board may impose on the subsequent exercise of the expansion rights by Declarant, (ii) extended as allowed by law or, (iii) terminated by written instrument executed by the Declarant, recorded in the records of the County Clerk and Recorder.

Section 7.10 Additions by Others. Additions of Properties to the Common Interest Community may be made by other than the Declarant, or its successors and assigns or Owners, upon approval of the Association pursuant to a vote of majority of a quorum of its members. Such approval by the members shall be evidenced by a

certified copy of such resolution of approval and a supplement or amendment to this Declaration, recorded in records of the County Clerk and Recorder.

ARTICLE 8
ARCHITECTURAL APPROVAL/DESIGN REVIEW

Section 8.1 Required Approvals of Improvements and Changes. No Improvement to the exterior of a Property or any landscaping change for the landscaping initially installed or any structure or any attachment to the exterior of the buildings shall be constructed, erected, placed or installed within the Common Interest Community, including but not limited to a change in painting and/or staining of exterior siding, unless complete plans and specifications shall have been first submitted to and approved in writing by the Design Review Committee. The Committee may require that applications of Owners and their plans and specifications show exterior design, height, materials, color, location of the structure or addition to the structure, plotted horizontally and vertically, location, and size of driveways, general plan of landscaping, fencing, walls, windbreaks and grading plan, as well as such other materials and information as may be required by the Committee.

Section 8.2 Design Criteria. The Design Review Committee shall exercise its reasonable judgement to the end that all attachments, improvements, construction, landscaping and alterations to Properties or Common Elements, within this Common Interest Community shall comply with the requirements set forth herein. The approval or consent of the Design Review Committee on matters properly coming before it shall not be unreasonably withheld, and actions taken shall not be arbitrary or capricious; decisions shall be conclusive and binding on all interested parties. Approval shall be based upon, but not limited to, conformity and harmony of exterior appearance of structures with neighboring structures, effective location and use of Improvements on nearby Properties, preservation of aesthetic beauty, and conformity with the specifications and purposes generally set out in this Declaration. The Design Review Committee may condition its approval of any proposed Improvements upon the making of such changes therein as the Design Review Committee may deem appropriate. In reviewing any matter, the Design Review Committee shall not be responsible for passing on safety, whether structural or otherwise, or conformance with the building codes or the governmental laws or regulations, or shall its approval of Improvement, be deemed approval of such matters. Upon its review of such plans, specifications and submittals, the Design Review Committee may require that the applicant(s) reimburse the committee for actual expense incurred by it in its review and approval process.

Section 8.3 Establishment of the Design Review Committee. The Design Review Committee (the "Design Review Committee"), shall consist of three (3) members. Until **five (5) years** from the date this Declaration is recorded Declarant shall appoint all members of the Design Review Committee. Property owned by the Declarant (including both Properties and Common Elements) and property owned by successor or assignees of Declarant assigned Declarant's exemption hereunder shall be exempt from any control by the Committee. After expiration of Declarant's appointment rights, the Design Review Committee may then be comprised completely of Owners without regard to special qualifications and the members shall then be appointed by the Association. Until that date, Declarant, in its sole discretion, may at any time grant the power of appointment of the members of the Design Review Committee, and the chairman thereof, to any entity succeeding to substantially all of the assets of Declarant, or to the Association. Notwithstanding the above, appointments shall be for staggered terms of a years different in termination so as to provide reasonable continuity to the design review process. Until **five (5) years** from the date this Declaration is recorded, the Declarant may remove any appointee at any time upon written notice to such appointee.

Section 8.4 Design Guidelines. The Design Review Committee may, at any time from time to time, adopt, amend, publish, repeal and enforce design guidelines, minimum construction standards, and other rules and regulations (collectively herein the "Guidelines"), pertaining to Improvements or any other matters within the authority of the Design Review Committee; provided that any substantial revisions or amendments to the Guidelines after the expiration of the Declarant's right to appoint committee members shall be developed by the Design Review Committee with consideration of input from, and in cooperation with, the Board of Directors. A copy of the Guidelines shall be available to Owners upon request and payment of the copying cost. Each and any person subject to the jurisdiction of the Design Review Committee, shall comply with the Guidelines. However, in the event of any conflict between the Guidelines and the rules and regulations of the Association or this Declaration, the rules and regulations of the Association or this Declaration, as applicable, shall prevail.

Section 8.5 Fencing. Fences and walls are both architectural and landscape architectural design elements, depending on how they are used, and are subject to provisions of this Article. The Committee may adopt design guidelines detailing the types of fences approved (such as privacy or split rail fences).

Section 8.6 Reply and Communication. The Design Review Committee shall reply to all submittal of plans made in accordance herewith in writing within sixty (60) days after receipt. Where prior written consent or approval of the Design Review Committee is required under the Declaration with respect to the making of an Improvement, such Improvements shall be conclusively deemed to have

been made in compliance with this Declaration unless a notice of intention to commence legal action challenging and objecting thereto is issued by the Design Review Committee within one hundred twenty (120) days after completion of such Improvement. All communications and submittals shall be addressed to the Design Review Committee at such address, as the chairman of the Design Review Committee shall hereafter designate in writing addressed and mailed to the Owners.

Section 8.7 Prosecution of Work After Approval. After approval, proposed Improvements shall be accomplished as promptly and diligently as reasonably possible and in complete conformity with the description thereof, using any materials submitted to or approved by the Committee, and any conditions imposed by the Design Review Committee. Failure to diligently prosecute and complete any proposed Improvements within a reasonable time and in any event within one (1) year after the date of Design Review Committee approval of the application, or to complete the Improvements in accordance with the description and materials furnished to, and the terms, conditions, and requirements imposed by, the Design Review Committee, shall constitute a violation of this Article and the approval of such proposed Improvements previously granted by the Design Review Committee shall thereupon be null and void.

Section 8.8 Variances. The Design Review Committee may grant reasonable variances or adjustments from any conditions and restrictions imposed by this Declaration in order to overcome practical difficulties and unnecessary hardships arising by reason of the application of the conditions and restrictions contained in these covenants or in a development guide. Such variances or adjustments shall be granted only when the granting thereof shall not be materially detrimental or injurious to the other Properties or Common Elements nor deviate substantially from the general intent and purpose of this Declaration. In the event that the request for a variance is disapproved by the Design Review Committee, the applicant shall have the right of appeal to the Executive Board of the Association.

Section 8.9 Notice of Noncompliance. If, as a result of inspections or otherwise, the Design Review Committee finds that any Improvements have been or are being done without obtaining the approval of the Design Review Committee, or is or was not done in substantial compliance with the approval that was granted, or is or was otherwise in violation of this Article, then the Design Review Committee may notify the applicant in writing of the noncompliance or pursue its other remedies. If a notice is given, that notice may include the particulars of the noncompliance, may require the applicant to take such action as may be necessary to remedy the noncompliance, and such Notice (or a memorandum thereof) may be recorded against the property on which the noncompliance exists.

Section 8.10 Correction of Noncompliance. If the applicant

fails to remedy or remove any noncompliance within forty-five (45) days from the date of the notice provided for above, then the Committee may, at its option, record a notice of noncompliance against the property on which the noncompliance exists (if such notice was not recorded earlier), may itself or by its agent remove the noncompliant improvements without liability to the Owner or occupant thereof, or may otherwise remedy the noncompliance, and the applicant shall reimburse the Committee, upon demand, for all costs, expenses and fees incurred in connection therewith. If such amounts are not promptly repaid by the applicant or Owner to the Committee, the Committee and/or Board of Directors may levy a reimbursement of such amounts. The right of the Committee to remedy or remove any noncompliance shall be in addition to all other rights and remedies which the Committee or Association may have at law, in equity, or under this Declaration or the Guidelines.

Section 8.11 Waivers. The approval or consent of the Design Review Committee, or appointed representative thereof, to any application for design approval shall not be deemed to constitute a waiver of any right to hold or deny approval or consent by the Committee as to any application or other matters subsequently or additionally submitted for approval or consent.

Section 8.12 Liability. The Design Review Committee and the members thereof, as well as any representative of the committee designated to act on its behalf, shall not be liable in damages to any person submitting requests for approval or to any approval, or failure to approve or disapprove in regard to any matter within its jurisdiction under these covenants.

Section 8.13 Records. The Design Review Committee shall maintain written records of all applications submitted to it and of all actions taken by it with respect thereto. Such records shall be open and available for inspection by any interested party during reasonable hours of the business day.

Section 8.14 Enforcement. Enforcement of these covenants, restrictions, charges and other provisions, as amended, may be by any proceeding at law or in equity against any person or persons violating or attempting to violate any such violation. The Design Review Committee and any interested Owner shall have the right but not the obligation to institute, maintain and prosecute any such proceedings. In any action instituted or maintained under this section, the Design Review Committee shall be entitled to recover its costs and reasonable attorneys' fees incurred pursuant thereto, as well any and all other sums awarded by the Court. Failure of the Design Review Committee or of any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

ARTICLE 9
INSURANCE/CONDEMNATION

Section 9.1 Duty to Insure Properties and Improvements on Properties. Each Owner shall obtain and maintain in full force and effect, at all times, all necessary and appropriate insurance coverage for their Property and the Improvements on their Property. Owners are advised to carry casualty and liability insurance for their benefit and at their expense.

Section 9.2 Insurance Carried. The Association shall obtain and maintain in full force and effect to the extent reasonably available, and at all times, the insurance coverage set forth herein, which insurance coverage shall be provided by financially responsible and able companies duly authorized to do business in the State of Colorado. Commencing not later than the time of the first conveyance of a Property to a person other than a Declarant, the Association shall maintain, to the extent reasonably available, policies with the following terms or provisions:

(a) All policies of insurance shall contain waivers subrogation and waivers of any defense based on invalidity arising from any acts of an Owner and shall provide that such policies may not be cancelled or modified without at least twenty (20) days prior written notice to all of the Owners and the Association.

(b) All liability insurance shall be carried in blanket form naming the Association, the Board, the manager or managing agent, if any, the officers of the Association, the Declarant, their successors and assigns and Owners as insured.

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

Section 9.3 Hazard Insurance on the Common Elements. The Association shall obtain adequate hazard insurance covering loss, damage or destruction by fire or other casualty to the Common elements and the other property of the Association. If obtainable, the Association shall also obtain the following and any additional endorsements deemed advisable by the Executive Board: (a) an inflation guard endorsement, and/or (b) any special PUD endorsements.

Section 9.4 Liability Insurance. The Association shall obtain adequate comprehensive policy of public liability and property damage liability insurance covering all of the Common Elements, in such limits as the Board may from time to time determine, but not in any amount less than **One Million Dollars (\$1,000,000.00)** per injury, per person, and per occurrence, and in all cases covering all claims for bodily injury or property damage. Coverage shall include, without limitation, liability for personal injuries, operation of automobiles on behalf of the Association, and activities in connection with the ownership, operation, maintenance and other uses of the Common Interest Community. All liability insurance shall name the Association as the insured.

Section 9.5 Fidelity Insurance. The Association shall obtain adequate fidelity coverage or fidelity bonds to protect against dishonest acts on the parts of its officers, directors, trustees and employees and on the part of all others who handle or are responsible for handling the funds of the Association, including persons who serve the Association with or without compensation. The fidelity coverage or bonds should be in an amount sufficient to cover the maximum funds that will be in the control of the Association, its officers, directors, trustees and employees.

Section 9.6 Worker's Compensation and Employer's Liability Insurance. The Association shall obtain worker's compensation and employer's liability insurance and all other similar insurance with respect to its employees in the amounts and forms as may now or hereafter be required by law.

Section 9.7 Officers' and Directors' Personal Liability Insurance. The Association shall obtain officers' and directors' personal liability insurance to protect the officers and directors from personal liability in relation to their duties and responsibilities in acting as officers and directors on behalf of the Association.

Section 9.8 Other Insurance. The Association may obtain insurance against such other risks, of similar or dissimilar nature, as it shall deem appropriate with respect to the Association responsibilities and duties.

Section 9.9 Insurance Premium. Except as assessed in proportion to risk, if permitted under the terms of this Declaration, insurance premiums for the above provided insurance shall be a Common Expense to be included as a part of the annual assessments levied by the Association.

Section 9.10 Managing Agent Insurance. The manager or managing agent, if any, shall be insured for the benefit of the Association, and shall maintain and submit evidence of such coverage to the Association.

Section 9.11 Waiver of Claims Against Association. As to all policies of insurance maintained by or for the benefit of the Association and Owners, the Association and the Owners hereby waive and release all claims against one another, the Board and Declarant, to the extent of the insurance proceeds available, whether or not the insurance damage or injury is caused by the negligence of or breach of any agreement by and of said persons.

Section 9.12 Adjustments by the Association. Any loss covered by an insurance policy described above shall be adjusted by the Association, and the insurance proceeds for that loss shall be payable to the Association. The Association shall hold any insurance proceeds in trust for the Association and Owners.

Section 9.13 Condemnation and Hazard Insurance Allocations and Distributions. In the event of a distribution of condemnation proceeds or hazard insurance proceeds to the Owners, the distribution shall be as the parties with interest and rights are determined or allocated by record, and pursuant to the Act.

ARTICLE 10 GENERAL PROVISIONS

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

Section 10.2 Joint Right to Enforce Junior or Subordinate Covenants. The Association shall have the right to enforce, by any proceeding at law or in equity, all subordinate or junior restrictions, conditions, covenants, reservation, rules, regulations and architectural guidelines, now or hereafter imposed by the provisions of any subordinate or junior covenants, protective covenants, declaration, rules, regulations or guidelines on all or any portion of a Property in this Community (including covenants for the payment of assessments established in such subordinate or junior declaration if expressly permitted or delegated). Further, the Association shall be entitled to enjoin any violation thereof, to cause any such violation to be remedied, or to recover damages resulting from such violation. In addition, violation of any such condition, covenant, restriction, reservation, rule, regulation or guideline shall give to the Association the right to enter upon the

portion of the Property wherein said violation or breach exists and to summarily abate and remove, at the expense of the violator, any structure, thing or condition that may be or exist thereon contrary to the intent and meaning of the applicable provision of such subordinate or junior governing documents. No such entry by the Association or its agents shall be deemed a trespass, and the Association and its agents shall not be subject to liability for such entry and any action taken to remedy or remove such a violation. The cost of any abatement, remedy or removal hereunder shall be a binding personal obligation on the violator. Further, the Association shall have the right, power and authority to establish and enforce penalties or monetary charges for violation of any subordinate or junior declaration, rules, regulations and architectural guidelines and such penalties and/or monetary fines shall be a binding personal obligation of any violators. In any legal or equitable proceeding for the enforcement of such provisions, whether an action for damages, declaratory relief or injunctive relief, or any other action, the party prevailing in such action shall be entitled to recover from the losing party all of its costs, including court costs and reasonable attorneys' fees. The prevailing party shall be entitled to said attorneys' fees even though said proceeding may be settled prior to judgement. All remedies provided herein or at law or in equity shall be cumulative and are nonexclusive. Failure by the Association to enforce any covenant or restriction contained in any subordinate or junior governing documents shall in no event be deemed a waiver of the right to do so thereafter.

Section 10.3 Severability. Each of the provision of this Declaration shall be deemed independent and severable. If any provision of this Declaration or the application thereof to any person or circumstances is held invalid, the invalidity shall not affect other provisions or applications of this Declaration which can be given effect without the invalid provisions or applications.

Section 10.4 Term of Declaration. The covenants and restrictions of this Declaration shall run with and bind the land in perpetuity.

Section 10.5 Amendment of Declaration, Map, or Plat by Declarant. Until the first Property has been conveyed by Declarant by deed recorded in the office of the County Clerk and Recorder, any of the provisions, covenants, conditions, restrictions, and equitable servitudes contained in this Declaration or Exhibits of this Declaration, the map or the plat may be amended by Declarant by the recordation of a written instrument, executed by Declarant, setting forth such amendment. Thereafter, if Declarant shall determine that any amendments shall be necessary in order to make non-material changes, such as for the correction of a technical, clerical or typographical error or clarification of a statement or for any changes to property not yet part of the Community, then, subject to the following sentence of this Section, Declarant shall

have the right and power to make and execute any such amendments without obtaining the approval of any Owners. Each such amendment of this Declaration shall be made, if at all, by Declarant prior to the expiration of **five (5) years** from the date this Declaration is recorded. In furtherance of the foregoing, a power coupled with an interest is hereby reserved and granted to Declarant to make or consent to an amendment under this section on behalf of each Owner and holder of a Security Interest. Each deed, Security Interest, other evidence of obligation or other instrument affecting a Property and the acceptance thereof shall be deemed to be a grant and acknowledgement of, and a consent to the reservation of, the power of Declarant to make, execute and record an amendment under this Section.

Section 10.6 Amendment of Declaration by Owners. Except as otherwise provided in this Declaration, and subject to provisions elsewhere contained in this Declaration requiring the consent of Declarant or others, any provision, covenant, condition, restriction or equitable servitude contained in this Declaration may be amended or repealed at any time and from time to time upon approval of at least sixty-seven percent (67%) of the votes in the Association and with the written consent of the Association. The Amendment or repeal shall be effective upon the recordation in the office of the Clerk and Recorder of **Adams County**, of a certificate, setting forth the amendment in full and certifying that the amendment has been approved as set forth above, and containing the written consent and approval of the Association.

Section 10.7 Amendment Required by Mortgage Agencies. Prior to **five (5) years** after recording of this Declaration, any provision, covenant, condition, restriction or equitable servitude contained in this Declaration which a holder of a first lien Security Interest, or FHA, VA, FHLMC, GNMA, FNMA or any similar entity authorized to insure, guarantee, make or purchase mortgage loans requires to be amended or repealed may be amended or repealed by Declarant or the Association. Any such amendment or repeal shall be effective upon the recordation in the office of the Clerk and Recorder of **Adams County**, State of Colorado, of a certificate, setting forth the amendment or repeal in full.

Section 10.8 Required Consent of Declarant to Amendment. Notwithstanding any other provision in this Declaration to the contrary, any proposed amendment or repeal of any provision of this Declaration reserving development rights or for the benefit of the Declarant, or the assignees, shall not be effective unless Declarant, and its assignees, if any, have given written consent to such amendment or repeal, which consent may be evidenced by the execution by Declarant or its assignees of any certificate of amendment or repeal. The foregoing requirement for consent to any amendment or repeal shall terminate **five (5) years** after the recording of this Declaration, or upon conveyance of 100% of the Properties to Owners, whichever occurs first.

Section 10.9 Interpretation. The provision of this Declaration shall be liberally construed to effectuate their purposes of creating a uniform plan for the development of the Properties and of promoting and effectuating the fundamental concepts as set forth in the recitals of this Declaration. This Declaration shall be construed and governed under the laws of the State of Colorado.

Section 10.10 Singular Includes the Plural. Unless the context otherwise requires, the singular shall include the plural, and the plural shall include the singular, and each gender referral shall be deemed to include masculine, feminine and neuter.

Section 10.11 Captions. All captions and titles used in this Declaration are intended solely for convenience of reference and shall not enlarge, limit or otherwise affect that which is set forth in any paragraph, section or article hereto.

IN WITNESS WHEREOF, the Declarant has caused this Declaration to be executed by its duly authorized agents this 25TH day of JULY, 1998.

FITZSIMMONS TOWNHOMES LTD.,
A California Limited Partnership

By: Richard E. Castle
Richard E. Castle
General Partner and Authorized Agent

By: _____
General Partner and Authorized Agent

STATE OF CALIFORNIA)
) ss.
County of CONTRA COSTA)

The following Declaration was acknowledged before me this 25TH day of JULY, 1998 by RICHARD E. CASTLE, as General Partner and Authorized Agent of **Fitzsimmons Townhomes Ltd., a California Limited Partnership.**

Witness my hand and official seal.

My commission expires: 11-09-2001

Albert R. Darby

Notary Public/address

