



**SECOND AMENDED DECLARATION OF
PROTECTIVE COVENANTS FOR
MOUNTAIN VALLEY ESTATES**
(governing property platted as Creede Haven No. 2 and Creede Haven No. 3)

(adopted effective August, 2006)

Navajo Development Co., Inc., a Colorado corporation (the original "Declarant"), as part of and along with at least 60% of the Owners of all Lots included in that certain real property in Mineral County, Colorado, described in Exhibit A attached hereto and incorporated herein by this reference (which percentage is the required amount to take this action), do hereby amend the "Amended Declaration of Protective Covenants, Creede Haven No. 2, Creede Haven No. 3, Mineral County, Colorado," which Amended Declaration was recorded on May 29, 1979 at Reception No. 40937 of the Clerk and Recorder of Mineral County, Colorado.

As part of this Second Amended Declaration, the name of the development is changed and shall hereafter be designated as "Mountain Valley Estates." The legal title to the lots in the development will remain as platted, as Creede Haven No. 2 and Creede Haven No. 3.

The Owners of Lots 1B-10B, Block B, Creede Haven No. 2, and Lot 2, Block C, Creede Haven No. 2, listed individually on the signature pages of this amendment, to the extent their Lots were not subject to the Amended Declaration of Protective Covenants or the original Protective Covenants, hereby submit their Lots to the jurisdiction of these covenants.

This Second Amended Declaration (hereafter the "Declaration") completely replaces and supercedes the previous Amended Declaration of Protective Covenants and the original Protective Covenants.

Mountain Valley Estates is subject only to the provisions of the Colorado Common Interest Ownership Act, C.R.S., §38-33.3-101, et seq., as required by C.R.S., §38-33.3-117. Mountain Valley Estates is not at this time electing to be fully governed by such Act.

ARTICLE I - DEFINITIONS

- A. Act. The Act, to the extent applicable, is the Colorado Common Interest Ownership Act, §38-33.3-101, et seq., Colorado Revised Statutes, as it may be amended from time to time.
- B. Allocated Interests. The Allocated Interests are undivided interests in the Common Elements, the Common Expense liability, and votes in the Association, allocated to Lots in the Property. The Allocated Interests are described in Article IX of this Declaration.
- C. Association. The Association is Mountain Valley Estates Property Owners Association, Inc., a Colorado non-profit corporation (also known as "Mountain Valley Estates POA") (formerly designated as Creede Haven Property Owners Association).
- D. Board. The Board is the board of directors of the Association.
- E. Bylaws. The Bylaws are the Bylaws of the Association, as they may be amended from time to time.
- F. Common Elements. The Common Elements are each portion of the Property other than a Lot. Lots E-15 in Creede Haven No. 2, and Lot G-32 in Creede Haven No. 3, are hereby designated as Common Elements. All roads within the Community are Common Elements. At the effective date of this amendment, these are the only Common Elements.
- G. Common Expenses. The Common Expenses are the expenses or financial liabilities for the operation of the Property. Common Expense Assessments are the funds required to be paid by each Lot Owner in payment of such Owner's Common Expense liability. These expenses include:



1. expenses of insurance, administration, maintenance, construction, improvement, repair or replacement of the Common Elements;
2. expenses declared to be Common Expenses by the Documents or by the Act;
3. expenses agreed upon as Common Expenses by the Association; and
4. 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.

In addition, the costs and expenses imposed on the Association, benefitting fewer than all the Lots, shall be a Common Expense, but assessed exclusively against those Lots benefitted.

H. Declarant. The original Declarant was Navajo Development Co., Inc.

I. Declaration. The Declaration is this document, including any amendments.

J. Director. A Director is a member of the Board.

K. Documents. The Documents are this Declaration, the plat maps, the Articles of Incorporation of the Association, the Bylaws and the Rules as they may be amended from time to time. Any exhibit, schedule or certification accompanying a Document is a part of that Document.

L. Eligible Insurer. An Eligible Insurer is an insurer or guarantor of a first Security Interest in a Lot. An Eligible Insurer must notify the Association in writing of its name and address and inform the Association that it has insured or guaranteed a first Security Interest in a Lot. It must provide the Association with the Lot number and address of the Lot on which it is the insurer or guarantor of a Security Interest. Such notice shall be deemed to include a request that the Eligible Insurer be given the notices and other rights described in Article XVIII.

M. Eligible Mortgagee. The Eligible Mortgagee is the holder of a first Security Interest in a Lot, when the holder has notified the Association, in writing, of its name and address and that it holds a first Security Interest in a Lot. The notice must include the Lot number and address of the Lot on which it has a security interest. This notice shall be deemed to include a request that the Eligible Mortgagee be given the notices and other rights described in Article XVIII.

N. Improvements. Improvements are any construction, structure, equipment, fixture or facilities existing or to be constructed on the Property, including but not limited to buildings, fences, trees and shrubbery planted by the Declarant or the Association, paving, utility wires, and pipes.

O. Limited Common Elements. Limited Common Elements are a portion of the Common Elements allocated for the exclusive use of one or more but fewer than all of the Lots by the Declaration. There are currently no Limited Common Elements in the Property.

P. Lot. A Lot is a physical portion of the Property designated for separate ownership or occupancy, the boundaries of which are described on the Map and in Article IV.B of this Declaration.

Q. Lot Owner or Owner. The Lot Owner or Owner is the Declarant or any other Person who owns a Lot. Lot Owner does not include a Person having only a Security Interest or any other interest in a Lot solely as security for an obligation. The Declarant was the initial owner of each and every Lot created and defined by this Declaration and the Map; some of those Lots are now owned by other Owners. Each Owner shall be a member of the Association.

R. Majority or Majority of Lot Owners. The Majority or Majority of Lot Owners means the Owners of more than 50 percent of the votes in the Association.



S. Manager. A Manager is a person, firm or corporation employed or engaged to perform management services for the Property and the Association.

T. Map. Map means those certain maps entitled Plat of Creede Haven No. 2 and Plat of Creede Haven No. 3, as previously recorded in the Records, as they may be amended from time to time.

U. Notice and Comment. Notice and Comment is the right of a Lot Owner to receive notice of an action proposed to be taken by or on behalf of the Association, and the right to comment thereon. The procedures for Notice and Comment are set forth in Article XXIV.A of this Declaration.

V. Notice and Hearing. Notice and Hearing is the right of a Lot Owner to receive notice of an action proposed to be taken by or on behalf of the Association, and the right to be heard thereon. The procedures for Notice and Hearing are set forth in Article XXIV.B of this Declaration.

W. Person. A Person is an individual, corporation, trust, partnership, limited liability company, association, joint venture, government, government subdivision or agency or other legal or commercial entity.

X. Property. Property is the land and all Improvements, easements, rights and appurtenances described in this Declaration, as identified on Exhibit A attached hereto. Effective as of the date of filing of this Amendment, the Property shall be designated as "Mountain Valley Estates."

Y. Records. The Records are the real estate records in the Office of the Clerk and Recorder of Mineral County, Colorado.

Z. Rules. The Rules are the regulations for the use of Common Elements and for the conduct of persons in connection therewith within the Property, as may be adopted by the Board from time to time pursuant to this Declaration.

AA. Security Interest. A Security Interest is an interest in and encumbrance upon 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, installment land contract, lease intended as security, assignment of lease or rents intended as security, pledge of an ownership interest in the Association, and any other consensual lien intended as security for an obligation. A nonconsensual lien does not create a Security Interest.

AB. Special Declarant Rights. Special Declarant Rights are the rights reserved for the benefit of the Declarant under Article VIII of this Declaration.

AC. Trustee. The Trustee is the entity which may be designated by the Board as the Trustee for the receipt, administration and disbursement of funds derived from insured losses, condemnation awards, special assessments for uninsured losses and other sources as defined in the Bylaws. If no Trustee has been designated, the Trustee will be the Board acting by majority vote.

ARTICLE II
NAME OF PROPERTY AND ASSOCIATION

A. Name of Property. The name of the Property is Mountain Valley Estates.

B. Association. The name of the Association is Mountain Valley Estates Property Owner's Association, Inc.

ARTICLE III - DESCRIPTION OF LAND

The entire Property is situated in the County of Mineral, State of Colorado, and is located on the Property.

ARTICLE IV - LOT AND BOUNDARY DESCRIPTIONS



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Eryn K Follman
Mineral County Clerk

A. Maximum Number of Lots. The Property initially contains 196 Lots. The Declarant does not reserve the right to create additional Lots, although Declarant does reserve the right to designate a Lot or Lots owned by it as Common Elements.

B. Boundaries. Boundaries of each Lot created by the Declaration are shown on the Map as lots and blocks, and are described as follows:

Lot ____, Block ____, Creede Haven No. 2, according to the original Plat of Creede Haven No. 2 recorded January 3, 1972 at Reception No. 35620, and as partially replatted by the Creede Haven No. 2 Replat of Block B and Emperious Drive, recorded October 6, 2004 at Reception No. 61786 of the records of the Clerk and Recorder of Mineral County, Colorado, and according to the Second Amended Declaration of Protective Covenants for Mountain Valley Estates, recorded on _____ at Reception No. _____ of the records of the Clerk and Recorder of Mineral County, Colorado;

and

Lot ____, Block ____, Creede Haven No. 3, according to the Plat of Creede Haven No. 3 (as amended and replatted), recorded on January 3, 1972 at Reception No. 35619 of the records of the Clerk and Recorder of Mineral County, Colorado, and according to the Second Amended Declaration of Protective Covenants for Mountain Valley Estates, recorded on _____ at Reception No. _____ of the records of the Clerk and Recorder of Mineral County, Colorado.

1. Inclusions. Each Lot will include the spaces and Improvements lying within the boundaries described on the Map.
2. Exclusions. Except when specifically included by other provisions of this Section, the spaces and Improvements lying outside of the boundaries described above are excluded from each Lot.
3. Inconsistency with Map. If this definition is inconsistent with the Map, then this definition will control.

ARTICLE V - LIMITED COMMON ELEMENTS

There are currently no Limited Common Elements assigned to any of the Lots.

ARTICLE VI - MAINTENANCE OF THE PROPERTY

A. Common Elements. The Association shall maintain, repair and replace all of the Common Elements, currently consisting of two (2) lots, and the roads within the Property and Emperious Drive From Airport Road to the Property.

B. Individual Lots. It shall be the duty and obligation of each Lot Owner, at such Lot Owner's expense, to maintain, repair and replace all portions of such Owner's Lot, except the portions of the Lot required by the Declaration to be maintained, repaired or replaced by the Association.

C. Right of Access. Any person authorized by the Board shall have the right of access to all portions of the Property for the purpose of performing emergency repairs or to do other work reasonably necessary for the proper maintenance of the Property, for the purpose of performing installations, alterations or repairs, and for the purpose of reading, repairing and replacing utility meters and related pipes, valves, wires and equipment. No request or authorization is required for such access unless access to the interior of a residential structure is required. In case of an emergency, no request or notice is required, even for the interior of a residential structure, and the right of entry shall be immediate, and with as much force as is reasonably necessary to gain entrance, whether or not the Lot Owner is present at the time.

D. Repairs Resulting From Negligence. Each Lot Owner will reimburse the Association for any damages to any other Lot or to the Common Elements caused intentionally, negligently or by such Lot Owner's failure to properly maintain, repair or make replacements to such Lot Owner's Lot. The Association will be responsible for



damage to Lots which is caused by the Association intentionally, negligently or by the Association's failure to maintain, repair or make replacements to the Common Elements. If such expense is caused by misconduct, it will be assessed following Notice and Hearing.

ARTICLE VII - SUBSEQUENTLY ALLOCATED LIMITED COMMON ELEMENTS

Those portions of the Common Elements shown on the Map may be subsequently allocated as Limited Common Elements in accordance with Article XII of this Declaration, or may be assigned by Rule of the Executive Board.

ARTICLE VIII - DEVELOPMENT RIGHTS AND SPECIAL DECLARANT RIGHTS

A. Reservation of Development Rights. The Declarant reserves the following Development Rights:

1. the right by amendment to complete or create Common Elements and Limited Common Elements in the locations identified on the Map.
2. the right to construct underground utility lines, pipes, wires, ducts, conduits, roads and other facilities across any portion of the Property for the purpose of furnishing utility and other services to buildings and Improvements to be constructed on the Property. The Declarant also reserves the right to convey Improvements anywhere within the Property not occupied by buildings, including roads, to private or public utility companies, for the purposes mentioned above.

B. Limitations on Development Rights. The Development Rights reserved in Article VIII.A are limited as follows:

1. the Development Rights may be exercised at any time, but not more than fifteen (15) years after the recording of the Declaration;
2. no additional Lots may be created under the Development Rights;
3. the quality of construction of any Improvements to be created on the Property shall be consistent with the quality of those constructed pursuant to this Declaration; and
4. all Lots and Common Elements created pursuant to the Development Rights will be restricted to the same uses and to the same extent as the Lots created under this Declaration as initially recorded.

C. Phasing of Development Rights. No assurances are made by the Declarant as to whether the Declarant will exercise its Development Rights or the order in which such Development Rights will be developed. The exercise of Development Rights as to some portions of the Property will not obligate the Declarant to exercise them as to other portions.

D. Special Declarant Rights. The Declarant reserves the following Special Declarant Rights, to the maximum extent permitted by law, which may be exercised, where applicable, anywhere within the Property:

1. to use easements through the Common Elements and Lots for the purpose of making Improvements within the Property; and
2. to appoint or remove an officer of the Association or a Director during a period of Declarant control subject to the provisions of Article VIII.I of this Declaration.

E. Models, Sales Offices and Management Offices. As long as the Declarant is a Lot Owner, the Declarant, its duly authorized agents, representatives and employees may maintain any Lot owned by the Declarant as a model home, sales office or management office. In addition, during periods of construction, Declarant may maintain a construction trailer on a lot owned by Declarant.



F. Construction; Declarant's Easement. The Declarant reserves the right to perform warranty work, repairs and construction work in Lots and Common Elements, to store materials in secure areas, and to control and have the right of access to work and repairs until completion. All work may be performed by the Declarant without the consent or approval of the Board. The Declarant has an easement through the Common Elements as may be reasonably necessary for the purpose of discharging the Declarant's obligations or exercising Special Declarant Rights, whether arising under the Act or reserved in this Declaration. This easement includes the right to convey access, utility and drainage easements to the appropriate municipalities, counties or private utility districts, and/or the State of Colorado.

G. Signs and Marketing. The Declarant reserves the right to post and maintain signs and displays in Lots owned by Declarant and in the Common Elements in order to promote sales of Lots. Declarant also reserves the right to conduct general sales activities in a manner which will not unreasonably disturb the rights of Lot Owners.

H. Declarant's Property. The Declarant reserves the right to retain all its property and equipment used in the sales, management, construction and maintenance of the Property, whether or not they have become fixtures.

I. Declarant Control of the Association.

1. Subject to Article VIII.I.2, there shall be a period of Declarant control of the Association, during which a Declarant, or Persons designated by the Declarant, may appoint and remove the officers of the Association and Directors. The period of Declarant control shall terminate no later than the earlier of:

- a. 60 days after conveyance of 75 percent of the Lots that may be created in the Property to Lot Owners other than a Declarant; or
- b. two years after the last conveyance of a Lot by the Declarant in the ordinary course of business.

A Declarant may voluntarily surrender the right to appoint and remove officers of the Association and Directors before termination of the period described above. In that event, the Declarant may require, for the duration of the period of Declarant control, that specified actions of the Association or Board, as described in a recorded instrument executed by the Declarant, be approved by the Declarant before they become effective.

2. Not later than the termination of any period of Declarant control, the Lot Owners shall elect a Board of at least three members, all of whom shall be Lot Owners. The Board shall elect the officers. The Directors and officers shall take office upon election.

3. Notwithstanding any provision of this Declaration or the bylaws to the contrary, the Lot Owners, by a vote of 67 percent of all Lot Owners present and entitled to vote at a meeting of the Lot Owners at which a quorum is present, may remove a Director with or without cause, other than a Director appointed by the Declarant.

J. Limitations on Special Declarant Rights. Unless terminated earlier by an amendment to this Declaration executed by the Declarant, any Special Declarant Right may be exercised by the Declarant until the earlier of the following: as long as the Declarant (a) is obligated under any warranty or obligation; (b) holds a Development Right to create Common Elements; (c) owns any Lot; (d) owns any Security Interest in any Lots; or (e) fifteen (15) years have elapsed after recording of this Declaration. Earlier termination of certain rights may occur by statute.

K. Interference with Special Declarant Rights. Neither the Association nor any Lot Owner may take any action or adopt any Rule that will interfere with or diminish any Special Declarant Right without the prior written consent of the Declarant.

L. Rights of Lenders to Declarant. Additional limitations on the right of the Declarant to exercise Development Rights may be found in Article XVIII of the Declaration.

ARTICLE IX - ALLOCATED INTERESTS



A. Allocation of Interests and Undivided Interest in the Common Elements. The interests allocated to each Lot shall be calculated by the following formula: one share to each Lot compared with the total shares allocated to all the Lots in the Property.

B. Liability for the Common Expenses. The percentage of liability for Common Expenses allocated to each Lot is based on one share to each Lot compared with the total shares allocated to all the Lots in the Property. Nothing contained in this Subsection shall prohibit certain Common Expenses from being apportioned to particular Lots under Article XIX or Article VI of this Declaration. No common expense which is applicable to only developed Lots shall be allocated to any undeveloped Lots. Until all lots are developed, developed Lots shall each be assessed the Common Expenses based on one share to each developed Lot compared with the total shares allocated to all developed Lots.

C. Votes. Each Lot in the Property shall have one vote, unless otherwise allocated in the Bylaws. Any specified percentage of Lot Owners, unless otherwise stated in the Documents, means that same percentage of all of the votes.

ARTICLE X - RESTRICTIONS ON USE, ALIENATION AND OCCUPANCY

A. Use Restrictions. Subject to the Special Declarant Rights reserved under Article VIII, the following use restrictions apply to all Lots and to the Common Elements:

1. The use of each Lot is restricted to that of a single family residence and accessory uses as permitted herein. A Lot Owner may park and use a recreational vehicle on his lot only if owned by him, and only: (a) during the construction of the single family residence, or (b) after the residence has been completed, for usage by guests no more than three weeks per year. Except for those activities conducted as a part of the marketing and development program of the Declarant, no industry, business, trade or commercial activities other than home professional pursuits without employees, public visits or nonresidential storage, or other use of a Lot shall be conducted, maintained or permitted in any part of a Lot, nor shall any Lot be used or rented for transient, hotel or motel purposes.

2. The Board shall promulgate other rules and regulations regarding the use of each Lot, not inconsistent with the use of each Lot as a single family residence.

B. Occupancy Restrictions. Subject to the Special Declarant Rights reserved under Article VIII, the following use and occupancy restrictions apply to all Lots and to the Common Elements:

1. All Lot Owners shall maintain their Lots and any structures thereon in a clean and well maintained condition. No storage of trash will be permitted in or outside any structure on a Lot in a manner which may permit the spread of fire, odors, seepage or encouragement of vermin. All outside storage of trash shall be in a closed container, and in an enclosed area which shall be resistant to high wind.

2. No noxious, offensive, dangerous or unsafe activity shall be conducted in any Lot, nor shall anything be done, either willfully or negligently, which may be or become an annoyance or nuisance to the other Lot Owners or occupants. No Lot Owner or occupant shall make or permit any disturbing noises nor do or permit anything to be done by others that will interfere with the rights, comforts or convenience of other Lot Owners or occupants.

3. No animals of any kind shall be kept on a Lot, except for a maximum of three dogs, three cats, or other household pets not exceeding three each, except upon written consent of the Board. Pets may not be kept for any commercial purpose. Any pet causing or creating a nuisance or unreasonable disturbance or noise shall be permanently removed from the Property upon three days' written notice following Notice and Hearing from the Board. Owner shall hold the Association harmless from any claim resulting from any action of their pets. Seeing eye dogs and hearing ear dogs will be permitted for those persons holding certificates of necessity. No wild animal or dangerous creature of any kind, nor any additional household pets, shall be allowed without prior written approval from the Board, which approval shall not be unreasonably withheld.



4. No signs, window displays or advertising visible from outside a Lot (except for a "for sale by owner" sign or a real estate brokerage sign advertising the Lot for sale) shall be maintained or permitted in any part of a Lot, except otherwise allowed by law.

5. Each homeowner may irrigate no more than two trees or one tree and 180 square feet of grass, shrubs or flowers. The time of irrigation shall be limited to 30 minutes per day. The Association or an Owner may accomplish irrigation in excess of that provided for above by purchasing additional augmentation water and obtaining a court-approved plan for augmentation pursuant to C.R.S. § 37-92-305.

C. Restrictions on Alienation. The following restrictions on alienation apply to all Lots and to the Common Elements:

1. A Lot may not be conveyed pursuant to a time-sharing plan. A Lot may not be leased or rented for a term of less than five (5) days. All leases and rental agreements shall be subject to the requirements of the Documents and the Association, and both tenant and the Lot Owner shall agree to sign a document containing the following language, and provide the signed document to the Board prior to occupancy by the tenant:

The undersigned hereby confirm that the leased property is located within Mountain Valley Estates, and Tenant agrees to abide by all rules and regulations of such Property as a part of this Lease.

2. All leases of a Lot shall include a provision that the tenant will recognize the Association as landlord, solely for the purpose of having the power to enforce a violation of the provisions of the Documents against the tenant, provided the Association gives the Owner of such leased Lot notice of the Association's intent to so enforce and a reasonable opportunity to cure the violation directly, prior to the commencement of an enforcement action.

ARTICLE XI - EASEMENTS AND LICENSES

A. Existing Easements. All easements or licenses to which the Property is presently subject are shown on the Map; Declarant reserves the right to increase such easements to ten (10) feet.

B. Owner's Easement Across Common Elements. Every Owner shall have a right and easement for ingress to and egress from such Owner's Lot over and across the Common Elements, which easement shall be appurtenant to and shall pass with the title to every Lot (except for that portion of Lot E-15, Creede Haven No. 2 which contains the water well; there shall be no common access to nor interference with such well), subject to the right of the Declarant and/or the Association to dedicate or transfer all or part of the Common Elements to any public or private agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the Association. No such dedication or transfer by the Association shall be effective unless an instrument signed by 80 percent of the Lot Owners agreeing to such dedication or transfer has been recorded in the Records. Such easement does not grant the right to use any common element for motorized recreational vehicles, nor does it grant any Owner the right to use any utility easement located on a Lot owned by another Owner.

C. Easements Reserved, and Restrictions on Drainage Easements. Easements and rights of way are reserved on, over and under the Common Elements and the Lots as shown on the Map, for construction, maintenance, repair, wires, pipes and conduits for lighting, heating, electricity, gas, telephone, drainage and any other public or quasi-public utility service purposes, and for sewer and pipes of various kinds. No structures of any kind may be placed in the easements and rights of way except by the Board, and any structures so placed shall not interfere with the natural flow of water across any Lot.

D. Pedestrian and Bike Path Easement on Emperious Drive. No motorized vehicles shall be allowed on the north fifteen (15) feet of Emperious Drive, which shall be used for pedestrians and bicycles only.

ARTICLE XII - SUBSEQUENT ALLOCATION OF LIMITED COMMON ELEMENTS



A. Procedure. A Common Element not previously allocated as a Limited Common Element may be so allocated by amendments to the Declaration specifying to which Lot or Lots the Limited Common Element is allocated. Such amendment shall require the approval of all holders of Security Interests in the affected Lots.

B. Reallocation. No Limited Common Element depicted on the Map may be reallocated by an amendment to this Declaration pursuant to this Article XII except as part of a relocation of boundaries of Lots pursuant to Article XIV of this Declaration.

ARTICLE XIII - ARCHITECTURAL REVIEW BOARD

A. Approval of Improvements Required. No improvements shall be constructed, erected, placed, planted, applied or installed upon any Lot unless plans and specifications therefor (said plans and specifications to show exterior design, height, materials, color, and location of the improvements, and type of landscaping (unless consistent with any rules promulgated by the Board), fencing, walls, windbreaks and grading plan, when appropriate, as well as such other materials and information as may be required by the Architectural Review Board) shall have been first submitted to and approved in writing by the Architectural Review Board (hereinafter the "ARB"). The ARB shall exercise its reasonable judgment to the end that all improvements conform to and harmonize with the existing surroundings, residences, landscaping and structures. In its review of such plans, specifications and other materials and information, the ARB may require that the applicant(s) reimburse the committee for the actual expenses incurred by the committee in the review and approval process. Such amounts, if any, shall be levied in addition to the Annual Assessment against the Lot for which the request for ARB approval was made, but shall be subject to the Association's lien for assessments and subject to all other rights of the Association for the collection of such assessments, as more fully provided in this Declaration.

B. Architectural Standards/Design Guidelines. The Board has promulgated detailed Rules and Regulations to interpret and implement the provisions of this Article; the applicable version of such Rules and Regulations may be reviewed at the offices of the Board upon request and upon reasonable notice, or by review of the Mountain Valley Estates website. The Rules and Regulations contain guidelines which clarify the types of designs and materials that will be considered in deciding whether to withhold or grant its approval of any proposed improvements and the plans therefore. All improvements proposed to be constructed shall at all times be required to be built in accordance with any design guidelines adopted, and also in accordance with the procedures set forth in this Article.

ARTICLE XIV - BOUNDARIES

A. Application and Amendment. Subject to approval of any structural changes and required permits pursuant to Article XIII, the boundaries between adjoining Lots may be relocated upon application to the Association by the Owners of the Lots affected by the relocation. If the Owners of the adjoining Lots have specified a reallocation between their Lots of their Allocated Interests, the application shall state the proposed reallocation. Unless the Board determines, within 30 days after receipt of the application, that the reallocations are unreasonable, the amendment to be prepared as set out below shall identify the Lots involved, state the reallocations and indicate the Association's consent. The amendment must be executed by those Lot Owners affected and contain words of conveyance between them. The approval of all holders of Security Interests in the affected Lots shall be endorsed on the conveyance.

B. Recording Amendments. The Association and appropriate Lot Owners as necessary shall prepare and record an amendment to the Map and to this Declaration necessary to show the altered boundaries between adjoining Lots, along with the Lots' dimensions and identifying numbers. The applicants will pay for the costs of preparation of the amendments and their recording, as well as the reasonable consultant fees incurred by the Association if the Board deems it necessary to employ a consultant.

ARTICLE XV - AMENDMENTS TO DECLARATION — IN GENERAL

A. In General. Except in cases of amendments that may be executed by the Declarant in the exercise of its Development Rights or by the Association under C.R.S., §38-33.3-107 or 217(7), or by certain Lot Owners under Article XII and Article XIV.A of this Declaration, and except as limited by Article XV.D and Article XVIII of



this Declaration, this Declaration and the Map may be amended only by vote or agreement of Lot Owners of Lots to which at least 67 percent of the votes in the Association are allocated.

B. Limitation of Challenges. An action to challenge the validity of an amendment adopted by the Association pursuant to this Article may not be brought more than one year after the amendment is recorded.

C. Recordation of Amendments. Each amendment to the Declaration must be recorded in the Records, and the amendment is effective only upon recording.

D. Unanimous Consent. Except to the extent expressly permitted or required by other provisions of the Act, an amendment may not create or increase Special Declarant Rights, increase the number of Lots, change the boundaries of a Lot, the Allocated Interests of a Lot or the uses to which a Lot is restricted, except by unanimous consent of the Lot Owners.

E. Execution of Amendments. An amendment to the Declaration required by the Act to be recorded by the Association, which has been adopted in accordance with this Declaration and the Act, must be prepared, executed, recorded and certified on behalf of the Association by an officer of the Association designated for that purpose or, in the absence of designation, by the president of the Association.

F. Special Declarant Rights. Provisions in this Declaration creating Special Declarant Rights may not be amended without the consent of the Declarant.

G. Consent of Holders of Security Interests. Amendments to the Declaration are subject to the consent requirements of Article XVIII.

ARTICLE XVI - AMENDMENTS TO BYLAWS

The Bylaws may be amended only by the vote of 50 percent of the Directors, following Notice and Comment to all Lot Owners, at any meeting duly called for such purpose.

ARTICLE XVII - TERMINATION

Termination of this Declaration may be accomplished only by a valid amendment to this Declaration.

ARTICLE XVIII - MORTGAGEE PROTECTION

A. Introduction. This Article establishes certain standards and covenants which are for the benefit of the holders, insurers and guarantors of certain Security Interests. This Article is supplemental to, not a substitution for, any other provisions of the Documents, but in the case of conflict, this Article shall control. The form of this development is intended to allow Owners to obtain FHA, FNMA or VA financing for the Lots. In the event HUD requires minor changes to this Declaration in order to obtain such financing, then all Owners hereby agree to a subsequent amendment to incorporate those changes.

B. Percentage of Eligible Mortgagees. Wherever in this Declaration the approval or consent of a specified percentage of Eligible Mortgagees is required, it shall mean that the approval or consent of Eligible Mortgagees holding Security Interests in Lots which in the aggregate have allocated to them that specified percentage of votes as compared to the total votes allocated to all Lots in the Association then subject to Security Interests held by all Eligible Mortgagees.

C. Notice of Actions. The Association shall give prompt written notice to each Eligible Mortgagee and Eligible Insurer of:

1. any condemnation loss or any casualty loss which affects a material portion of the Property or any Lot in which there is a first Security Interest held, insured or guaranteed by that Eligible Mortgagee or Eligible Insurer, as applicable;



2. any delinquency in the payment of Common Expense assessments owed by a Lot Owner which remains uncured for a period of sixty (60) days and whose Lot is subject to a first Security Interest held, insured or guaranteed by that Eligible Mortgagee or Eligible Insurer, as applicable;

3. any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association;

4. any proposed action which would require the consent of a specified percentage of Eligible Mortgagees as specified in Article XVIII.D of the Declaration; and

5. any judgment rendered against the Association.

D. Consent and Notice Required.

1. Notwithstanding any requirement permitted by this Declaration or the Act, no amendment of any material provision of the Documents by the Association or Lot Owners (as defined below) shall be effective without notice to all Eligible Mortgagees and Eligible Insurers, as required by Article XVIII.C above.

2. The Association shall send a dated, written notice and a copy of any proposed amendment by certified mail to each first mortgagee at its most recent address as shown on the recorded deed of trust or recorded assignment thereof. In addition, the association shall cause the dated notice, together with information on how to obtain a copy of the proposed amendment, to be printed in full at least twice, on separate occasions at least one week apart, in a newspaper of general circulation in the county in which the Property is located. A first mortgagee that does not deliver to the association a negative response within sixty days after the date of the notice shall be deemed to have approved the proposed amendment.

3. A change to any of the following would be considered material:

- a. voting rights;
- b. assessments, assessment liens or priority of assessment liens;
- c. reserves for maintenance, repair and replacement of Common Elements;
- d. responsibility for maintenance and repairs;
- e. reallocation of interests in the Common Elements or Limited Common Elements, except that when Limited Common Elements are reallocated by agreement between Lot Owners, only those Lot Owners and only the Eligible Mortgagees holding Security Interests in those Lots need approve the action;
- f. redefinitions of boundaries of Lots, except that when boundaries of only adjoining Lots are involved, then only those Lot Owners and the Eligible Mortgagees holding Security Interests in the Lot or Lots need approve the action;
- g. convertability of Lots into Common Elements or Common Elements into Lots;
- h. expansion or contraction of the Property, or the addition, annexation or withdrawal of property to or from the Property;
- i. insurance or fidelity bonds;
- j. leasing of Lots;
- k. imposition of any restrictions on Lot Owners' right to sell or transfer their Lots;



l. a decision by the Association to establish self-management when professional management had been required previously by the Documents or any Eligible Mortgagee;

m. restoration or repair of the project after hazard damage or partial condemnation in a manner other than that specified in the Documents;

n. termination of this Declaration after occurrence of substantial destruction or condemnation; and

o. any provision that expressly benefits mortgage holders, insurers or guarantors.

3. Notwithstanding any lower requirement permitted by this Declaration or the Act, the Association may not take any of the following actions, other than rights reserved to the Declarant as Special Declarant Rights, without notice to all Eligible Mortgagees and Eligible Insurers, as required by Article XVIII.C above:

a. convey or encumber the Common Elements or any portion of the Common Elements, for which an 80 percent Eligible Mortgagee approval is required (the granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Elements will not be deemed a transfer within the meaning of this clause);

b. the termination of this Declaration for reasons other than substantial destruction or condemnation, for which 67 percent of the Votes of Eligible Mortgagees is required;

c. the alteration of any partition or creation of any aperture between adjoining Lots (when Lot boundaries are not otherwise being affected), for which only the owners of Lots affected and Eligible Mortgagees of those Lots need approve the action;

d. the granting of any easements, leases, licenses or concessions through or over the Common Elements (excluding, however, any utility easements serving or to serve the Property and also excluding any leases, licenses or concessions lasting for no more than one year);

e. the restoration or repair of the Property after hazard damage or a partial condemnation in a manner other than specified in the Instruments;

f. the merger of the Property with any other Property;

g. the assignment of the future income of the Association, including its right to receive Common Expense Assessments; and

h. any action taken not to repair or replace the Property in the event of substantial destruction of any part of a Lot or the Common Elements.

E. Inspection of Books. The Association must maintain current copies of the Declaration, Bylaws, Rules, books, records and financial statements. The Association shall permit any Eligible Mortgagee or Eligible Insurer, or other first mortgagee of Lots, to inspect the books and records of the Association during normal business hours.

F. Financial Statements. The Association shall provide any Eligible Mortgagee or Eligible Insurer who submits a written request with a copy of an unaudited annual financial statement. It shall be provided within 90 days following the end of each fiscal year of the Association. This financial statement shall be audited by an independent certified public accountant only if any Eligible Mortgagee or Eligible Insurer requests it, in which case the Eligible Mortgagee or Eligible Insurer shall bear the cost of the audit.

G. Enforcement. The provisions of this Article are for the benefit of Eligible Mortgagees and Eligible Insurers and their successors and may be enforced by any of them by any available means, at law or in equity.

H. Attendance at Meetings. Any representative of an Eligible Mortgagee or Eligible Insurer may attend and address any meeting which a Lot Owner may attend.



I. Appointment of Trustee. In the event of damage or destruction under Article XXII or XXIII or condemnation of all or a portion of the Property, any Eligible Mortgagee may require that such proceeds be payable to a Trustee established pursuant to Article I.AE of this Declaration. Proceeds will then be distributed according to law. Unless otherwise required, the Directors, acting by majority vote, may act as Trustee.

ARTICLE XIX - ASSESSMENT AND COLLECTION OF COMMON EXPENSES

A. Apportionment of Common Expenses. Except as provided in Article I.G and Article IX.C, all Common Expenses shall be assessed against all Lots in accordance with their percentage interest in the Common Expenses as shown on Exhibit B of this Declaration.

B. Common Expenses Attributable to Fewer than all Lots.

1. Any Common Expense for services provided by the Association to an individual Lot at the request of the Lot Owner shall be assessed against that Lot.

2. Any insurance premium increase attributable to a particular Lot by virtue of activities in or construction of the Lot shall be assessed against that Lot.

3. An assessment to pay a judgment against the Association may be made only against the Lots in the Property at the time the judgment was entered, in proportion to their Common Expense liabilities.

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

5. Fees, charges, taxes, impositions, late charges, fines, collection costs and interest charged against a Lot Owner pursuant to the Documents and the Act are enforceable as Common Expense Assessments.

C. Lien.

1. The Association is hereby granted and shall have a lien on a Lot for a Common Expense Assessment levied against the Lot or fines imposed against its Lot Owner. Fees, charges, late charges, attorney fees, fines and interest charged pursuant to the Act and the Documents are enforceable as assessments under this Section. The amount of the lien shall include all those items set forth in this Section from the time such items become due. If a Common Expense Assessment is payable in installments, each installment is a lien from the time it becomes due, including the due date set by any valid Association acceleration of installment obligations.

2. A lien under this Section is prior to all other liens and encumbrances on a Lot except: (1) liens and encumbrances recorded before the recordation of the Declaration; (2) a first Security Interest on the Lot recorded before the date on which the Common Expense Assessment sought to be enforced became delinquent; and (3) liens for real estate taxes and other governmental assessments or charges against the Lot. A lien under this Section is also prior to all Security Interests described in Subdivision (2) of this Subsection to the extent that the Common Expense Assessments are based on the periodic budget adopted by the Association pursuant to Article XIX.D of this Article and would have become due in the absence of acceleration, during the six months immediately preceding institution by either the Association or any party holding a lien senior to any part of the Association lien created under this section of an action or a nonjudicial foreclosure either to enforce or extinguish either the Association's lien or a Security Interest described in Subdivision (2) of this Subsection. This Subsection does not affect the priority of mechanics' or materialman's liens or the priority of a lien for other assessments made by the Association. By purchasing a Lot, an Owner waives all federal and state homestead or other exemptions with respect to the lien for Common Expense Assessments.

3. Recording of the Declaration in the Records constitutes record notice and perfection of the lien. Further recording of a claim of lien for a Common Expense Assessment under this Section is not required.

4. A lien for an unpaid Common Expense Assessment is extinguished unless proceedings to enforce the lien are instituted within six years after the full amount of the Common Expense Assessment becomes due, except that



if an Owner of a Lot subject to a lien under this Section files 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 thirty days after the automatic stay of proceedings under Section 362 of the Bankruptcy Code is lifted.

5. This Section does not prohibit an action to recover sums for which Subsection (a) of this Section creates a lien or prohibit the Association from taking a deed in lieu of foreclosure.
6. A judgment or decree in any action brought under this Section shall include costs and reasonable attorney fees for the prevailing party, which shall be additional Common Expense Assessments.
7. A judgment or decree in an action brought under this Section is enforceable by execution under Colorado law.
8. The Association's lien must be foreclosed by the same judicial procedure by which a mortgage on real estate is foreclosed under Colorado law.
9. In any action by the Association to collect Common Expense Assessments or to foreclose a lien for unpaid Common Expense Assessments, the court may appoint a receiver for the Lot who shall collect all sums due from that Lot Owner or a tenant of the Lot 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 Common Expense Assessments, based on a periodic budget adopted by the Association pursuant to Article XIX.D of this Declaration.
10. Any payments received by the Association in the discharge of a Lot Owner's obligation may be applied to the oldest balance due.

D. Budget Adoption and Ratification. Within 30 days after adoption of a proposed budget for the Property, the Board shall provide a summary of the budget to each Lot Owner and shall set a date for a meeting of the Lot Owners to consider ratification of the budget. The meeting shall be not less than 14 nor more than 60 days after mailing of the summary. Unless at that meeting a majority of all Lot Owners rejects the budget, the budget is ratified, whether or not a quorum is present. If the proposed budget is rejected, the periodic budget last ratified by the Lot Owners continues until the Lot Owners ratify a new budget proposed by the Board.

E. Ratification of Nonbudgeted Common Expense Assessments. If the Board votes to levy Common Expense Assessments not included in the current budget, other than one enumerated in Article XIX.B of this Declaration, in an amount greater than 15 percent of the current annual operating budget, the Board shall submit this Common Expense to the Lot Owners for ratification in the same manner as a budget under Article XIX.D.

F. Certificate of Payment of Common Expense Assessments. The Association, upon written request, shall furnish a Lot Owner with a written statement setting out the amount of unpaid Common Expense Assessments against the Lot. The statement must be furnished within 14 calendar days after receipt of the request and is binding on the Association, the Board and each Lot Owner. A reasonable fee, established by the Board, may be charged for such statement.

G. Payment of Common Expenses. All Common Expenses assessed under Article XIX.A and B of this Declaration shall be due and payable annually unless otherwise determined by the Board.

H. Acceleration of Common Expense Assessments. In the event of default in which any Lot Owner does not make the payment of any Common Expense Assessment levied against his Lot within 10 days of the date due, the Board shall have the right, after Notice and Hearing, to declare all unpaid Common Expense Assessments for the pertinent fiscal year immediately due and payable.

I. Commencement of Common Expense Assessments. Common Expense Assessments shall begin on the first day of the month in which conveyance of the first Lot to a Lot Owner other than the Declarant occurs.



J. No Waiver of Liability for Common Expenses. No Lot 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 Lot against which the Common Expense Assessments are made.

K. Personal Liability of Lot Owners. The Lot Owner of a Lot, at the time a Common Expense Assessment or portion of the assessment is due and payable, is personally liable for the Common Expense Assessment. Personal liability for the Common Expense Assessment shall not pass to a successor in title to the Lot unless the successor agrees to assume the obligation in writing.

ARTICLE XX - RIGHT TO ASSIGN FUTURE INCOME

The Association may assign its future income, including its right to receive Common Expense Assessments, only by the affirmative vote of Lot Owners of Lots to which at least 51 percent of the votes in the Association are allocated, at a meeting called for that purpose, and with the Eligible Mortgagee consent described in Article XVIII.

ARTICLE XXI - PERSONS AND LOTS SUBJECT TO DOCUMENTS

A. Compliance with Documents. All Lot Owners, tenants, mortgagees and occupants of Lots shall comply with the Documents. The acceptance of a deed or the exercise of any incident of ownership or the entering into of a lease or the occupancy of a Lot constitutes agreement that the provisions of the Documents are accepted and ratified by that Lot Owner, tenant, mortgagee or occupant. All provisions recorded in the Records are covenants running with the land and shall bind any Persons having at any time any interest or estate in any Lot.

B. Adoption of Rules, Policies and Procedures. The Board may adopt Rules regarding the use and occupancy of Lots as it affects the Common Elements, the Limited Common Elements and the activities of occupants, subject to Notice and Comment. The Board shall amend, within the time period required by law, all of its rule, policies and procedures in order to be in compliance with such provisions of the Act as are applicable to the Association.

ARTICLE XXII - INSURANCE

A. Coverage. To the extent reasonably available, the Board shall obtain and maintain insurance coverage as set forth in this Article. If such insurance is not reasonably available, and the Board determines that any insurance described in this Article will not be maintained, the Board shall cause notice of that fact to be hand delivered or sent prepaid by United States mail to all Lot Owners and Eligible Mortgagees at their respective last known addresses. All Owners shall insure their own Lots, and residences or other structures contained on any Lot.

B. Property Insurance Coverage.

1. Property insurance obtained by the Board will cover only the following:
 - a. the Common Elements; and
 - b. all personal property owned by the Association.
2. The insurance set out above will be for an amount (after application of any deductions) equal to 100 percent of any structures located on the insured property's actual cash value at the time the insurance is purchased and at each renewal date. Personal property owned by the Association will be insured for an amount equal to its actual cash value.
3. The Board is authorized to obtain appraisals periodically for the purpose of establishing replacement cost of the project facilities and the actual cash value of the personal property, and the cost of such appraisals shall be a Common Expense.
4. The maximum deductible for insurance policies shall be the lesser of \$10,000 or one percent of the policy face amount.



5. The insurance shall afford protection against "all risks" of direct physical loss commonly insured.
6. Insurance policies required by this Section shall provide that:
 - a. the insurer waives the right to subrogation under the policy against a Lot Owner or member of the household of a Lot Owner.
 - b. an act or omission by a Lot Owner, unless acting within the scope of the Lot Owner's authority on behalf of the Association, will not void the policy or be a condition of recovery under the policy.
 - c. if, at the time of a loss under the policy, there is other insurance in the name of a Lot Owner which covers the same risk covered by the policy, the Association's policy provides primary insurance.
 - d. losses must be adjusted with the Association.
 - e. insurance proceeds shall be paid to any insurance trustee designated in the policy for that purpose, and otherwise to the Association, but, in any case, it is to be held in trust for each Lot Owner and the Lot Owner's mortgagee.
 - f. the insurer may not cancel or refuse to renew the policy until 30 days after notice of the proposed cancellation or nonrenewal has been mailed to the Association, to each Lot 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.

C. Liability Insurance. Liability insurance, including medical payments insurance, will be maintained in an amount determined by the Board, but in no event shall it be less than \$1,000,000. This insurance shall cover all occurrences commonly insured against for death, bodily injury and property damage arising out of or in connection with the use, ownership or maintenance of the Common Elements and the activities of the Association. Insurance policies carried pursuant to this Section shall provide that:

1. each Lot Owner is an insured person under the policy with respect to liability arising out of the Lot Owner's interest in the Common Elements or membership in the Association;
2. the insurer waives the right to subrogation under the policy against a Lot Owner or member of the household of a Lot Owner;
3. an act or omission by a Lot Owner, unless acting within the scope of the Lot Owner's authority on behalf of the Association, will not void the policy or be a condition to recovery under the policy;
4. if, at the time of a loss under the policy, there is other insurance in the name of a Lot Owner covering the same risk covered by the policy, the policy of the Association provides primary insurance; and
5. the insurer issuing the policy may not cancel or refuse to renew it until 30 days after notice of the proposed cancellation or nonrenewal has been mailed to the Association, each Lot Owner and each holder of a Security Interest to whom a certificate or memorandum of insurance has been issued at their last known addresses.

D. Fidelity Bonds. A blanket fidelity bond or dishonesty insurance coverage may be provided at the option of the Board for anyone who either handles or is responsible for funds held or administered by the Association, whether or not they receive compensation for their 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 is in force. In no event shall the bond or coverage be for an amount less than the sum of one year's assessments plus reserve funds. The bond or coverage shall include a provision that calls for 10 days' written notice to the Association, each holder of a Security Interest in a Lot, each servicer that services a FNMA-owned or FHLMC-owned mortgage on a Lot and the insurance trustee, if any, before the bond can be cancelled or substantially modified for any reason. The bond or coverage shall be in an amount equal to the maximum amount of funds in the custody and control of the Association when the bond or insurance is in effect.



E. Lot Owner Policies. An insurance policy issued to the Association does not preclude Lot Owners from obtaining insurance for their own benefit, and Lot Owners shall be responsible to insure their own Lots in full.

F. Workers' Compensation Insurance. If required, the Board shall obtain and maintain Workers' Compensation Insurance to meet the requirements of the laws of the State of Colorado.

G. Directors' and Officers' Liability Insurance. The 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 Board.

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

I. Premiums. Insurance premiums for insurance carried or to be carried by the Association shall be a Common Expense.

ARTICLE XXIII - DAMAGE TO OR DESTRUCTION OF PROPERTY

A. Duty to Restore. A portion of the Property for which insurance carried by the Association is in effect, that is damaged or destroyed, must be repaired or replaced promptly by the Association unless:

1. the development known as Mountain Valley Estates is terminated by a withdrawal of this Declaration; or
2. repair or replacement would be illegal under a state statute or municipal ordinance governing health or safety; or
3. eighty percent (80%) of the Lot Owners vote not to rebuild.

B. Cost. The cost of repair or replacement in excess of insurance proceeds and reserves is a Common Expense.

C. Plans and Specifications. The Property must be repaired and restored in accordance with either the Map or other plans and specifications which have been approved by the ARB, a majority of Lot Owners and 51 percent of Eligible Mortgagees.

D. Replacement of Less Than Entire Property.

1. The insurance proceeds attributable to the damaged Common Elements shall be used to restore the damaged area to a condition compatible with the remainder of the Property.
2. The remainder of the proceeds must be distributed to each Lot Owner or lien holder, as their interests may appear, in proportion to the Common Element interests of all the Lots.

E. Insurance Proceeds. The Trustee, or if there is no Trustee, then the Board of the Association, acting by the President, shall hold any insurance proceeds in trust for the Association, Lot Owners and lien holders as their interests may appear. Subject to the provisions of Article XXIII.A of this Declaration, the proceeds shall be disbursed first for the repair or restoration of the damaged Property. The Association, Lot Owners and lien holders are not entitled to receive payment of any portion of the proceeds unless there is a surplus after the Property has been completely repaired or restored, or unless this Declaration is terminated.

F. Certificates By Board. The Trustee, if any, may rely on the following certifications in writing made by the Board:

1. whether or not damaged or destroyed Property is to be repaired or restored; and



2. the amount or amounts to be paid for repairs or restoration and the names and addresses of the parties to whom such amounts are to be paid.

G. Certificates by Attorneys or Title Insurance Companies. If payments are to be made to Lot Owners or mortgagees, then the Board and the Trustee, if any, shall obtain and may rely on a title insurance company's or attorney's title certificate or a title insurance policy based on a search of the Records, from the date of the recording of the original Declaration, stating the names of the Lot Owners and the mortgagees.

ARTICLE XXIV - NOTICE AND COMMENT; NOTICE AND HEARING

A. Right to Notice and Comment. Before the Board amends the Bylaws or the Rules, whenever the Documents require that an action be taken after "Notice and Comment," and at any other time the Board determines, the Lot Owners have the right to receive notice of the proposed action and the right to comment orally or in writing. Notice of the proposed action either shall be given to each Lot Owner in writing, delivered personally or by mail to all Lot Owners at such address as appears in the records of the Association, or it shall be published in a newsletter or similar publication which is routinely circulated to all Lot Owners. The notice shall also be published on a "notice board" at the entrance to the Property. The notice shall be given not less than thirty days before the proposed action is to be taken. It shall invite comment to the Board orally or in writing before the scheduled time of the meeting.

B. Right to Notice and Hearing. Whenever the Documents require that an action be taken after "Notice and Hearing," the following procedure shall be observed: The party proposing to take the action (e.g., the Board, a committee, an officer, the Manager, etc.) shall give written notice of the proposed action to all Lot Owners or occupants of Lots whose interest would be significantly affected by the proposed action. The notice shall include a general statement of the proposed action and the date, time and place of the hearing. At the hearing, the affected person shall have the right, personally or by a representative, to give testimony orally, in writing or both (as specified in the notice), subject to reasonable rules of procedure established by the party conducting the meeting to assure a prompt and orderly resolution of the issues. Any evidence shall be duly considered, but is not binding in making the decision. The affected person shall be notified of the decision in the same manner in which notice of the meeting was given.

C. Appeals. Any person having a right to Notice and Hearing shall have the right to appeal to the Board from a decision of persons other than the Board by filing a written notice of appeal with the Board within 10 days after being notified of the decision. The Board shall conduct a hearing within 30 days, giving the same notice and observing the same procedures as were required for the original meeting.

ARTICLE XXV - BOARD

A. Association Records and Minutes of Board Meetings. The Board shall permit any Lot Owner, or holder, insurer or guarantor of first mortgages secured by Lots, to inspect the records of the Association and the minutes of Board and committee meetings during normal business hours. The minutes shall be available for inspection within 15 days after any such meeting.

B. Powers and Duties. The Board may act in all instances on behalf of the Association, except as provided in this Declaration, the Bylaws or the Act. The 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 Property, which shall include, but not be limited to, the following:

1. adopt and amend Bylaws, Rules and regulations;
2. adopt and amend budgets for revenues, expenditures and reserves;
3. collect Common Expense Assessments from Lot Owners;
4. hire and discharge managing agents;



5. hire and discharge independent contractors, employees and agents, other than managing agents;
6. institute, defend or intervene in litigation or administrative proceedings or seek injunctive relief for violation of or otherwise enforce the Association's Declaration, Bylaws or Rules in the Association's name on behalf of the Association or two or more Lot Owners on matters affecting the Property;
7. make contracts and incur liabilities;
8. regulate the use, maintenance, repair, replacement and modification of the Common Elements;
9. cause additional Improvements to be made as a part of the Common Elements;
10. acquire, hold, encumber and convey, in the Association's name, any right, title or interest to real property or personal property;
11. grant easements for any period of time, including permanent easements, and leases, licenses and concessions through or over the Common Elements, for no more than one year;
12. impose and receive a payment, fee or charge for the use, rental or operation of the Common Elements, and for services provided to Lot Owners;
13. impose a reasonable charge for late payment of assessments, and after Notice and Hearing, levy reasonable fines for violations of this Declaration, the Bylaws, Rules and regulations of the Association;
14. impose a reasonable charge for the preparation and recordation of amendments to this Declaration and for a statement of unpaid assessments;
15. provide at the option of the Board for the indemnification of the Association's officers and Board and/or maintain Directors' and officers' liability insurance;
16. assign the Association's right to future income, including the right to receive common expense assessments;
17. exercise any other powers conferred by this Declaration, the Bylaws or the Act (to the extent applicable);
18. exercise any other power that may be exercised in this state by legal entities of the same type as the Association;
19. exercise any other power necessary and proper for the governance and operation of the Association; and
20. 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 Lot Owners and the Board. However, actions taken by a committee may be appealed to the Board by any Lot Owner within 45 days of publication of the notice. If an appeal is made, the committee action must be ratified, modified or rejected by the Board at its next regular meeting.

C. Board Limitations. The Board may not act on behalf of the Association to amend this Declaration, to terminate these declarations or to elect Directors or determine the qualifications, powers and duties or terms of office of Directors, but the Board may fill vacancies in its membership for the unexpired portion of any term. The Board shall be elected as provided in the Bylaws.

ARTICLE XXVI - OPEN MEETINGS

A. Access. All meetings of the Board, at which action is to be taken by vote, will be open to the Lot Owners, except as hereafter provided.



B. Notice. Notice of every such meeting will be given not less than ten days prior to the time set for such meeting, by posting such notice in a conspicuous location in the Property, except that such notice will not be required if an emergency situation requires that the meeting be held without delay.

C. Executive Sessions. Meetings of the Board may be held in executive session, without giving notice and without the requirement that they be open to Lot Owners, in either of the following situations only:

1. if no action is taken at the executive session requiring the affirmative vote of Directors; or
2. if the action taken at the executive session involves personnel, pending litigation, contract negotiations, enforcement actions, matters involving the invasion of privacy of individual Lot Owners, matters which are to remain confidential by request of the affected parties and agreement of the Board or actions taken by unanimous consent of the Board.

ARTICLE XXVII - CONDEMNATION

If part or all of the Property is taken by any power having the authority of eminent domain, all compensation and damages for and on account of the taking shall be payable in accordance with C.R.S., §38-33.3-107.

ARTICLE XXVIII - MISCELLANEOUS PROVISIONS

A. 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.



B. 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.

C. 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.

D. Invalidity. 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.

E. 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 statutes, the provisions of the statutes shall control. In the event of any conflict between this Declaration and any other Document, this Declaration shall control.

IN WITNESS WHEREOF, the following Owners have caused this Declaration to be executed effective the 1st day of August, 2006.

Navajo Development Co., Inc., a Colorado corporation

by: John H. Parker II
John H. Parker II, President

STATE OF COLORADO)
COUNTY OF Mineral) ss.

The foregoing instrument was acknowledged before me this 3 day of NOVEMBER, 2006, by John H. Parker, II as President of Navajo Development Co., Inc., a Colorado corporation. Witness my hand and official seal.

My commission expires: 9/28/10.

Martha Fielding
Notary Public

John H. Parker, II
John H. Parker, II, individually

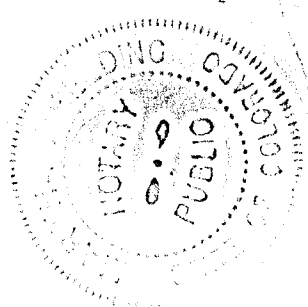
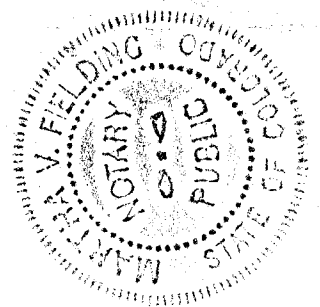
STATE OF COLORADO)
COUNTY OF MINERAL) ss.

The foregoing instrument was acknowledged before me this 3 day of NOVEMBER, 2006, by John H. Parker, II, individually. Witness my hand and official seal.

My commission expires: 9/28/10.

Martha Fielding
Notary Public

Ann Parker
Ann Parker





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22 of 32 COV R\$161.00 D\$0.00

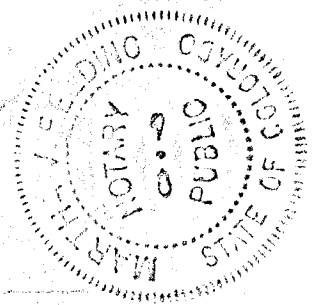
Eryn K Follman
Mineral County Clerk

STATE OF COLORADO)
COUNTY OF MINERAL) ss.

The foregoing instrument was acknowledged before me this 3 day of NOVEMBER,
2006, by Ann Parker.
Witness my hand and official seal.

My commission expires: 9/28/10.

Martha Fielding
Notary Public



James C. Parker

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____,
2006, by James C. Parker.
Witness my hand and official seal.

My commission expires: _____.

Notary Public



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23 of 32 COV R\$161.00 D\$0.00

Eryn K Follman
Mineral County Clerk

STATE OF COLORADO)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 2006, by Ann Parker.
Witness my hand and official seal.

My commission expires: _____.

Notary Public

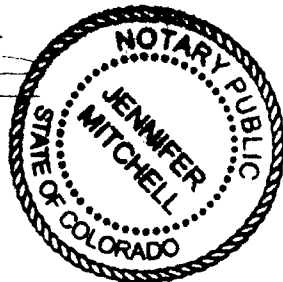
James C. Parker
James C. Parker

STATE OF COLORADO)
) ss.
COUNTY OF MONTROSE)

^{ann} 2007 ~~2006~~ The foregoing instrument was acknowledged before me this 8th day of JANUARY, 2006, by James C. Parker.
Witness my hand and official seal.

My commission expires: 3/24/09.

Jennifer Mitchell
Notary Public





63451 2/27/2007 12:26 PM
24 of 32 COV RS161.00 D\$0.00

Eryn K Follman
Mineral County Clerk

Katharine Brown
Katharine Brown

STATE OF PENNSYLVANIA)
COUNTY OF Wayne) ss.

The foregoing instrument was acknowledged before me this 8th day of January, 2007,
2006, by Katharine Brown.
Witness my hand and official seal.

My commission expires: _____

Linda V. Rindock
Notary Public

Commonwealth of Pennsylvania
NOTARIAL SEAL
LINDA V. RINDOCK, NOTARY PUBLIC
CITY OF HONESDALE, WAYNE COUNTY
MY COMMISSION EXPIRES SEPTEMBER 18, 2007



63451 2/27/2007 12:26 PM
25 of 32 COV R\$161.00 D\$0.00

Eryn K Follman
Mineral County Clerk

Brian Britten

~~Brian Britten~~
BRITTAIN

STATE OF COLORADO)
COUNTY OF Mineral) ss.

The foregoing instrument was acknowledged before me this 11th day of January,
2007, by Brian ~~Britten~~ BRITTAIN
Witness my hand and official seal.

My commission expires: 09/23/2008.

Della Brown
Notary Public

DELLA BROWN
NOTARY PUBLIC
STATE OF COLORADO

My Commission Expires 09/23/2008



63451 2/27/2007 12:26 PM
26 of 32 COV RS\$161.00 D\$0.00

Eryn K Follman
Mineral County Clerk

William M. Parker, III

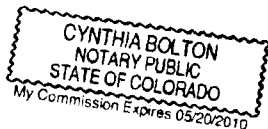
STATE OF Colorado)
COUNTY OF Gunnison) ss.


The foregoing instrument was acknowledged before me this 22nd day of January, 2008, by William M. Parker, III.

Witness my hand and official seal.

My commission expires: 5/20/2010

Cynthia Bolton
Notary Public





Margaret C Parker

63451 2/27/2007 12:26 PM
27 of 32 COV RS161.00 DS0.00



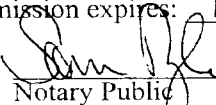
Eryn K Follman
Mineral County Clerk

STATE OF COLORADO)
COUNTY OF Denver) ss.

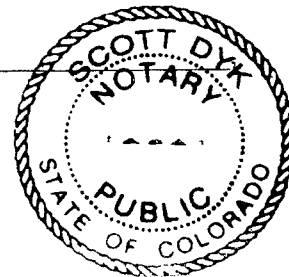
6th
5th day of Feb

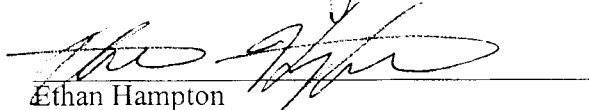
The foregoing instrument was acknowledged before me this 5th day of Feb 2006, by Margaret C Parker.
Witness my hand and official seal.

My commission expires: ~~My Commission Expires~~ 04/18/2007



Notary Public





Ethan Hampton

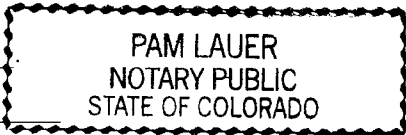
STATE OF COLORADO)
COUNTY OF Boulder) ss.

The foregoing instrument was acknowledged before me this 1st day of February 2006 by Ethan Hampton.
Witness my hand and official seal.

My commission expires: 1-5-08




Notary Public





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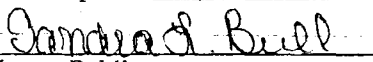
Eryn K Follman
Mineral County Clerk

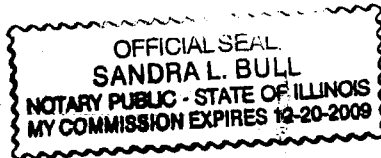

Robert D. Watkins

STATE OF Illinois)
COUNTY OF Merced) ss.

The foregoing instrument was acknowledged before me this 28 day of November,
2006, by Robert D. Watkins.
Witness my hand and official seal.

My commission expires: 12 2006


Notary Public





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Eryn K Follman
Mineral County Clerk

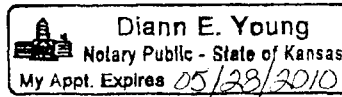
Daniel K. Slane
Daniel Kenneth Slane

Doris Ann Slane
Doris Ann Slane

STATE OF KANSAS)
COUNTY OF NEOSHO) ss.

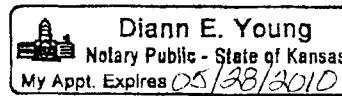
The foregoing instrument was acknowledged before me this 25TH day of OCTOBER, 2006, by Daniel Kenneth Slane.
Witness my hand and official seal.

My commission expires: 05/28/2010
Diann E Young
Notary Public



The foregoing instrument was acknowledged before me this 25TH day of OCTOBER, 2006, by Doris Ann Slane.
Witness my hand and official seal.

My commission expires: 05/28/2010
Diann E Young
Notary Public





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Eryn K Follman
Mineral County Clerk

Nancy G Tinnin Milski

Nancy G. Tinnin Milski

STATE OF New Mexico
COUNTY OF Bernalillo

*Robert P Tinnin Jr.
Attorney in fact*

)
) ss.
)

The foregoing instrument was acknowledged before me this 17th day of October
2006, by Nancy G. Tinnin Milski.
Witness my hand and official seal.

Robert P Tinnin Jr. as attorney in fact

My commission expires: 11/02/08

Jessica M. Chavez
Notary Public

Robert P. Tinnin, Jr.
Robert P. Tinnin, Jr.

STATE OF New Mexico
COUNTY OF Bernalillo

)
) ss.
)

The foregoing instrument was acknowledged before me this 17th day of October
2006, by Robert P. Tinnin, Jr.
Witness my hand and official seal.

My commission expires: 11/02/08

Jessica M. Chavez
Notary Public



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Eryn K Follman
Mineral County Clerk

Joanne Krejka
Joanne Krejka as Executor of the Estate of Henry Kluever

STATE OF ILLINOIS)
COUNTY OF KANKAKEE) ss.

The foregoing instrument was acknowledged before me this 8th day of DECEMBER,
2006, by Joanne Krejka as Executor of the Estate of Henry Kluever.
Witness my hand and official seal.

My commission expires: 3-11-07

Martha Burns
Notary Public



Judith Ann Nelson
Judith Ann Nelson

STATE OF Michigan
COUNTY OF Grand Traverse

)
) ss.



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32 of 32 COV R\$161.00 D\$0.00

Eryn K Follman
Mineral County Clerk

The foregoing instrument was acknowledged before me this 5 day of December 2006,
2006, by Judith Ann Nelson.
Witness my hand and official seal.

My commission expires: 11-24-2007.

Patricia A. Burgess
Notary Public

Acting in Grand Traverse County

PATRICIA A. BURGESS
NOTARY PUBLIC
KALKASKA COUNTY, MI
MY COMMISSION EXPIRES
NOVEMBER 24, 2007

