

DECLARATION
OF
COVENANTS, CONDITIONS,
RESTRICTIONS AND EASEMENTS
FOR
COUNTRY CLUB COTTAGES AT COTTON RANCH

THIS DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS for Country Club Cottages at Cotton Ranch (the "Declaration") is made as of November 14, 2000, by Country Club Cottages LLC, a Colorado limited liability company (the "Declarant").

RECITALS

A. Country Club Cottages LLC is owner of that certain real property described on the attached Exhibit A (the "Property") all of such real property located in Eagle County, Colorado.

B. Country Club Cottages LLC desires to submit the Property to this Declaration and to designate itself as Declarant under this Declaration.

C. Declarant desires to create a Planned Community pursuant to the Colorado Common Interest Ownership Act as set forth in Colorado Revised Statute 38-33.3-101 et. seq. (the "Act") on the Property, the name of which is Country Club Cottages at Cotton Ranch

ARTICLE I
DECLARATION AND SUBMISSION

Section 1.1. Declaration. Country Club Cottages LLC hereby declares that the Property shall be a planned community know as Country Club Cottages at Cotton Ranch and shall be held, sold, and conveyed subject to the following covenants, restrictions and easements which are for the purpose of protecting the value and desirability of the Property, and which shall run with the land and be binding on all parties and heirs, successors, and assigns of parties having any right, title, or interest in all or any

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part of the Property. Additionally, Country Club Cottages LLC hereby submits the Property on attached Exhibit "A" to the provisions of the Act.

Section 1.2. Master Declaration. The Property is subject to the Amended and Restated Declaration of Protective Covenants, Conditions, Restrictions and Easements for the Cotton Ranch recorded in the Office of the Clerk and Recorder of Eagle County, Colorado on October 27, 1995, in Book 679 at Page 439, as amended and supplemented (the "Master Declaration").

ARTICLE II DEFINITIONS

Section 2.1. Definitions. The following words when used in this Declaration or any Supplemental Declaration, unless inconsistent with the context of this Declaration, shall have the following meanings:

A. "Articles" mean the Articles of Incorporation for The Country Club Cottages at Cotton Ranch on file with the Colorado Secretary of State, and any amendments which may be made to those Articles from time to time.

B. "Annual Assessment" means the Assessment levied annually.

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

D. "Association" means The Country Club Cottages at Cotton Ranch, a Colorado nonprofit corporation, and its successors and assigns.

E. "Association Documents" means this Declaration, the Articles of Incorporation, and the Bylaws of the Association.

F. "Bylaws" means the Bylaws adopted by the Association,

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as amended from time to time.

G. "Common Area" means all the real property not designated as a numbered Lot on the Plat and improvements thereon, if any, in which the Association owns an interest for the common use and enjoyment of all of the Owners on a non-exclusive basis including, without limitation, Common Driveways, as shown on the Plat. Common Area is the same as "common elements" as defined in the Act and may include, without limitation, estates in fee, for terms of years, or easements.

H. "Common Expenses" means (i) all expenses expressly declared to be common expenses by this Declaration, or the Bylaws of the Association; (ii) all other expenses of administering, servicing, conserving, managing, maintaining, repairing, or replacing the Common Area, including any Driveway and as shown on the Plat; (iii) insurance premiums for the insurance carried under Article X; and (iv) all expenses lawfully determined to be common expenses by the Executive Board of the Association.

I. "Declarant" means Country Club Cottages LLC, a Colorado limited liability company, and its successors and assigns.

J. "Declaration" means and refers to this Declaration of Covenants, Conditions, Restrictions and Easements for The Country Club Cottages at Cotton Ranch

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

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

M. "Expansion Property" means the property whose legal description is attached hereto as Exhibit "B".

N. "Exterior Maintenance Area" means the exterior of any Residence including, without limitation, exterior paint and the Lot surrounding the Residence and any improvements on such

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property other than a Residence within the perimeter of the Lot on which the Residence is located.

O. "First Mortgage" means any Mortgage which is not subject to any lien or encumbrance except liens for taxes or other liens which are given priority by statute and liens for assessments pursuant to the Master Declaration.

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

Q. "Lot" means a plot of land subject to this Declaration initially or through expansion and designated as a "Lot" on any subdivision plat of the Property recorded in the office of the Clerk and Recorder of Eagle County, Colorado.

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

S. "Master Association" means The Cotton Club Ranch Homeowners Association Inc., a Colorado nonprofit corporation, and its successors and assigns.

T. "Master Declaration" means the Amended and Restated Declaration of Protective Covenants, Conditions, Restrictions and Easements for The Cotton Ranch recorded in the Office of the Clerk and Recorder of Eagle County, Colorado on October 27, 1995, in Book 679 at Page 439, as amended and supplemented.

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

V. "Mortgage" shall mean any mortgage, deed of trust, or other document pledging any Residential Unit or interest therein as security for payment of a debt or obligation.

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

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any such person under such Mortgage.

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

Y. "Plat" means the subdivision plat of The Country Club Cottages depicting the Property subject to this Declaration and recorded in the records of the Clerk and Recorder of Eagle County, Colorado contemporaneously herewith and all supplements and amendments thereto.

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

AA. "Residence" means the residence constructed on any Lot.

BB. "Residential Unit" means a Lot together with all improvements thereon, including a Residence, and all easements and rights-of-way appurtenant thereto. Residential Unit is also referred to as a Unit under the Act.

CC. "Sharing Ratio" means the percentage allocation of Assessments to which an Owner's Residential Unit is subject as set forth in Exhibit C attached hereto and made a part hereof. The formula for determining Sharing Ratios is an equal allocation among all Residential Units.

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

EE. "The Cotton Ranch" shall mean the planned community created by this Declaration, consisting of the Property, the Residential Units, and any other improvements constructed on the Property and as shown on the Plat.

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

GG. "Supplemental Declaration" means an instrument which subjects any part of the Expansion Property to this Declaration, as more fully provided in Article XXII below.

HH. "Supplemental Plat" means a subdivision plat of Country Club Cottages which may depict a part of the Expansion Property becoming subject to this Declaration through a Supplemental Declaration, as more fully provided in Article XXII below.

Each capitalized term not otherwise defined in this Declaration or in the Plat shall have the same meaning specified or used in the Act.

ARTICLE III

NAME, DIVISION INTO RESIDENTIAL UNITS

Section 3.1. Name. The name of the project is Country Club Cottages at Cotton Ranch. The project is a Planned Community pursuant to the Act.

Section 3.2. Association. The name of the association is Country Club Cottages at Cotton Ranch. Declarant has caused to be incorporated under the laws of the State of Colorado the Association as a non-profit corporation with the purpose of exercising the functions as herein set forth.

Section 3.3. Number of Residential Units; Subdivision. Declarant reserves the right for itself and any Successor Declarant to subdivide and/or expand the Property to include up to a maximum of thirty (30) Residential Units and to expand the

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Common Area. Declarant reserves the right, at any time and from time to time, to subdivide any parcels comprising the Property or the Expansion Property into separate Lots and/or Common Area in accordance with applicable zoning.

Section 3.4. Identification of Residential Units. The identification number of each Residential Unit is shown on the Plat.

Section 3.5. Description of Residential Units.

A. Each Residential Unit shall be inseparable and may be leased, devised or encumbered only for residential purposes.

B. Title to a Residential Unit may be held individually or in any form of concurrent ownership recognized in Colorado. In case of any such concurrent ownership, each co-owner shall be jointly and severally liable for performance and observance of all the duties and responsibilities of an Owner with respect to the Residential Unit in which he owns an interest. For all purposes herein, there shall be deemed to be only one Owner for each Residential Unit. The parties, if more than one, having the ownership of a Residential Unit shall agree among themselves how to share the rights and obligations of such ownership, but all such parties shall be jointly and severally liable for performance and observance of all of the duties and obligations of an Owner hereunder with respect to the Residential Unit in which they own an interest.

C. Any contract of sale, deed, lease, mortgage, will or other instrument affecting a Residential Unit may describe it by its Residential Unit and lot number, Country Club Cottages at Cotton Ranch, County of Eagle, State of Colorado, according to the Plat and any recorded amendment and supplement thereto, and this Declaration, which will be recorded in the records of the Clerk and Recorder of Eagle County, Colorado, and any recorded amendment and supplement hereto.

D. Each Residential Unit shall be considered a separate parcel of real property and shall be separately assessed and taxed. Accordingly, the Common Area shall not be assessed

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separately but shall be assessed with the Residential Units as provided pursuant to Colorado Revised Statutes Subsections 39-1-103(10) and 38-33.3-105(2).

E. No Owner of a Residential Unit shall bring any action for partition or division of the Common Area.

F. Each Residence shall be used and occupied solely for dwelling. All of the above stated uses and occupancies shall be only as permitted by and subject to the appropriate and applicable governmental zoning and use ordinances, rules and regulations from time to time in effect. Notwithstanding the foregoing, Declarant, for itself and its successors and assigns, hereby retains a right to maintain any Residences as sales offices, management offices or model residences at any time or from time to time so long as Declarant, or its successors or assigns, continues to own an interest in a Residential Unit. The use by Declarant of any Residences as a model residence, office or other use shall not affect the Unit's designation on the Plat as a separate Residential Unit.

G. An Owner shall have the right to lease his Residential Unit upon such terms and conditions as the Owner may deem advisable; provided, however, that (i) any such lease shall be in writing and shall provide that the lease is subject to the terms of this Declaration, (ii) a Residential Unit may be leased only for the uses provided hereinabove, and (iii) any failure of a lessee to comply with the terms of this Declaration, Articles of Incorporation, Bylaws or rules of the Association shall be a default under the lease and the Association may file an action to enforce the covenants of the lease or evict tenant if necessary.

Section 3.6. Assignment of Declarant Rights. Declarant reserves the right to assign any or all of its rights, obligations or interest as Declarant by recording an assignment or deed of record executed by both Declarant and the transferee or assignee in the Office of the Clerk and Recorder of Eagle County, Colorado designating such party as a Successor Declarant. Upon such recording, Declarant's rights and obligations under this Declaration shall cease and terminate to the extent provided in such document.

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ARTICLE IV
MEMBERSHIP AND VOTING RIGHTS; ASSOCIATION OPERATIONS

Section 4.1. The Association. Every Owner of a Residential Unit shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Residential Unit.

Section 4.2. Transfer of Membership. An Owner shall not transfer, pledge, or alienate his membership in the Association in any way, except upon the sale or encumbrance of his Residential Unit and then only to the purchaser or Mortgagee of his Residential Unit.

Section 4.3. Membership. The Association shall have one (1) class of membership consisting of all Owners, including the Declarant so long as Declarant continues to own an interest in a Residential Unit. Except as otherwise provided for in this Declaration, each Member shall be entitled to vote in Association matters pursuant to this Declaration on the basis of one vote for each Residential Unit owned. When more than one person holds an interest in any Residential Unit, all such persons shall be Members. The vote for such Residential Unit shall be exercised by one person or alternative persons (who may be a tenant of the Owners) appointed by proxy in accordance with the Bylaws. In the absence of a proxy, the vote allocated to the Residential Unit shall be suspended in the event more than one person or entity seeks to exercise the right to vote on any one matter. Any Owner of a Residential Unit which is leased may assign his voting right to the tenant, provided that a copy of a proxy appointing the tenant is furnished to the Secretary of the Association prior to any meeting in which the tenant exercises the voting right. In no event shall more than one vote be cast with respect to any one Residential Unit.

Section 4.4. Declarant Control. Notwithstanding anything to the contrary provided for herein or in the Bylaws, Declarant shall be entitled to appoint and remove the members of the Association's Executive Board and officers of the Association to the fullest extent permitted under the Act as of the date of this

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Declaration. The specific restrictions and procedures governing the exercise of Declarant's right to so appoint and remove Directors and officers shall be set out in the Bylaws of the Association. Declarant may voluntarily relinquish such power evidenced by a notice executed by Declarant and recorded in the Office of the Clerk and Recorder for Eagle County, Colorado but, in such event, Declarant may, at its option, require that specified actions of the Association or the Executive Board as described in the recorded notice, during the period Declarant would otherwise be entitled to appoint and remove directors and officers, be approved by Declarant before they become effective.

Section 4.5. Compliance with Association Documents. Each Owner shall abide by and benefit from each provision, covenant, condition, restriction and easement contained in the Association Documents. The obligations, burdens, and benefits of membership in the Association concern the land and shall be covenants running with each Owner's Residential Unit for the benefit of all other Residential Units and for the benefit of Declarant's adjacent properties. (See Exhibit "A" attached as the legal description.)

Section 4.6. Books and Records. The Association shall make available for inspection, upon request, during normal business hours or under other reasonable circumstances, to Owners and to Mortgagees, current copies of the Association Documents and the books, records, and financial statements of the Association prepared pursuant to the Bylaws. The Association may charge a reasonable fee for copying such materials. The Association shall maintain such books and records as may be required under the Act.

Section 4.7. Manager. The Association may employ or contract for the services of a Manager to whom the Executive Board may delegate certain powers, functions, or duties of the Association, as provided in the Bylaws of the Association. The Manager shall not have the authority to make expenditures except upon prior approval and direction by the Executive Board. The Executive Board shall not be liable for any omission or improper exercise by a Manager of any duty, power, or function so delegated by written instrument executed by or on behalf of the Executive Board.

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Section 4.8. Implied Rights and Obligations. The Association may exercise any right or privilege expressly granted to the Association in the Association Documents, and every other right or privilege reasonably implied from the existence of any right or privilege given to the Association under the Association Documents or reasonably necessary to effect any such right or privilege. The Association shall perform all of the duties and obligations expressly imposed upon it by the Association Documents, and every other duty or obligation implied by the express provisions of the Association Documents or necessary to reasonably satisfy any such duty or obligation.

ARTICLE V
POWERS OF THE EXECUTIVE BOARD OF THE ASSOCIATION


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

A. Adopt and publish rules and regulations governing the use of the Common Area, including any recreational facilities which may be constructed on such property and governing the personal conduct of the Members and their guests, and the Association may establish penalties, including, without limitation, the imposition of fines, for the infraction of such rules and regulations. Any rules and regulations established by the Executive Board must be consistent with the Master Declaration and the rules and regulations of the Master Association. This requirement of consistency shall not prohibit the Association from adopting rules which are more restrictive than the provisions of the Master Declaration or the rules of the Master Association;

B. Suspend the voting rights of a Member during any period in which such Member is in default on payment of any Assessment levied by the Association, as provided in Article XI, Section 11.7. Such rights may also be suspended after notice and hearing for a period not to exceed ninety (90) days for infraction of published rules and regulations, unless such infraction is ongoing, in which case the rights may be suspended during the period of the infraction and for up to ninety (90) days

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thereafter; and

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

ARTICLE VI COMMON AREA

Section 6.1. Expansion. From time to time, Declarant may, but shall not be obligated to, expand the Common Area by written instrument recorded with the Clerk and Recorder of Eagle County, Colorado, all as more fully set forth in Article XXI below.

Section 6.2. Maintenance. The Association shall maintain and keep the Common Area in good repair, and the cost of such maintenance shall be funded as provided in Article IX. This maintenance shall include, but shall not be limited to, upkeep, repair and replacement, subject to any insurance then in effect, of all landscaping, walls, gates, signage, water features, irrigation systems, sidewalks, driveways and improvements, if any (which shall include without limitation snow removal services unless performed by the Master Association or a public services department), located in the Common Area. In the event the Association does not maintain or repair the Common Area, Declarant shall have the right, but not the obligation, to do so at the expense of the Association.

ARTICLE VII MECHANIC'S LIENS

Section 7.1. No Liability. If any Owner shall cause any material to be furnished to his Residential Unit or any labor to be performed therein or thereon, no Owner of any other Residential Unit shall under any circumstances be liable for the payment of any expense incurred or for the value of any work done or material furnished. All such work shall be at the expense of the Owner causing it to be done, and such Owner shall be solely responsible to contractors, laborers, materialmen and other

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persons furnishing labor or materials to his Residential Unit. Nothing herein contained shall authorize any Owner or any person dealing through, with or under any Owner to charge the Common Area or any Residential Unit other than of such Owner with any mechanic's lien or other lien or encumbrance whatever. On the contrary (and notice is hereby given) the right and power to charge any lien or encumbrance of any kind against the Common Area or against any Owner or any Owner's Residential Unit for work done or materials furnished to any other Owner's Residential Unit is hereby expressly denied.

Section 7.2. Indemnification. If, because of any act or omission of any Owner, any mechanic's or other lien or order for the payment of money shall be filed against the Common Area or against any other Owner's Residential Unit or an Owner or the Association (whether or not such lien or order is valid or enforceable as such), the Owner whose act or omission forms the basis for such lien or order shall at his own cost and expense cause the same to be cancelled and discharged of record or bonded by a surety company reasonably acceptable to the Association, or to such other Owner or Owners, within twenty (20) days after the date of filing thereof, and further shall indemnify and save all the other Owners and the Association harmless from and against any and all costs, expenses, claims, losses or damages including, without limitation, reasonable attorneys' fees resulting therefrom.

Section 7.3. Association Action. Labor performed or materials furnished for the Common Area, if duly authorized by the Association in accordance with this Declaration or its bylaws, shall be deemed to be performed or furnished with the express consent of each Owner and shall be the basis for the filing of a lien pursuant to law against the Common Area. Any such lien shall be limited to the Common Area and no lien may be effected against an individual Residential Unit or Units.

ARTICLE VIII
PROPERTY RIGHTS OF OWNERS
AND RESERVATIONS BY DECLARANT

Section 8.1. Owners' Easements. Every Owner has a non-exclusive right, in common with the other owners and easement of

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enjoyment in and to the Common Area, which shall be appurtenant to and shall pass with the title to every Residential Unit subject to the provisions contained herein and which right shall be subject to this Declaration and the Master Declaration. Certain third persons will also have access to the Common Area as set forth in the rules and regulations of the Association. Every Owner shall have a right of access to and from his Residential Unit over and across those portions of the Common Area on which a road is located. No Owner shall hinder nor permit his guest, business invitee or know trespasser to hinder reasonable access by any other Owner and his guest to the Residential Units.

Section 8.2. Recorded Easements. The Property shall be subject to all easements as shown on any recorded plat affecting the Property and to any other easements and licenses of record or of use as of the date of recordation of this Declaration, which easements and licenses of record are set forth on the attached Exhibit D. In addition, the Property is subject to those easements set forth in this Article.

Section 8.3. Declarant's Rights Incident to Construction. Declarant, for itself and its successors and assigns, hereby reserves an easement for construction, utilities, drainage, ingress and egress over, in, upon, under and across the Common Area, together with the right to store materials on the Common Area, to build and maintain temporary walls, and to make such other use of the Common Area as may be reasonably necessary or incident to any construction of the Residential Units or improvements on the Property or other real property owned by Declarant, or other properties abutting and contiguous to the Property; provided, however, that no such rights shall be exercised by Declarant in a way which unreasonably interferes with the occupancy, use, enjoyment, or access to Country Club Cottages by the Owners.

Section 8.4. Other Easements.

A. Each Residential Unit and the Common Area shall be subject to an easement for encroachments created by construction, settling and overhang, previously existing or as designed and constructed by Declarant or as a result of any addition or



improvement pursuant to this Declaration. A valid easement for such encroachments and for the maintenance of same, so long as they exist, shall and does exist. In the event any improvement is partially or totally destroyed, and then rebuilt, the Owners agree that minor encroachments of parts of the adjacent Residential Unit or Common Area due to construction shall be permitted and that a valid easement for said encroachment and the maintenance thereof shall exist so long as the improvements shall stand.

B. Each Residential Unit is subject to a blanket easement for support and a blanket easement for the maintenance of the structures or improvements presently situated, or to be built in the future, on the Lots.

C. There is hereby created a blanket easement upon, across, over, in and under the Property for the benefit of the Residential Units and the structures and improvements situated thereon, for ingress and egress, installation, replacing, repairing and maintaining all utilities, including, but not limited to, water, sewer, gas, telephone, cable tv and electricity. Said blanket easement includes future utility services not presently available to the Residential Units which may reasonably be required in the future. By virtue of this easement, it shall be expressly permissible for the companies providing utilities to erect and maintain the necessary equipment on any of the Residential Units and to affix and maintain electrical and/or telephone wires, circuits and conduits on, above, across and under the roofs and exterior walls of the improvements, all in a manner customary for such companies in the area surrounding the Property, subject to approval by the Association as to locations.

D. The Residential Units may have a common access road and/or driveway upon certain Lots serving more than one Residential Unit, and there is granted hereby a non-exclusive easement to the Owners of Residential Units served by any such driveway for ingress and egress purposes over and across those portions of such Lots which are used as a driveway. No Owner shall hinder nor permit his guest to hinder reasonable access by any other

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Owner and his guest to the Residential Units. Maintenance costs related to any such shared driveway will be allocated equally among the Residential Units sharing such driveway.

E. The declarant under the Master Declaration and the officers, agents, employees and independent contractors of the Master Association shall have a nonexclusive easement to enter upon the Property for the purpose of performing or satisfying their respective obligations as set forth in the Master Declaration, Master Association by-laws and rules and regulations.

Section 8.5. Reservation for Expansion. Declarant hereby reserves to itself and the Association and/or for Owners in any future phases of Country Club Cottages an easement and right-of-way over, upon and across the Property for construction, utilities, drainage, and ingress to and egress from the Expansion Property, and other properties abutting and contiguous to the Property and the Expansion Property, and for use of the Common Area as may be reasonably necessary or incident to the construction of improvements on the Lots or other improvements on the Property or the Expansion Property; provided, however, that no such rights shall be exercised by Declarant in a way which unreasonably interferes with the occupancy, use, enjoyment, or access to Country Club Cottages at Cotton Ranch by the Owners. The location of these easements and rights-of-way may be made certain by Declarant or the Association by instruments recorded in the office of the Clerk and Recorder, Eagle County, Colorado.

Section 8.6. General Maintenance Easement. A blanket easement is hereby reserved to Declarant, and granted to the Association, and any member of the Executive Board or the Manager, and their respective officers, agents, employees, and assigns, upon, across, over, in, and under the Property and a right to make such use of the Property as may be necessary or appropriate to make emergency repairs or to perform the duties and functions which the Association is obligated or permitted to perform pursuant to the Association Documents, including, without limitation, the installation and maintenance of landscaping and any sprinkler system and the right to enter upon any Residential

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Unit for the purpose of performing maintenance to the exterior of any Residence, all as set forth in Article IX below.

Section 8.7. Association as Attorney-in-Fact. Each Owner, by his acceptance of a deed or other conveyance vesting in him an interest in a Residential Unit, does irrevocably constitute and appoint the Association and/or Declarant with full power of substitution as the Owner's name, place and stead to deal with Owner's interest in the common elements in order to effectuate the rights reserved by Declarant or granted to the Association, as applicable, with full power, right and authorization to execute and deliver any instrument affecting the interest of the Owner in the common elements and to take any other action which the Association or Declarant may consider necessary or advisable to give effect to the provisions of this Section and this Declaration generally. If requested to do so by the Association or Declarant, each Owner shall execute and deliver a written, acknowledged instrument confirming such appointment.

Section 8.8. Delegation of Use. Any Owner may delegate his right of enjoyment to the Common Area to the members of his family, his tenants; guests, licensees, and invitees, but only in accordance with and subject to the limitations of the Association Documents.

Section 8.9. Reservation of Easements, Exceptions, and Exclusions. The Association is hereby granted the right to establish from time to time, by declaration or otherwise, utility and other easements, permits, or licenses over the Common Area, for purposes including, but not limited to, streets, driveways, paths, walkways, drainage, recreation areas, parking areas, ducts, shafts, flues, and conduit installation areas, to create other reservations, exceptions, and exclusions with respect to the Common Area for the best interest of all the Owners and the Association and to assign its right to future income, including the right to receive Assessments.

Section 8.10. Emergency Access Easement. A general easement is hereby granted to all police, sheriff, fire protection, ambulance, and other similar emergency agencies or persons to enter upon the Property in the proper performance of

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their duties.

ARTICLE IX
MAINTENANCE, LANDSCAPING AND SPECIAL EASEMENT

Section 9.1. Maintenance. In order to maintain a uniform appearance and a high standard of maintenance within Country Club Cottages, the Association shall maintain the Exterior Maintenance Area, as more fully set forth below.

A. Residence Exteriors. Subject to the insurance responsibilities set forth in Article X below, the Association shall maintain the Exterior Maintenance Area of all Residences, which shall include without limitation painting of the exterior (including decks and porches), but shall exclude window repair or replacement, unless covered by the Association's insurance. The Association shall have the sole discretion to determine the time and manner in which such maintenance shall be performed as well as the color or type of materials used to maintain the Residences. The Owner shall be responsible for repair or replacement of broken window panes and roof repair and all other exterior maintenance and repairs. In the event insurance proceeds under Article X are payable to an Owner but the maintenance responsibility of the area to which such proceeds relate is the Association's, the Association shall complete any repair or replacement at the Owner's cost.

B. Landscaping, Sidewalks and Driveways. The Association shall maintain landscaping and any sprinkler system on the Lots surrounding the perimeter of the Residences and that within the Common Area, including, but not limited to, lawns, trees and shrubs. The Association shall also maintain all sidewalks and driveways both on the Lots and within the Common Area (which maintenance shall include snowplow services unless maintained by the Master Association or a government or quasi-governmental entity). The maintenance provided under this Section shall be performed at such time and in such a manner as the Association shall determine.

C. Association's Right to Grant Owner's Maintenance Area. The Association reserves the right to grant the maintenance

responsibility of certain areas on each Residential Unit to the Residential Unit Owner, and the Residential Unit Owner is obligated to accept said maintenance responsibility, provided said assignment is done in a uniform and nondiscriminatory manner. Furthermore, the Association shall have the right to promulgate reasonable rules and regulations regarding the maintenance by the Owner.

Section 9.3. Special Easement. The Association and the Executive Board and their respective representatives are hereby granted a nonexclusive easement to enter upon and use the Exterior Maintenance Area as may be necessary or appropriate to perform the duties and functions which they may be obligated or permitted to perform pursuant to this Article IX.

Section 9.4. Maintenance Contract. The Association or Executive Board may employ or contract for the services of an individual or maintenance company to perform certain delegated powers, functions, or duties of the Association to maintain the Common Area [and Exterior Maintenance Area.] The employed individual or maintenance company shall have the authority to make expenditures upon prior approval and direction of the Executive Board. The Executive Board shall not be liable for any omission or improper exercise by the employed individual or management company of any duty, power, or function so delegated by written instrument executed by or on behalf of the Executive Board.

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Section 9.5. Owner's Responsibility. The Owner shall be responsible for maintaining all portions of the Owner's Residential Unit [other than the Exterior Maintenance Area as described above,] unless modified by Section 9.1(C); provided, however, the Owner shall also be responsible for the maintenance of any balcony, patio, or deck area of his Residence, [except as set forth in Section 9.1(A).] The Association shall have the right and power to prohibit storage or other activities deemed unsafe, unsightly, unreasonably noisy or otherwise offensive to the senses and perceptible from another Residential Unit or the Common Area. No Owner shall make any addition or other alteration to any portion of the Exterior Maintenance Area without the express consent of the Executive Board, as more fully



discussed in Article IX. The Association shall be entitled to reimbursement for cost of repair from any Owner who causes, or whose tenant, employee or guest causes, damage to the Exterior Maintenance Area or the Common Area by an act of negligence or willful misconduct.

Section 9.6. Owner's Failure to Maintain or Repair. In the event that a Residential Unit is not properly maintained and repaired, and if the maintenance responsibility for the unmaintained portion of the Residential Unit lies with the Owner of the Residential Unit, or in the event that the improvements on the Residential Unit are damaged or destroyed by an event of casualty and the Owner does not take reasonable measures to diligently pursue the repair and reconstruction of the damaged or destroyed improvements to substantially the same condition in which they existed prior to the damage or destruction, then the Association, after notice to the Owner and with the approval of the Executive Board shall have the right to enter upon the Residential Unit to perform such work as is reasonably required to restore the Residential Unit and the buildings and other improvements thereon to a condition of good order and repair. All costs incurred by the Association in connection with the restoration shall be reimbursed to the Association by the Owner of the Residential Unit, upon demand. All unreimbursed costs shall be a lien upon the Residential Unit until reimbursement is made. The lien may be enforced in the same manner as a lien for an unpaid Assessment levied in accordance with Article XI of this Declaration.

ARTICLE X INSURANCE AND FIDELITY BONDS

Section 10.1. General Insurance Provisions. The Association shall maintain, to the extent reasonably available:

(i) Property insurance on the Common Area for broad form covered causes of loss; except that the total amount of insurance must be not less than the full insurable replacement costs of the insured property less applicable deductibles at the time the insurance is purchased and at each renewal date, exclusive of land, excavations, foundations, paving areas, landscaping and

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other items normally excluded from property policies; and

(ii) Commercial general liability insurance against claims and liabilities arising in connection with the ownership, existence, use, or management of the Common Area and the Association, in an amount, if any, deemed sufficient in the judgment of the Executive Board, insuring the Executive Board, the Association, the Manager, and their respective employees, agents, and all persons acting as agents. Declarant shall be included as an additional insured in Declarant's capacity as an Owner and Executive Board member. The Owners shall be included as additional insureds but only for claims and liabilities arising in connection with the ownership, existence, use, or management of the Common Area. The insurance shall cover claims of one or more insured parties against other insured parties.

(iii) Physical damage insurance for all Residential Units and all other insurable improvements on each Lot, except that each Owner may be required to obtain and maintain such insurance pursuant to Section 10.12 below. Such insurance shall cover the full replacement value of the Residential Units, less applicable deductibles, at the time the insurance is purchased and at each renewal date, exclusive of those items normally excluded from property policies. The insurance coverage shall include, unless the Executive Board directs otherwise, fixtures initially installed in the Residential Units and replacements thereof up to the value of those initially installed by Declarant, but not including furniture, wall coverings, improvements, additions or other personal property supplied or installed by an Owner, all such insurance covering the interests of the Owners and their Mortgagees as their respective interests may appear. The Executive Board may obtain this insurance upon such terms and conditions as it deems advisable. Prior to obtaining any policy of physical damage insurance or any renewal thereof, and at such other intervals as the Executive Board may deem advisable, the Executive Board may, but shall not be obligated to, obtain an appraisal from an insurance company, or such other source as the Executive Board may determine, of the then-current replacement cost of the Residences (exclusive of the land, excavations,

foundations and other items normally excluded from such coverage) subject to insurance carried by the Association, without deduction for depreciation, for the purpose of determining the amount of physical damage insurance to be secured.

(iv) The Association may carry such other and further insurance that the Executive Board considers appropriate, including insurance on Residential Units that the Association is not obligated to insure to protect the Association or the Owners.

Section 10.2. Cancellation. If the insurance described in Section 10.1 is not reasonably available, or if any policy of such insurance is cancelled or not renewed without a replacement policy therefor having been obtained, the Association promptly shall cause notice of that fact to be hand delivered or sent prepaid by United States mail to all Owners and Mortgagees.

Section 10.3. Policy Provisions. Insurance policies carried pursuant to Section 10.1. must provide that:

(i) Each Owner is an insured person under the policy with respect to liability arising out of such Owner's membership in the Association;

(ii) The insurer waives its rights to subrogation under the policy against any Owner or member of his household;

(iii) No act or omission by any Owner, unless acting within the scope of such Owner's authority on behalf of the Association, will void the policy or be a condition to recovery under the policy; and

(iv) If, at the time of a loss under the policy, there is other insurance in the name of an Owner covering the same risk covered by the policy, the Association's policy provides primary insurance.

Section 10.4. Insurance Proceeds. Any loss covered by the property insurance policy described in Section 10.1 must be adjusted with the Association, but the insurance proceeds for that loss shall be payable to any insurance trustee designated for that purpose, or otherwise to the Association, and not to any holder of a security interest. The insurance trustee or the Association shall hold any insurance proceeds in trust for the Owners and Mortgagees as their interests may appear. Subject to the provisions of Section 10.7 below, the proceeds must be disbursed first for the repair or restoration of the damaged property, and the Association, Owners and Mortgagees are not entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the damaged property has been completely repaired or restored or the regime created by this Declaration is terminated.

Section 10.5. Association Policies. The Association may adopt and establish written nondiscriminatory policies and procedures relating to the submittal of claims, responsibility for deductibles, and any other matters of claims adjustment.

Section 10.6. Insurer Obligation. An insurer that has issued an insurance policy for the insurance described in Section 10.1 shall issue certificates or memoranda of insurance to the Association and, upon request, to any Owner or Mortgagee. Unless otherwise provided by statute, the insurer issuing the policy may not cancel or refuse to renew it until thirty (30) days after notice of the proposed cancellation or nonrenewal has been mailed to the Association and to each Owner and Mortgagee to whom a certificate or memorandum of insurance has been issued at their respective last-known addresses.



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Section 10.7. Repair and Replacement.

A. Any portion of the Common Area for which insurance is required under this Article which is damaged or destroyed must be repaired or replaced promptly by the Association unless:

- (i) The regime created by this Declaration is terminated;
- (ii) Repair or replacement would be illegal under any state or local statute or ordinance governing health or safety;
- (iii) Eighty percent of the Owners vote not to rebuild; or
- (iv) Prior to the conveyance of any Residential Unit to a person other than Declarant, the Mortgagee holding a deed of trust or mortgage on the damaged portion of the Common Area rightfully demands all or a substantial part of the insurance proceeds.

B. The cost of repair or replacement in excess of insurance proceeds and reserves is a Common Expense. If the entire Common Area is not repaired or replaced, the insurance proceeds attributable to the damaged Common Area must be used to restore the damaged area to a condition compatible with the remainder of Country Club Cottages, and except to the extent that other persons will be distributees, the insurance proceeds must be distributed to all the Owners or Mortgagees, as their interests may appear in proportion to the Common Expense liabilities of all the Residential Units.

Section 10.8. Common Expenses. Premiums for insurance that the Association acquires and other expenses connected with acquiring such insurance are Common Expenses.

Section 10.9. Fidelity Insurance. To the extent reasonably available, fidelity bonds will be maintained by the Association to protect against dishonest acts on the part of its officers, directors, trustees, and employees and on the part of all others who handle or are responsible for handling the funds belonging to or administered by the Association in an amount not less than two months' current Assessments plus reserves as calculated from the

current budget of the Association. In addition, if responsibility for handling funds is delegated to a Manager, such bond will be obtained for the Manager and its officers, employees, and agents, as applicable. Any such fidelity coverage shall name the Association as an obligee and such bonds shall contain waivers by the issuers of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees," or similar terms or expressions.

Section 10.10. Worker's Compensation Insurance. The Executive Board shall obtain worker's compensation or similar insurance with respect to its employees, if applicable, in the amounts and forms as may now or hereafter be required by law.

Section 10.11. Other Insurance. The Association shall also maintain insurance to the extent reasonably available and in such amounts as the Executive Board may deem appropriate on behalf of Directors against any liability asserted against a Director or incurred by him in his capacity of or arising out of his status as a Director. The Executive Board may obtain insurance against such other risks of a similar or dissimilar nature as it shall deem appropriate with respect to the Association's responsibilities and duties.

Section 10.12. Insurance Obtained by Owners. In the event that the Association is unable to obtain or maintain physical damage insurance for the Residential Units as set out in Section 10.1(iii) upon terms deemed reasonable to the Executive Board, each Owner shall obtain and at all times maintain physical damage insurance as described in Section 10.1(iii) at such Owner's expense, covering the full replacement value of such Owner's Residential Unit. The beneficiaries under such policy shall be that Owner, the Association and any and all other Owners within the same residential structure as the Owner obtaining such physical damage insurance. Any insurance obtained by an Owner shall include a provision waiving the particular insurance company's right of subrogation against the Association and other Owners, including Declarant, should Declarant be the Owner of any Residential Unit.

Each Owner shall also obtain and at all times maintain damage and liability insurance for such Owner's benefit, at such Owner's expense, covering the full replacement value of the Owner's personal property and personal liability insurance in a limit of not less than Five Hundred Thousand Dollars (\$500,000.00) in respect to bodily injury or death to any number of persons arising out of one accident or disaster, or for damage to personal property, and if higher limits shall at any time be customary to protect against tort liability such higher limits shall be carried. In addition, an Owner may obtain such other and additional insurance coverage on the Residential Unit as such Owner in the Owner's sole discretion shall conclude to be desirable; provided, however, that none of such insurance coverage obtained by the Owner shall operate to decrease the amount which the Executive Board, on behalf of all Owners, may realize under any policy maintained by the Executive Board or otherwise affect any insurance coverage obtained by the Association or cause the diminution or termination of that insurance coverage. Any insurance obtained by an Owner shall include a provision waiving the particular insurance company's right of subrogation against the Association and other Owners, including Declarant, should Declarant be the Owner of any Residential Unit. No Owner shall obtain separate insurance policies on the Common Area.

All Owners are required to maintain on file, at the association offices, copies of all such current policies to evidence compliance with the Association, to evidence their obligations hereunder and to facilitate recovery of all appropriate awards or proceeds by the Association.

ARTICLE XI ASSESSMENTS

Section 11.1. Obligation. Each Owner, including Declarant, by accepting a deed for a Residential Unit, is deemed to covenant to pay to the Association (1) the Annual Assessments imposed by the Executive Board as necessary to meet the Common Expenses and to perform the functions of the Association; (2) Special

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Assessments for capital improvements and other purposes as stated in this Declaration, if permitted under the Act; and (3) Default Assessments which may be assessed against a Residential Unit for the Owner's failure to perform an obligation under the Association Documents or because the Association has incurred an expense on behalf of the Owner under the Association Documents.

Section 11.2. Purpose of Assessments. The Assessments shall be used exclusively to promote the health, safety and welfare of the Owners and occupants of Country Club Cottages, and for the improvement and maintenance of the Common Area, and other areas of Association responsibility referred to herein, as more fully set forth in this Article below.

Section 11.3. Budget. Within thirty (30) days after the adoption of any proposed budget for the Association, the Executive Board shall mail, by ordinary first-class mail, or otherwise deliver a summary of the budget to all the Owners and shall set a date for a meeting of the Owners to consider ratification of the budget not less than fourteen (14) nor more than sixty (60) days after mailing or other delivery of the summary. Unless at that meeting sixty percent (60%) of all Owners reject the budget, the budget is ratified, whether or not a quorum is present. In the event that the proposed budget is rejected, the periodic budget last ratified by the Owners must be continued until such time as the Owners ratify a subsequent budget proposed by the Executive Board. The Executive Board shall adopt a budget and submit the budget to a vote of the Owners as provided herein no less frequently than annually. The Executive Board shall levy and assess the Annual Assessments in accordance with the annual budget.

Section 11.4. Annual Assessments. Annual Assessments for Common Expenses made shall be based upon the estimated cash requirements as the Executive Board shall from time to time determine to be paid by all of the Owners, subject to Section 11.3. above. Estimated Common Expenses shall include, but shall not be limited to, the cost of routine maintenance and operation of the Common Area; expenses of management; and insurance premiums for insurance coverage as deemed desirable or necessary by the Association; landscaping of the Property; care of grounds

within the Common Area; routine repairs and renovations within the Common Area; wages; common water and utility charges for the Common Area; legal and accounting fees; management fees; expenses and liabilities incurred by the Association under or by reason of this Declaration; payment of any default remaining from a previous assessment period; and the creation of a reasonable contingency or other reserve or surplus fund for general, routine maintenance, repairs, and replacement of improvements within the Common Area on a periodic basis, as needed.

Annual Assessments shall be payable in quarterly installments on a prorated basis in advance and shall be due on the first day of each quarter. The omission or failure of the Association to fix the Annual Assessments for any assessment period shall not be deemed a waiver, modification, or release of the Owners from their obligation to pay the same. The Association shall have the right, but not the obligation, to make prorated refunds of any Annual Assessments in excess of the actual expenses incurred in any fiscal year.

Section 11.5. Apportionment of Annual Assessments. Each Owner shall be responsible for that Owner's share of the Common Expenses, which shall be divided among the Residential Units on the basis of the Sharing Ratios in effect on the date of assessment, subject to the following provisions. All expenses (including, but not limited to, costs of maintenance, repair, and replacement) relating to fewer than all of the Residential Units to the extent not covered by insurance shall be borne by the Owners of those affected Residential Units only. The formula establishing Sharing Ratios is an equal allocation among all Residential Units.

Section 11.6. Special Assessments. In addition to the Annual Assessments authorized by this Article, the Association, if permitted under the Act, may levy in any fiscal year one or more Special Assessments, payable over such a period as the Association may determine, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of improvements within the Common Area or for any other expense incurred or to be incurred as provided in this Declaration. This Section 11.6. shall not be



construed as an independent source of authority for the Association to incur expense, but shall be construed to prescribe the manner of assessing expenses authorized by other sections of this Declaration, and in acting under this Section, the Association shall make specific references to this Section. Any amounts assessed pursuant to this Section shall be assessed to Owners in the same proportion as provided for Annual Assessments in Article XI, Section 11.4., subject to the requirements that any extraordinary maintenance, repair or restoration work on fewer than all of the Residential Units shall be borne by the Owners of those affected Residential Units only; and any extraordinary insurance costs incurred as a result of the value of a particular Owner's residence or the actions of a particular Owner (or his agents, servants, guests, tenants, or invitees) shall be borne by that Owner. Notice in writing in the amount of such Special Assessments and the time for payment of the Special Assessments shall be given promptly to the Owners, and no payment shall be due less than 30 days after such notice shall have been given. Special Assessments are currently restricted under the Act.

Section 11.7. Default Assessments. All monetary fines assessed against an Owner pursuant to the Association Documents, or any expense of the Association which is the obligation of an Owner or which is incurred by the Association on behalf of the Owner pursuant to the Association Documents, shall be a Default Assessment and shall become a lien against such Owner's Residential Unit which may be foreclosed or otherwise collected as provided in this Declaration. Notice of the amount and due date of such Default Assessment shall be sent to the Owner subject to such Assessment at least thirty (30) days prior to the due date and such owner shall be given an opportunity to protest the imposition of any fine at a meeting of the Executive Board.

Section 11.8. Effect of Nonpayment; Assessment Lien. Any Assessment installment, whether pertaining to any Annual, Special, or Default Assessment, which is not paid on or before its due date shall be delinquent. If an Assessment installment becomes delinquent, the Association, in its sole discretion, may take any or all of the following actions:



(i) Assess a late charge for each delinquency in such amount as the Association deems appropriate;

(ii) Assess an interest charge from the date of delinquency at the yearly rate of two points above the prime rate charged by the Association's bank, or such other rate as the Executive Board may establish, not to exceed twenty-one percent (21%) per annum;

(iii) Suspend the voting rights of the Owner during any period of delinquency;

(iv) Accelerate all remaining Assessment installments so that unpaid Assessments for the remainder of the fiscal year shall be due and payable at once;

(v) Bring an action at law against any Owner personally obligated to pay the delinquent Assessments; and

(vi) Proceed with foreclosure as set forth in more detail below.

Assessments chargeable to any Residential Unit shall constitute a lien on such Residential Unit. The Association may institute foreclosure proceedings against the defaulting Owner's Residential Unit in the manner for foreclosing a mortgage on real property under the laws of the State of Colorado. In the event of any such foreclosure, the Owner shall be liable for the amount of unpaid Assessments, any penalties and interest thereon, the cost and expenses of such proceedings, the cost and expenses for filing the notice of the claim and lien, and all reasonable attorney's fees incurred in connection with the enforcement of the lien. The Association shall have the power to bid on a Residential Unit at foreclosure sale and to acquire and hold, lease, mortgage, and convey the same.

Section 11.9. Personal Obligation. The amount of any Assessment chargeable against any Residential Unit shall be a personal and individual debt of the Owner of same. No Owner may exempt himself from liability for the Assessment by abandonment of his Residential Unit or by waiver of the use or enjoyment of all or any part of the Common Area. Suit to recover a money



judgment for unpaid Assessments, any penalties and interest thereon, the cost and expenses of such proceedings, and all reasonable attorney's fees in connection therewith shall be maintainable without foreclosing or waiving the Assessment lien provided in this Declaration.

Section 11.10. Successor's Liability for Assessments; Subordination of Lien. The provisions of the Act shall govern and control (a) the obligations of successors to the fee simple title of a Residential Unit on which Assessments are delinquent.

Section 11.11. Payment by Mortgagee. Any Mortgagee holding a lien on a Residential Unit may pay any unpaid Assessment payable with respect to such Residential Unit, together with any and all costs and expenses incurred with respect to the lien, and upon such payment that Mortgagee shall have a lien on the Residential Unit for the amounts paid with the same priority as the lien of the Mortgage.

Section 11.12. Statement of Status of Assessment Payment. Upon payment of a reasonable fee set from time to time by the Executive Board and upon fourteen days' written request to the Manager or the Association's registered agent received by certified mail, return receipt requested, any Owner, Mortgagee, prospective Mortgagee, or prospective purchaser of a Residential Unit shall be furnished with a written statement setting forth the amount of the unpaid Assessments, if any, with respect to such Residential Unit. Unless such statement shall be issued by personal delivery or by certified mail, first class postage prepaid, return receipt requested, to the inquiring party (in which event the date of posting shall be deemed the date of delivery) within fourteen (14) days, the Association shall have no right to assert a lien upon the Residential Unit over the inquiring party's interest for unpaid Assessments which were due as of the date of the request.

Section 11.13. Capitalization of the Association. Upon acquisition of record title to a Residential Unit from Declarant or any seller after Declarant, each Owner shall contribute to the working capital and reserves of the Association an amount equal to twenty-five percent (25%) of the Annual Assessment determined



by the Executive Board for that Residential Unit for the year in which the Owner acquired title. Such payments shall not be considered advance payments of Annual Assessments. The unused portion of the working capital deposit shall be returned to each Owner upon the sale of his Residential Unit, provided that the new purchaser of the Residential Unit has deposited the required working capital deposit with the Association.

ARTICLE XII ASSOCIATION AS ATTORNEY-IN-FACT

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

ARTICLE XIII DAMAGE OR DESTRUCTION

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

Section 13.2. Estimate of Damages or Destruction. As soon as practicable after an event causing damage to or destruction of



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

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

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

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



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

Section 13.6. Decision Not to Rebuild Common Area. If Owners representing at least 80% of the total allocated votes in the Association (other than Declarant) and 51% of the Mortgagees holding First Mortgages (based on 1.0 vote for each First Mortgage which encumbers a Residential Unit) and all directly adversely affected Owners agree in writing not to repair and reconstruct improvements within the Common Area and if no alternative improvements are authorized, then and in that event the damaged property shall be restored to its natural state and maintained as an undeveloped portion of the Common Area by the Association in a neat and attractive condition. Any remaining insurance proceeds shall be distributed in accordance with the Act.

ARTICLE XIV CONDEMNATION

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

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the condemnation proceeding, unless otherwise prohibited by law.

Section 14.2. Partial Condemnation; Distribution of Award; Reconstruction. The award made for such taking shall be payable to the Association.

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

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



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ARTICLE XV
DESIGN REVIEW

No alteration of the exterior of a Residence or other structure located on a Lot, including repainting of the structure and the installation of hot tubs shall be made unless first reviewed by the Executive Board and the Cotton Ranch Design Review Committee. The procedure for design review shall be set forth in writing by the Executive Board, and shall be uniformly applied and enforced. The Executive Board and the Cotton Ranch Design Review Committee shall exercise its best judgment and review the request and recommend to the Cotton Ranch DRC that all modifications to structures and on land within the Property conform to and harmonize with existing surroundings and structures. The Cotton Ranch Design Review Committee has the absolute right to deny any requested changes which the Cotton Ranch DRC reasonably determines do not conform to and harmonize with existing surroundings and structures. The provisions for architectural control contained in this Declaration are intended to be consistent, with and part and parcel of, the architectural control provisions contained in the Master Declaration. The granting of approval by the Board of Directors for proposed work hereunder shall not dispense with the need also to comply with the approval procedures set forth in the Master Declaration. All proposed construction, modifications, alterations and improvements shall be reviewed pursuant to this Declaration before being submitted for approval pursuant to the Master Declaration.

ARTICLE XVI
MORTGAGEE'S RIGHTS

The following provisions are for the benefit of holders, insurers, or guarantors of First Mortgages on Residential Units. To the extent permitted under Colorado law and applicable, necessary, or proper, the provisions of this Article XVII apply to this Declaration and also to the Articles and Bylaws of the Association.

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

(i) By act or omission seek to abandon, partition, subdivide, sell, or transfer all or part of the Common Area (provided, however, that the granting of easements or rights of way for public utilities or for other purposes consistent with the intended use of such Common Area shall not be deemed a transfer within the meaning of this clause);

(ii) Subject to the expansion rights of Declarant set forth in Article XXII, change the method of determining the obligations, Assessments, dues, or other charges which may be levied against an Owner;

(iii) Fail to maintain insurance required to be maintained under this Declaration;

(iv) Use hazard insurance proceeds for losses to improvements in the Common Area for other than the repair, replacement, or reconstruction of such property.

Section 16.2. Title Taken by Mortgagee. Any Mortgagee holding a First Mortgage of record against a Residential Unit who obtains title to the Residential Unit pursuant to remedies exercised in enforcing the Mortgage, including foreclosure of the Mortgage or acceptance of a deed in lieu of foreclosure, will be liable for all Assessments due and payable as of the date title to the Residential Unit (i) is acquired or (ii) could have been acquired under the statutes of Colorado governing foreclosures, whichever is earlier. Such Mortgagee shall also become liable for any Assessments having priority over the Mortgage pursuant to the terms and provisions of the Act.

Section 16.3. Distribution of Insurance or Condemnation Proceeds. In the event of a distribution of insurance proceeds or condemnation awards allocable among the Residential Units for losses to, or taking of, all or part of the Common Area, neither

the Owner nor any other person shall take priority in receiving the distribution over the right of any Mortgagee who is a beneficiary of a First Mortgage against the Residential Unit.

Section 16.4. Right to Pay Taxes and Charges. Mortgagees who hold Mortgages against Residential Units may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against any Common Area, and may pay overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy for such Common Area, and Mortgagees making such payments shall be owed immediate reimbursement therefor from the Association.

ARTICLE XVII DURATION OF COVENANTS AND AMENDMENT

Section 17.1. Term. The covenants and restrictions of this Declaration shall run with and bind the land in perpetuity, subject to the termination provisions of the Act.

Section 17.2. Amendment. This Declaration, or any provision of it, may be amended at any time by Owners holding not less than 67% of the votes possible to be cast under this Declaration at a meeting of the Owners called for that purpose and by an instrument signed by at least 51% of the Mortgagees holding First Mortgages against any portion of the Property (based on one vote for each Mortgage owned), except as limited by Article XVI. Any amendment must be executed by the President of the Association and recorded, and approval of such amendment may be shown by attaching a certificate of the Secretary of the Association to the recorded instrument certifying the approval of a sufficient number of Owners of the amendment. Notwithstanding the foregoing, no amendment shall be made under this Section if such amendment would affect the rights of Declarant as reserved herein. Declarant, acting alone, reserves to itself the right and power to modify and amend this Declaration and/or the Plat to the fullest extent permitted under the Act including, without limitation, the right and power to modify and amend this Declaration and/or Plat to comply with the provisions of the Act.



Section 17.3. Revocation. This Declaration shall not be revoked, except as provided in Article XIV regarding total condemnation, without the consent of all of the Owners evidenced by a written instrument duly recorded.

ARTICLE XVIII
LIMIT ON TIMESHARING

No Owner of any Residential Unit shall offer or sell any interest in such Residential Unit under a "timesharing" or "interval ownership" plan, or any similar plan without the specific prior written approval of the Association and the Master Association.

ARTICLE XIX
USER RESTRICTIONS

The following restrictions shall apply to all unit owners, guests, tenants and other invitees:

- a) At no time may residents household contain more than one dog. Other common household pets shall be allowed in a reasonable amount to be determined by the board of directors.
- b) Satellite dishes or other antennae are only allowed if approved by the Cotton Ranch design Review Committee pursuant to Article XV. Herein.
- c) No outdoor clotheslines or other laundry drying device shall be allowed in the subdivision.
- d) The board of directors shall have the power to create a fine system to enforce these restrictions and promulgate other articles it deems in the best interest of the community.

ARTICLE XX
COVENANTS RELATING TO THE MASTER DECLARATION

Section 20.1. Master Declaration Matters. Each Owner, by accepting a deed to a Residential Unit, recognizes that (a) the Property is subject to the Master Declaration, (b) by virtue of his ownership, he has become a member of the Master Association. Each Owner, by accepting a deed to a Residential Unit,

acknowledges that he has received a copy of the Master Declaration. The Owner agrees to perform all of his obligations as a member of the Master Association as they may from time to time exist, including, but not limited to, the obligation to pay assessments as required under the Master Declaration and other governing documents of the Master Association.

Section 20.2. Enforcement of Master Declaration.

A. The Association shall have the power, subject to the primary power of the Board of Directors of the Master Association, to enforce the covenants and restrictions contained in the Master Declaration, but only if said covenants and restrictions relate to the Property, and to collect assessments on behalf of the Master Association.

B. This Declaration is intended to supplement the Master Declaration as it applies to the Property. In addition to all of the obligations which are conferred or imposed upon the Association pursuant to this Declaration, the By-Laws or the Articles of Incorporation, the Association shall be subject to all of the obligations imposed upon it pursuant to the Master Declaration and the By-Laws of the Master Association. The Association and all committees thereof shall also be subject to all superior rights and powers which have been conferred upon the Master Association pursuant to the Master Declaration and the By-Laws of the Master Association. The Association shall take no action in derogation of the rights of, or contrary to the interests of, the Master Association.

ARTICLE XXI

OWNER ACKNOWLEDGMENTS

Section 21.1. Roads. The access road and the roads within the Property are dedicated to the town of Gypsum. The town is responsible for maintenance and plowing.

Section 21.2. Construction. The Property is located within the Cotton Ranch Subdivision, and prior to the completion of

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other homesites on the Property and within the subdivision, there are expected to be construction-related activities in progress which may cause noise, dust and other attendant inconveniences.

ARTICLE XXII EXPANSION

22.1 Reservation of Expansion and Withdrawal Rights.

A. Declarant reserves the right for itself and any Successor Declarant to subject all or any part of the Property to the provisions of this Declaration and thereby expand the Property to include up to a maximum of thirty (30) Residential Units and to expand the Common Area. Notwithstanding the expansion rights set forth in this Article, no property shall hereafter be made subject to this Declaration unless at the time it is made subject hereto it is subject to the Master Declaration.

B. Subject to those restrictions set forth in Section 38-33.3-222 of the Act, Declarant reserves the right for itself and any Successor Declarant at any time and from time to time for a period of ten years after the date this Declaration is first recorded to subject unspecified real property to the provisions of this Declaration.

22.2 Supplemental Declarations and Supplemental Plats. Such expansion may be accomplished by the filing for record by Declarant in the office of the Clerk and Recorder for Eagle County, Colorado, of one or more Supplemental Declarations and, if the real property being subject to this Declaration by such Supplemental Declaration has not been previously platted in a plat recorded in the office of the Clerk and Recorder for Eagle County, Colorado, of a Supplemental Plat depicting such Expansion Property recorded concurrently with the applicable Supplemental Declaration. The Supplemental Declaration shall set forth the Lots and other real property, if any, to be included in the expansion, together with any covenants, conditions, restrictions and easements particular to such property. The expansion may be accomplished in stages by successive supplements or in one



supplemental expansion. Declarant may exercise Such rights for expansion on all or any portion of the Expansion Property in whatever order of development Declarant in its sole discretion, determines.

22.3 Expansion of Definitions. In the event of such expansion, the definitions used in this Declaration shall be expanded automatically to encompass and refer to the Property subject to this Declaration as so expanded. For example, "Residential Unit" shall mean the Residential Units comprising part of the Property plus any additional Residential Units added by a Supplemental Declaration or Declarations and, if necessary, Supplemental Plat or Plats, and reference to this Declaration shall mean this Declaration as supplemented. All conveyances of Residential Units shall be effective to transfer rights in the Property as expanded.

22.4 Declaration Operative on New Residential Units.

A. The new Residential Units shall be subject to all of the terms and conditions of this Declaration and of any Supplemental Declaration, upon placing the Supplemental Declaration(s) describing the Expansion Property and, if necessary, Supplemental Plat(s) of public record in the real estate records of Eagle County, Colorado.

B. It is contemplated that additional Residential Units on the Property will be committed to this Declaration, but Declarant and any Successor Declarant shall have no affirmative obligation to construct any additional Residential Units. In the event that a portion of the Expansion Property is submitted to the provisions of this Declaration, Declarant shall retain the right to, but shall not be obligated to, submit additional portion of the Expansion Property to the provisions of the Declaration. The rights of Declarant and any Successor Declarant, as described herein, shall be in accordance with these provisions relating to enlargement thereof.

C. No rights of any character of any Owner in Residential Units in the Expansion Property shall attach until a Supplemental Declaration and, if necessary, Supplemental Plat is filed or



recorded annexing the units constructed in such area to Country Club Cottages at Cotton Ranch. Upon the recording of such Supplemental Declaration and, if necessary, Supplemental Plat, the Residential Units constructed in the area shall be deemed to be governed in all respects by the provisions of this Declaration.

22.5 Effect of Expansion.

A. Upon the construction of additional Residential Units and their inclusion under this Declaration and the filing of the Supplemental Declaration(s) and, if necessary, Supplemental Plat(s) thereof, the Sharing Ratio applicable to a Residential Unit shall automatically be reduced to a fraction, the numerator of which shall be one (1) and the denominator of which shall be equal to the aggregate number of Residential Units then subject to this Declaration. Such reduction in the Sharing Ratio appurtenant to a Residential Unit shall be reflected and set forth in the Supplemental Declaration.

B. Notwithstanding any inclusion of additional Residential Units under this Declaration, each Owner (regardless of whether such Owner is the owner of a Residential Unit shown on the original plat or is the owner of a Residential Unit constructed in the Expansion Property) shall remain fully liable with respect to his obligation for the payment of the Common Expenses of the Association, including the expenses for such new Common Area, costs and fees, if any. The recording of a Supplemental Declaration or Supplemental Plat shall not alter the amount of the Common Expenses assessed to a Residential Unit to such recording.

22.6 Termination of Expansion and Development Rights. The rights reserved to the Declarant for itself, its successors and assigns for the expansion and development of the Expansion Property ("Expansion and Development Rights") shall expire twenty (20) years from the date of recording this Declaration, unless



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terminated earlier pursuant to the terms and provisions of the Act, or unless the Expansion and Development Rights are (I) extended as allowed by law or (ii) reinstated or extended by the Association subject to whatever terms, conditions, and limitations the Executive Board may impose on the subsequent exercise of the Expansion and Development Rights by Declarant.

ARTICLE XXIII
RIGHT OF FIRST REFUSAL BY DECLARANT

23.1. Exercise of Right. In the event any Owner of a Residential Unit, within in 24 months of when owner became a recorded title holder, other than Declarant, shall wish to sell his Residential Unit and shall have received a bona fide contract therefor from a prospective purchaser, Declarant, so long as Declarant remains an Owner of a Residential Unit or lot on this subdivision, shall be given written notice thereof, together with an executed copy of such contract. The notice and copy of the contract shall be delivered to the Executive Board, who shall notify Declarant of such notice and contract. Such notice shall be deemed given when posted in the United States Mail, postage prepaid, and addressed to Declarant at its address carried on the books of the Association. Declarant shall have the right to purchase the subject Residential Unit upon the same terms and conditions as set forth in the contract. If Declarant elects to purchase the Residential Unit, Declarant shall, within twenty (20) days of the receipt of the notice and contract from the Owner, provide written notice of such election to purchase to the Executive Board, a member of which shall notify the Residential Unit Owner of Declarant's election. Upon such election to purchase, Declarant shall provide any down payment or deposit as may be required under the terms of the contract to an escrow agent and the closing on the Residential Unit shall take place on the date and at the time set forth in the original contract. Notwithstanding the foregoing, in the event Declarant has exercised its right to purchase hereunder and, at its sole discretion, determines the time for closing as provided in the contract is insufficient for its practical performance of the provisions of this Article, the selling Residential Unit Owner shall grant Declarant an extension to close on the purchase up to an additional twenty-one (21) days beyond the closing date set

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forth in the contract.

23.2. Sale by Owner. In the event any Owner, other than Declarant, shall attempt to sell his Residential Unit without affording Declarant the right of first refusal herein provided, such sale shall be wholly null and void and shall confer no title or interest whatsoever upon the intended purchaser, who shall be subject to eviction and removal, forcible or otherwise, with or without process of law. In no case shall the right of first refusal reserved for Declarant herein affect the right of an Owner to subject his Residential Unit to a bona fide trust deed, mortgage or other security instrument.

23.3. No Waiver. The failure of or refusal by Declarant to exercise the right to purchase reserved hereunder shall not constitute or be deemed to be a waiver by Declarant of such right to purchase in the event the Owner receives any subsequent bona fide contract from a prospective purchaser. Except as otherwise provided in this Article and except upon transfer of title to a public trustee or to a Mortgagee, each and every conveyance by an Owner of a Residential Unit shall be, for all purposes, deemed to include and incorporate in such instrument of conveyance an agreement that the purchaser or grantee carry out the provisions of Declarant's right of first refusal as provided in this Article.

23.4. Exemption for First Mortgagees. In the event of any default on the part of any Owner under any First Mortgage which entitles the holder thereof to foreclose the same, any sale under such foreclosure, including delivery of a deed to a First Mortgagee in lieu of such foreclosure, shall be made free and clear of the provisions of this Article, and the purchaser (or grantee under such deed in lieu of foreclosure) of such Residential Unit shall be thereupon and thereafter subject to the provisions of this Declaration, the Articles of Incorporation, the Bylaws and rules and regulations of the Association. If the purchaser following such foreclosure sale (or grantee under a deed given in lieu of such foreclosure) shall be the then holder of the First Mortgage, or its nominee, the said holder or nominee may thereafter sell and convey the Residential Unit free and clear of the provisions of this Article, but its grantee shall thereupon and thereafter be subject to all of the provisions



thereof.

23.5. Other Exemptions. The following transfers are also exempt from the provisions of this Article:

A. The transfer by operation of law of a deceased joint tenant's interest to the surviving joint tenant(s);

B. The transfer of a deceased's interest to a devisee by will or his heirs at law under intestacy laws;

C. The transfer of all or any part of a partner's interest as a result of withdrawal, death or otherwise, to the remaining partners carrying on the partnership business and/or to a person or persons becoming partners. A transfer of all or part of a partner's or partners' interests between one or more partners and/or to persons becoming partners;

D. The transfer by gift;

E. The transfer of an Owner's interest to a trustee;

F. The transfer or conveyance by operation of law or otherwise of the interest of any Owner to any other co-Owner, where such co-Owners held title to a Residential Unit as tenants in common or as joint tenants;

G. The transfer of an Owner's interest by treasurer's deed pursuant to a sale for delinquent taxes, or by sheriff's deed pursuant to a judgment execution sale;

H. The transfer of a corporation's ownership interest to persons owning stock in the corporation as a result of a dissolution, distribution of a dividend, merger or consolidation; or any transfer of a corporation's ownership interest between a parent corporation and its majority owned subsidiaries;

I. Any transfer from Declarant.

Further conveyances by such persons, Owners, grantees or donees acquiring an interest shall be subject to all of the provisions of this Article.

23.6. Certificate of Compliance. Upon written request of any prospective transferee, purchaser, or a prospective mortgagee of a Residential Unit and payment of a reasonable fee not to exceed One Hundred Dollars (\$100.00), the Manager or the Association by its Secretary shall issue a written acknowledged certificate in recordable form evidencing that:

A. With respect to a proposed sale, that proper notice was given by the selling Owner and that Declarant did not elect to exercise its option to purchase under this Article;

B. With respect to a deed to a First Mortgagee or its nominee in lieu of foreclosure and a deed from such First Mortgagee or its nominee, pursuant to the exemption in this Article, that the deeds were in fact given in lieu of foreclosure and received the exemption provided by this Article;

C. With respect to any transfer which is exempt from the right of first refusal provisions of this Article, pursuant to the provisions of this Article, that the transfer is exempt.

ARTICLE XXIV

GENERAL PROVISIONS

Section 24.1. Restriction on Declarant Powers. Notwithstanding anything to the contrary herein, no rights or powers reserved to Declarant hereunder shall exceed the time limitations or permissible extent of such rights or powers as restricted under the Act. Any provision in this Declaration in conflict with the requirements of the Act shall not be deemed to invalidate such provision as a whole but shall be adjusted as is necessary to comply with the Act.



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Section 24.2. Enforcement.

A. Except as otherwise provided in this Declaration, the Executive Board, Declarant, or any Owner shall have the right to enforce, by a proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens, and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Executive Board of the Association, Declarant, or by any Owner to enforce any covenant or restriction contained in this Declaration shall in no event be deemed a waiver of the right to do so thereafter.

B. The Master Association shall be entitled to enforce the provisions of this Declaration to the same extent as the Association or any Owner. The failure of the Master Association to enforce any of the limitations, restrictions, conditions or covenants contained herein shall not constitute a waiver of the right to enforce the same thereafter. No liability shall be imposed on, or incurred by, the Master Association as a result of such failure. The prevailing party in any action at law or in equity instituted by the Master Association or the Association to enforce or interpret said limitations, restrictions, conditions or covenants, shall be entitled to all costs incurred in connection therewith, including without limitation, reasonable attorneys' fees.

Section 24.3. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

Section 24.4. Conflicts Between Documents. In case of conflict between this Declaration and the Articles and the Bylaws of the Association, this Declaration shall control. In case of conflict between the Articles and the Bylaws, the Articles shall control.



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COUNTRY CLUB COTTAGES LLC, a
Colorado limited liability company

By: SHAPIRO DEVELOPMENT COMPANY, a
Colorado corporation, Manager

By: [Signature]

STATE OF COLORADO)

Name: Stuart Boone

COUNTY OF Eagle)

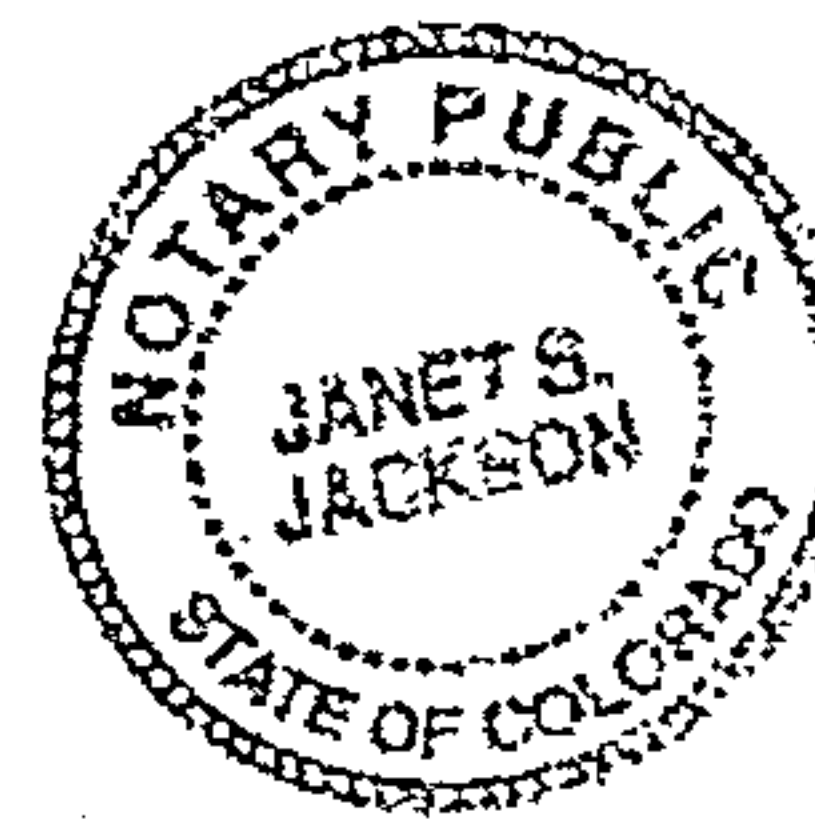
ss.

Title: Vice President

The foregoing instrument was acknowledged before me this 14th
day of Nov, 2000, by Stuart Boone as Vice President of
Shapiro Development Company, a Colorado corporation, as Manager
of Country Club Cottages LLC, a Colorado limited liability
company.

WITNESS MY HAND AND OFFICIAL SEAL.

MY COMMISSION EXPIRES: 5-8-03



Notary Public

[Signature: Janet S. Jackson]



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EXHIBIT C

Sharing Ratios and Formula

Residential Unit

Sharing Ratio

The formula for Sharing Ratios is an equal allocation among all Residential Units. No Residential Units have been subjected to this Declaration hereby and, therefore, no Sharing Ratios have been computed.



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EXHIBIT A
PROPERTY DESCRIPTION


Lots 166, 167, 168, 169, 170, 171, 174, 175, 176, 177, 178, 179,
180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 193,
and parcels C and D, Cotton Ranch Planed Unit development Filing
5, according to the Plat thereof recorded December 17, 1997 in
Book 746 at Page 652 as reception No. 642596.



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EXHIBIT B
EXPANSION PROPERTY

Lots 172 and 173 Cotton Ranch Planned Unit Development Filing 5,
According to the plat thereof recorded December 17, 1997 in Book
746 at Page 652 as Reception No.642596.


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