

HOLLIDAY HOUSE
CONDOMINIUM DECLARATION OF RESTRICTIONS

City of Glenwood Springs
Garfield County, Colorado

KNOW ALL MEN BY THESE PRESENTS that HOLLIDAY HOUSE CONDOMINIUMS, INC., a Colorado corporation, and JEFFREY MARCUS PEASE, being desirous of protecting the health, convenience, welfare, and defining use of the units within the HOLLIDAY HOUSE CONDOMINIUM COMPLEX (hereinafter "Holliday House"), do hereby declare and adopt the following protective covenants, conditions, and restrictions, all of which run with the real property and shall be binding upon all parties acquiring any interest therein or thereto.

ARTICLE I - RECITALS

Section 1. The Declarant. Holliday House Condominiums, Inc. and Jeffrey Marcus Pease are the sole owners of the property hereinafter described and are hereinafter collectively referred to as the "declarant."

Section 2. The Property. Declarant is the owner of that certain real property located in the City of Glenwood Springs, Garfield County, Colorado (hereinafter "the property"), more particularly described as follows:

A parcel of land situated in the East one-half of the NE1/4 of Section 16, Township 6 South, Range 89 West of the Sixth Principal Meridian, Garfield County, Colorado, said parcel of land being part of and within the South 132.00 feet of the North 1312.00 feet of said East half NE1/4 of said Township and Range and being described as follows:

Beginning at a point whence the Northeast corner of said Section 16 bears S. 88°35'00" E., 932.08 feet to a point on the east line of said Section 16 and N. 01°25'00" E., 1180.00 feet along said Section line; thence from said point of beginning S. 88°35'00" E., 378.58 feet to a point on the Westerly line of Blake Avenue; thence S. 14°51'00" W. 135.72 feet along the westerly line of said Blake Avenue to a point on the Southerly line of said South 132.00 feet of the North 1312.00 feet; thence N. 88°35'00" W. 347.04 feet along said Southerly line; thence N. 01°25'00" E. 132.00 feet to the point of beginning, containing 1.10 acres, more or less.

Section 3. The Development. HOLLIDAY HOUSE is a development which provides for the ownership under the Condominium Ownership Act of the State of Colorado of condominium units, each of which shall constitute and be utilized as a single family residence.

Section 4. The Purpose. Declarant intends to define the character, duration, rights, obligations, and limitations of condominium ownership in HOLLIDAY HOUSE, and for such purpose executes this condominium declaration.

ARTICLE II - DEFINITIONS

The following terms shall have the following meanings when used herein unless the context otherwise requires:

Section 1. Building. Building means the building presently constructed and existing on the property.

Section 2. Unit. A unit means an individual air space unit together with the interest in the common elements appurtenant to such unit; and shall refer to any of the numbered units shown on the plat.

Section 3. Owner. Owner means any person or entity including the declarant at any time owning a unit; the term "owner" shall not refer to any mortgagee as herein defined unless such mortgagee has acquired title pursuant to foreclosure or any proceeding in lieu of foreclosure.

Section 4. Association. Association means HOLLIDAY HOUSE Condominium Association, Inc., a Colorado corporation not for profit, its successors and assigns.

Section 5. Common Elements. Common elements means all parts of the property, improvements, installations, and facilities which are not included within the units, including the general common elements and the limited common elements.

Section 6. Limited Common Elements. Limited common elements means those common elements reserved for use by fewer than all of the owners of the individual air space units as designated in this Declaration.

Section 7. General Common Elements. General common elements means and includes all the common elements except the limited common elements.

Section 8. Plat. Plat shall mean the plat of HOLLIDAY HOUSE CONDOMINIUMS recorded the 14 day of March, A.D. 1980, as Reception No. 302435 in the records of the Clerk and Recorder of Garfield County, Colorado, and any other amended supplemental or additional plats or filings thereof designating condominium units.

Section 9. Mortgage. Mortgage means any mortgage, deed of trust, or other security instrument by which a unit or any part thereof is encumbered.

Section 10. Mortgagee. Mortgagee means any person or entity named as a mortgagee or beneficiary under any deed of trust or mortgage under which the interest of any owner is encumbered.

Section 11. Common Expenses. Common expenses means and includes expenses for utilities, maintenance, repair, operation, management, administration, and expenses declared common expenses by the provisions of this Declaration, the Articles of Incorporation or the By-Laws of the Association (including any amendments thereto) and all sums lawfully assessed by the Board of Managers of the Association.

ARTICLE III - CONDOMINIUM OWNERSHIP

Section 1. The Project. The property is hereby divided into common elements and separate fee simple interests in

individual units, all as more particularly described in this Declaration and as depicted upon the plat.

Section 2. Limited Common Elements. Limited common elements shall consist of and include the decks, patio areas, and all those parts and portions of the building, land, and improvements so designated on the plat. All such limited common elements shall be used in connection with such unit to which the same is designated as appurtenant on the plat, to the exclusion of the other owners.

Section 3. No Right To Combine Units. Each unit shall be utilized by the owner or owners thereof as a separate unit. In no event shall two or more units be utilized by the owner or owners thereof as one unit, nor shall any alterations be made in any of the walls between units in order to permit access between the units.

Section 4. Title. Title to a condominium unit may be held or owned by any person or entity in any manner by which title to any other real property may be held or owned in the State of Colorado.

Section 5. Enjoyment Of Common Elements. Subject to the limitations contained in this Declaration, every owner shall have the nonexclusive right to use and enjoy the general common elements and shall have the exclusive right to use and enjoy the limited common elements designated herein as appurtenant to his particular unit.

Section 6. Inseparability. No part of a unit or of the legal rights comprising ownership of a unit may be separated from any other part thereof. Each unit and the undivided interest in the common elements appurtenant to such unit shall always be conveyed, transferred, gifted, devised, encumbered, or otherwise affected only as a complete unit.

Any and every conveyance, transfer, gift, devise, encumbrance, or other disposition of a unit, or any part thereof, shall be presumed to be a conveyance, transfer, gift, devise, encumbrance, or disposition, as the case may be, of the entire unit, together with all appurtenant rights created by law or by this Declaration.

Section 7. No Partition. The common elements shall be owned in common with all owners of the condominium units and no owner may bring any action for partition thereof.

Section 8. Tax Assessment. Upon the recording of this Declaration and the filing of the plat for record in the office of the Garfield County, Colorado, Clerk and Recorder, declarant shall deliver a written notice to the Assessor of Garfield County, Colorado, as provided by law, which notice shall set forth the descriptions of the units. Thereafter all taxes, assessments, and other charges of the city, state, or of any political subdivision or of any special improvement district, or of any other taxing or assessing authority shall be assessed against and collected on each unit, each of which shall be carried on the tax books as a separate and distinct parcel for that purpose and not on the building or property as a whole. The valuation of the common elements shall be assessed and apportioned among the units equally. The lien for taxes assessed to any owner shall be confined to his unit and to his undivided interest in the common elements. No forfeiture or sale of any unit for delinquent taxes, assessments, or other governmental charges shall divest or in any way affect the title of the other units.

Section 9. Interior Maintenance. Each owner shall have the exclusive right, at his sole cost and expense, to maintain, repair, and decorate the interior surfaces of the

walls, ceilings, floors, and doors forming the boundaries of his unit, and all walls, ceilings, floors, and doors within such boundaries; provided, however, that no owner shall alter or enclose window openings or door openings without the prior written approval of the Association.

ARTICLE IV - EASEMENTS

Section 1. Plat Dedication. All dedicated easements shown on the plat or provided herein are hereby reserved for the purposes intended.

Section 2. Access. Ingress and egress is reserved for pedestrian traffic over, through, and across sidewalks, paths, walks, and lanes as the same may from time to time exist upon the common elements; easements are reserved for pedestrian and vehicle traffic over, through, and across such driveways and parking areas as from time to time may be paved and intended for such purposes.

Section 3. Utilities. The property shall be subject to a blanket easement over, across, and through the common elements to install, repair, replace, and maintain all utilities, including, without limitation, water, sewer, gas, telephone, electricity, and cable TV.

Section 4. Maintenance Easement. The common elements, and to the extent necessary, the units themselves, shall be subject to an easement in the Association, including its agents, employees, contractors, and subcontractors, for providing maintenance and repairs as provided for in this Declaration.

Section 5. Encroachments. If a unit shall encroach upon any other unit by reason of original construction or by the nonpurposeful or nonnegligent act of the owner, then an easement appurtenant to such encroaching unit, to the extent

of such encroachment, shall exist so long as such encroachment shall exist. If any common element shall encroach upon any unit by reason of original construction, or the nonpurposeful or nonnegligent act of the Association, then an easement appurtenant to such common element to the extent of such encroachment shall exist so long as such encroachment shall exist.

Section 6. Miscellaneous. The above and foregoing easements and covenants are intended and hereby are declared to run with the land and to be appurtenant to the respective units, and each of them.

Section 7. Creation. All conveyances of units hereafter made, whether by the declarant or otherwise, shall be construed to grant and reserve such reciprocal easements as shall give effect to the preceding sections of this Article, even though no specific reference to such easements appear in the conveyance.

ARTICLE V - IMPROVEMENTS

Section 1. The Complex. HOLLIDAY HOUSE shall consist of the building presently constructed and existing on the property containing a total of thirty-three (33) condominium units with adjacent land as more particularly described in this Declaration and set forth on the plat.

Section 2. The Units. Each unit shall include that part of the property that lies within the following boundaries of such unit:

- (a) The upper boundary shall be the horizontal plane of the unfinished ceiling of the unit as constructed; and
- (b) The lower boundaries shall be the horizontal plane of the unfinished floor of the unit as constructed; and
- (c) The perimetrical boundaries shall be the vertical planes of the unfinished interior of the outside

walls bounding the unit as constructed, extended to intersections with each other and with the upper and lower boundaries.

ARTICLE VI - INTERESTS IN THE COMMON ELEMENTS

The undivided interest in the common elements appurtenant to each unit is as follows:

<u>Unit Designation</u>	<u>Appurtenant Undivided Interest In The Common Elements</u>
11	2.05%
101	2.90%
102	2.90%
103	2.81%
104	2.34%
105	2.81%
106	2.81%
107	2.34%
108	2.81%
109	2.98%
110	2.34%
112	2.98%
201	3.02%
202	5.42%
203	4.32%
204	2.84%
205	2.84%
206	2.84%
207	2.84%
208	2.38%
209	2.38%
210	3.02%
211	3.02%
301	5.27%
302	5.42%
303	2.84%
304	2.84%
305	2.84%
306	2.84%
307	2.38%
308	2.38%
309	3.02%
310	3.02%

ARTICLE VII - DESCRIPTION OF CONDOMINIUM UNIT

Every deed for the conveyance of a unit and every other instrument affecting title to a unit may describe that unit by the number shown on the plat with appropriate reference to the plat and to this Declaration as each shall appear in the Garfield County, Colorado, records in the following fashion:

Condominium Unit _____ as shown on the condominium plat for HOLLIDAY HOUSE CONDOMINIUMS appearing in the records of the Clerk and Recorder of Garfield County, Colorado,

as Reception No. 302435, and as defined and described in the Declaration Of Restrictions appearing in such records as Reception No. 302434.

Such description shall be construed to describe the unit together with the appurtenant undivided interest in the common elements and to incorporate all rights incident to ownership of a unit and all limitations on such ownership as described in this Declaration, including all appurtenant undivided interests and all rights, limitations, privileges, and obligations arising under and by virtue of the Articles of Incorporation and By-Laws of the Association.

ARTICLE VIII - MECHANIC'S LIEN RIGHTS

No labor performed or materials furnished for use in connection with any unit with the consent or at the request of an owner, his agent, or subcontractor shall create any mechanic's lien or right to file a statement of mechanic's lien against the unit of any other owner, or against any interest in the common elements except as to the undivided interest therein appurtenant to the unit of the owner for whom such labor shall have been performed or materials furnished.

ARTICLE IX - THE ASSOCIATION

Section 1. Membership. Every owner shall be entitled and required to be a member of the Association. An owner shall be entitled to one membership for each unit owned by him. Each such membership shall be appurtenant to and inseparable from the unit upon which it is based, and shall be transferred automatically by the the transfer (in whatsoever form) of that unit. Ownership of a unit shall be the sole qualification for membership. No person or entity other than an owner may be a member of the Association.

Section 2. Voting. The Association shall have one class of voting membership. Each unit shall be entitled to one vote. Owners of more than one unit shall have one vote for each unit owned. If any unit is owned by multiple parties, all such parties shall be members; provided, however, that the vote for such unit to which such membership is entitled shall be exercised as the several owners among themselves shall determine, but in no event shall more than one vote be cast with respect to any one unit.

Section 3. Borrowing. The Association, in accordance with its Articles Of Incorporation and By-Laws shall have the right to borrow money for the purpose of improving and/or maintaining the common elements, with the prior written approval of the owners of not less than 75% of the units.

Section 4. Rules And Regulations. The Association may promulgate and from time to time supplement and amend reasonable rules and regulations governing the use of the units and the common elements, which rules and regulations shall be consistent with the rights and duties established in this Declaration.

Section 5. Exercise Of Powers. The Association may exercise any right or privilege given it expressly by this Declaration or by law, and every other right, privilege, and power reasonably to be implied from the existence of any right or privilege given it herein or by its Articles Of Incorporation or By-Laws or reasonably necessary to effectuate its function and purposes.

Section 6. Assessments. The Association shall have the right to levy and make assessments, in accordance with its Articles Of Incorporation and By-Laws, for the following purposes:

- (a) To promote the recreation, health, safety, and welfare of the owners and the residents of the property;
- (b) To pay taxes and special assessments levied against the common elements;
- (c) To provide lawn care and ground care for the common elements;
- (d) To provide for the removal of snow from sidewalks, roadways, driveways, and parking lots which form a part of the common elements;
- (e) To pay common utility expenses to include water, sewer, trash removal, and heating (gas);
- (f) To pay all charges for lighting or other utilities attributable to the common elements;
- (g) To pay the premiums for all insurance which the Association is required or permitted to maintain;
- (h) To pay wages for Association employees, Association management expenses, legal and accounting fees;
- (i) To pay any deficit remaining from any previous assessment period;
- (j) To create a reasonable contingency reserve surplus and/or sinking fund;
- (k) To pay all charges incurred in the cleaning, maintenance, and repair of the common elements;
- (l) To pay any other expenses and liabilities which may be incurred by the Association for the benefit of the owners under or by reason of this Declaration, its Articles Of Incorporation, or By-Laws.

Section 7. Payment Of Assessments. Each owner shall pay to the Association in accordance with its Articles Of Incorporation and By-Laws such assessments and special assessments as may be periodically made by the Association for the purposes authorized in this Declaration.

Section 8. Apportionment Of Assessments. All assessments, for common expenses or otherwise, shall be shared among the units in proportion to undivided interest in the common elements appurtenant to each unit.

Section 9. Capital Assessment. The Association may levy special assessments for the purpose of defraying, in

whole or in part, the cost of any construction, reconstruction, or replacement of a capital improvement upon the common elements with the prior written approval of the owners of not less than 75% of the units. For purposes of this section the repair, maintenance, or replacement of roads and utility lines shall be considered capital improvements.

Section 10. Assessment Liens. All sums assessed to any unit by the Association shall be secured by a lien on such unit in favor of the Association. Such lien shall be subordinate to any valid tax and special assessment liens on the unit in favor of any governmental assessing authority, to the lien for any sums unpaid on a first mortgage or deed of trust of record on such unit, and to any executory land sales contract owned, guaranteed or insured by the Veterans Administration. Except as herein provided, such assessment lien shall be superior to all other liens and encumbrances on such unit. No owner may exempt himself from liability for such assessments or assessment liens by waiving use of any of the common elements or by abandonment of his unit. A transfer (by whatever method) of any unit shall not affect the assessment lien; provided, however, that the sale or transfer of any unit as a result of the foreclosure of a prior mortgage deed or deed of trust, through the Courts or through the Public Trustee, or through any proceeding in lieu of foreclosure, shall extinguish the lien of such assessments which became due prior to such sale or transfer, but shall not relieve any former owner of personal liability therefore. No such sale or transfer shall relieve such unit from liability for any assessments and assessment liens thereafter accruing.

Section 11. Collection Of Assessments. Assessments shall be due and payable within thirty days after the date the same are levied. If not paid within that time, the same shall be considered delinquent. All delinquent assessments shall bear interest from the date of delinquency at the rate of 12% per annum, and the Association may further assess a late charge for each month the delinquency continues. The Association shall have the right to bring an action at law against the owner personally obligated to pay any delinquent assessments. In addition to such action, or as an alternative, the Association may record in the office of the Clerk and Recorder of Garfield County, Colorado, a Statement Of Lien setting forth the name of the owner, the legal description of the unit, the name of the Association, and the amount of the delinquent assessment, which statement shall be signed and acknowledged by an executive officer of the Association and which shall be served upon the owner of the property by ordinary mail, mailed to the address of the unit, or to such other address as the Association may have in its records for the owner of the property. Upon the expiration of not less than ten days following the mailing of such notice, the Association may proceed to foreclose the Statement of Lien in the same manner as provided for the foreclosure of mortgages on real property. The Association shall be entitled to recover as a part of any action (whether a foreclosure action as described above or a personal action) the full amount of all delinquent assessments, together with interest, late charges, costs, and expenses of suit including, without limitation, costs and expenses of depositions, and its reasonable attorneys' fees incurred.

Section 12. Periodic Assessments. The Association shall fix the amount of such periodic assessments as may be required and establish the manner in which the same shall be paid (monthly, quarterly, semiannually, or annually) not less than thirty days in advance of the time the same shall become due. Written notice thereof shall promptly be sent to each owner.

Section 13. Assessment Certificates. Upon request, the Association shall provide any owner, prospective purchaser, mortgagee, or prospective mortgagee, a certificate, in writing, signed by an officer of the Association, setting forth the amount of any assessments, interest, or late charges due in connection with a specified unit. A reasonable charge may be made by the Association for the issuance of such certificates.

Section 14. Commencement Of Assessments. Assessments shall commence with regard to each unit on the first day of the month following the first conveyance of a unit by the declarant. Once assessments shall commence as herein provided, the declarant shall pay all assessments attributable to units owned by the declarant, whether constructed or not.

Section 15. Exempt Property. All properties dedicated to and accepted by a local authority shall be exempt from any and all assessment liens of the Association.

Section 16. Notice To Mortgagee. Upon request of the first mortgagee or the beneficiary of the first deed of trust covering any unit, the Association shall report to such mortgagee or beneficiary any unpaid assessments or other defaults under the terms of this Declaration which remain uncured for a period in excess of thirty days; provided,

however, that such mortgagee or beneficiary shall have forwarded to the Association notice of its encumbrance.

ARTICLE X - COMMON UTILITY EXPENSES

The units within the Holliday House Condominium Complex are serviced by common heating, water, and sewer systems. The common heating system involves the consumption of gas and electricity. Such common utilities (gas and electricity for the common heating system, water and sewer) are not independently metered, nor is it practical to so meter the same. All such utility charges, together with the cost of trash removal, shall be paid by the Association. To this end, the Association shall pay and keep current all such utility and service charges, regardless of any delinquency in the payment of any assessments which may at any time exist with regard to any particular unit or units. The Association shall apportion such expenses among the unit owners in accordance with the provisions of Section 8, Article IX, and the Association, shall be responsible for collecting any sums due it from the respective unit owners. The provisions of this paragraph are intended to be and shall be enforceable directly by any third party providing such common utilities and services, and charges therefore need not be billed separately, but the full amount of any such charges may be billed directly to the Association on such periodic basis as is customary.

ARTICLE XI - MAINTENANCE OF COMMON ELEMENTS

Section 1. Association's Duties. Except as hereinafter provided in Section 2 of this Article, the Association shall maintain and keep in repair all of the common elements including, without limitation, roofs, partition walls, structural supports and walls, the exterior surfaces of the buildings, common utility lines, walks, roads, and parking areas. The Association shall keep and maintain the common

driveway approach to Blake Avenue free of ice and snow and/or adequately sanded as required during the winter months in order to assure adequate traction for vehicular ingress and egress to the property.

Section 2. Owner's Duties. Each owner shall maintain and keep in repair all plumbing, sewers, drains, pipes, electrical wiring, and heating, cooling, and ventilation facilities and systems located within his unit, together with all entry doors and frames, windows, glass, stairs, and decks appurtenant to his unit. Each owner shall be responsible for and keep and maintain in good repair all sewer lines and water lines from his unit to the point of connection with the common trunk lines.

Section 3. Materials. The Association shall have the sole discretion in determining the kind and type of materials to be used in all maintenance and repair work performed, whether the same be performed by the Association or an owner.

Section 4. Snow Removal. The Association shall provide snow removal for the common roadways, walkways, and parking areas. Snow removal for patios or decks appurtenant to a particular unit shall be provided by the owner of that unit.

Section 5. Lawn Care. The Association shall provide lawn care including, without limitation, mowing grass and planting trees, shrubs, plants, flowers, gardens or other ornamental landscaping. Any landscaping in addition to that provided by the declarant in connection with the initial construction of the buildings shall be at the discretion of the Association.

Section 6. Determination Of Obligation. The responsibility for the performance of any maintenance, repair, lawn care, or snow removal not expressly delineated above shall be determined by the Association. In the event any dispute

should arise as to the construction or interpretation of the foregoing sections, the determination with regard thereto made by the Association shall be conclusive.

Section 7. Miscellaneous. Notwithstanding anything herein contained to the contrary, any maintenance or repair required by reason of the willful or negligent act of any owner, members of his family or guests, shall be the sole responsibility and obligation of such owner. The Association shall have the right to make such maintenance or repairs and recover such costs from the owner responsible.

Section 8. Supervision. The Association shall have the right to prescribe minimum standards with regard to an owner's performance of any maintenance, repair, snow removal, and lawn care functions for which the owner is responsible. The owner shall comply with all guidelines and requirements prescribed by the Association in this connection, and in furtherance hereof, the Association shall have the right to require any owner at any time to forthwith correct any repair or maintenance deficiency then existing.

ARTICLE XII - PARKING

The Association shall designate for the exclusive use of each unit, one parking space located in the common parking area. Additional parking spaces for the purpose of parking recreational vehicles shall be assigned on a first come, first served bases; provided, that no unit shall be entitled to more than one additional parking space for the purpose of parking recreational vehicles. Recreational vehicles shall be parked only in those locations designated on the plat. The parking space located directly behind any parking space designated for a recreational vehicle, shall, in all cases,

be assigned to the same unit to which the recreational vehicle parking space is assigned.

ARTICLE XIII - USE RESTRICTIONS

Section 1. Single Family Dwelling. No unit shall be used for any purpose other than a single family dwelling.

Section 2. No Structures. No owner shall erect any structure upon any portion of the common elements, nor shall any owner do any act which would temporarily or permanently interfere with another owner's access to any part of the general common elements.

Section 3. Access. No use shall ever be made of the common elements or any part thereof which would deny or tend to deny free ingress and egress to any unit.

Section 4. Recreational Vehicles. Any boat, camper, trailer, truck (other than pick-up truck), recreation vehicle or other vehicle of a similar type or nature shall be parked or stored only in a parking space designated for recreational vehicles on the plat. Except as herein provided, no such recreational vehicle or equipment shall be parked or stored on any portion of the property or on any street serving or abutting the property.

Section 5. Antennas. No television, radio, or antennas of any kind shall be placed, allowed, or maintained upon any portion of the improvements or upon the common elements without the express written approval of the Association.

Section 6. Alterations. No fences, hedges, walls, decks, balconies, or additions to any building shall be constructed or erected, except for the initial construction performed by the declarant and such rear yard fences as the Association may approve.

Section 7. Signs. No advertising signs of any type shall be placed or erected upon any portion of the property, nor shall any such signs be displayed from any window or doorway of any unit. Notwithstanding the foregoing, the prohibitions of this section shall not apply to the business activity, signs, and billboards of the declarant, its agents and representatives, in connection with construction and sale of the units.

Section 8. Animals. No animals of any kind shall be raised, bred, or kept on the property, except that dogs and cats may be kept, provided that they are not kept, bred, or maintained for any commercial purpose and further provided that such pets are at all times under the control of their owner, well mannered and behaved. No dogs or cats shall be permitted upon the common elements except when properly leashed and in the presence of a person having control over such animal. Any damage caused by any animal permitted on the premises by an owner, his family, or guests, shall be the financial responsibility of such owner. Notwithstanding the foregoing, the Association shall have the power and authority to, from time to time, promulgate rules and regulations concerning the keeping of dogs and cats on the property. By way of example and not by way of limitation, the Association shall have the right to absolutely prohibit the keeping of dogs or cats, or to implement a plan of special pet assessment dues which shall be payable by any owner who keeps a dog or cat upon the property.

Section 9. Prohibitions. Nothing shall be done or kept in any unit or in any portion of the property which would result in the cancellation of the insurance or increase the rate of the insurance on the project or any part thereof. No

use shall be made of any unit or any portion of the property prohibited by the laws of the United States, the State of Colorado, or local ordinance, and for no improper or questionable purpose whatsoever. No noxious, destructive, or offensive activity shall be carried on in any unit or in or on the common elements, nor shall anything be done therein which may be or become an annoyance or a nuisance to any other owner or to any person at any time lawfully residing in the project. No damage to or waste of the common elements or any part thereof shall be committed by any owner, his family or guests, and each owner shall indemnify and hold the Association and the other owners harmless from any and all loss resulting from any such damage or waste caused by him, his family, or his guests.

Section 10. Structural Alterations. No structural alteration to any building or improvement upon the property shall be made, and no plumbing, electrical, or similar work within a unit or within the common elements, involving an alteration of the system as originally installed, shall be done by any owner without the prior written consent of the Association.

Section 11. Maintenance Of Interiors. Each owner shall keep the interior of his unit, including, without limitation, interior walls, windows, glass, ceilings, floors, and permanent fixtures and appurtenances thereto in a clean, sanitary, and attractive condition and good state of repair.

Section 12. Rules And Regulations. No owner, his family or guests, shall violate the rules and regulations for the use of the units and of the common elements as may from time to time be adopted by the Association. The Association is expressly empowered to adopt and promulgate such rules and

regulations as it may from time to time deem necessary or desirable to regulate the use and activities upon the property in a manner consistent with the purposes of this Declaration.

Section 13. Damage. Damage to any portion of the common elements caused by an owner, his family or guests, shall be paid for by said owner. The term damage shall not include ordinary wear and tear. Any such damage shall be paid for by said owner within thirty days after receipt of a bill therefore from the Association. In the event the owner shall fail to pay the same within said thirty day period, then the Association shall be entitled to collect the same in the manner provided for the collection of assessments.

Section 14. Leases. No owner may lease less than his entire unit. Any lease agreement shall provide that the terms of the lease shall be subject in all respects to the provisions of this Declaration and the Articles Of Incorporation and By-Laws of the Association, and that any failure by the lessee to comply with the terms of such documents shall be a default under the lease. All leases shall be in writing. No owner shall be permitted to lease his unit for transient or hotel purposes. Other than as provided in this section, there is no restriction on the right of any owner to lease his unit.

Section 15. Maintain Appearance. All rubbish, trash, and garbage shall be regularly removed from the unit and limited common elements appurtenant thereto by the owner of such unit and shall not be allowed to accumulate. No outside storage of tools, equipment, automobile parts or other articles and items of a similar nature shall be permitted on any part of the property. All equipment, garbage cans, and

other articles and devices shall be concealed from the view of neighboring lots and streets.

Section 16. Clothes Lines. No clothes lines shall be permitted on any part of the property.

Section 17. Firewood. Firewood shall be stacked and stored only in such manner and locations and under such conditions as the Association may from time to time prescribe.

ARTICLE XIV - INSURANCE

Section 1. Insurance To Be Maintained By Association. Insurance upon all of the buildings and improvements upon the property, including all of the units and fixtures initially installed in such units by the declarant, but not including furniture and furnishings or other personal property supplied by or installed by the owners, shall be purchased and maintained by the Association. The named insured shall be the Association, individually, and as agent for the owners, without naming them, and as agent for their mortgagees. Provision shall be made for the issuance of mortgagee endorsements and memoranda of insurance to the mortgagees of the owners. Such insurance policies shall provide that payments by the insurer for losses shall be made to Valley Federal Savings & Loan Association of Glenwood Springs, Colorado, as insurance escrow agent, or to such other agent in Colorado as may be designated as insurance escrow agent by the Association (hereinafter "escrow agent"). Such insurance policy shall contain a "severability of interest" clause or endorsement which shall preclude the insurer from denying the claim of a unit owner because of negligent acts of the Association, or other unit owners. The scope of coverage must include all other coverage in the kinds and amounts

commonly required by private institutional mortgage investors for projects similar in construction, location and use.

Section 2. Casualty. The buildings and all improvements upon the property shall be insured in an amount equal to the actual replacement cost thereof. All personal property belonging to the Association shall likewise be insured for its actual replacement costs, all as determined annually by the Association after consultation with persons knowledgeable in matters of valuation. Such coverage shall afford protection against loss or damage by fire and other hazards covered by a standard extended coverage endorsement and such other risks as from time to time shall be customarily covered with respect to buildings similar in construction, location, and use as the buildings on the property, including, but not limited to vandalism and malicious mischief.

Section 3. Public Liability. Public liability insurance with single limit coverage of not less than \$1,000,000.00 shall be maintained with cross-liability endorsements to cover liabilities of the owners, jointly and severally, and the Association.

Section 4. Workmen's Compensation. Workmen's compensation and employer's liability insurance and all other similar insurance with respect to employees of the Association shall be maintained in such amounts and in such forms as are now or hereafter required by law.

Section 5. Other Insurance. The Association may obtain insurance against such other risks of a similar or dissimilar nature as it shall deem appropriate with respect to the property and the performance of its duties.

Section 6. Miscellaneous Policy Provisions. All policies of insurance to the extent obtainable shall contain

waivers of subrogation and waivers of any defense based on invalidity arising from any act of an owner and shall provide that such policies may not be canceled or modified without at least ten days prior written notice to all of the insureds, including the Association, each owner, and each first mortgagee. Duplicate originals of all policies and renewals thereof, together with proof of payment of premiums shall be delivered to any first mortgagee upon written request. All insurance policies purchased by the Association shall be for the benefit of the Association and the owners and their mortgagees as their interest may appear, and shall provide that all proceeds covering property losses shall be paid to the designated insurance escrow agent.

Section 7. Duties Of The Insurance Escrow Agent. The insurance escrow agent shall not be liable for the payment of premiums, nor for the renewal or the sufficiency of the policies, nor for the failure to collect any insurance proceeds. The duty of the insurance escrow agent shall be to receive such proceeds as are paid and hold the proceeds in trust for the purposes hereinafter stated for the benefit of the Association, the owners, and their mortgagees, in the following shares, but which shares need not be set forth on the records of the insurance escrow agent:

- (a) Proceeds on account of damage to the common elements shall be held in an undivided share for each owner, such share being the same as the undivided interest in the common elements appurtenant to his unit;
- (b) Proceeds on account of damage to a unit shall be held in the following undivided shares:
 - (i) When the building is to be restored, then for the owners of damaged units in proportion to the cost of repairing the damage suffered by each owner, which costs shall be determined by the Association;

- (ii) When the building is not to be restored, then in an undivided share for each owner, such share being the same as the undivided interest in the common elements appurtenant to his unit;
- (c) In the event a mortgagee endorsement has been issued as to a particular unit, the share of the owner of that unit shall be held in trust for the mortgagee and the owner as their interests may appear; provided, however, that no mortgagee shall have any right to determine or participate in the determination of whether or not any damaged property shall be reconstructed or repaired, and no mortgagee shall have any right to apply or have applied to reduction of a mortgagee debt any insurance proceeds except distributions of such proceeds made to the owner and mortgagee pursuant to the provisions of this Declaration.

Section 8. Distribution Of Proceeds. Proceeds of insurance policies received by the insurance escrow agent shall be distributed to or for the benefit of the owners in the following manner:

- (a) All expenses of the insurance escrow agent shall be paid first or provision made for such payment;
- (b) If the damage for which the proceeds are paid is to be repaired or reconstructed, the remaining proceeds shall be paid to defray the cost of such, as elsewhere provided. Any proceeds remaining after defraying such cost shall be distributed to the owners, remittances to the owners and their mortgagees being payable jointly to them. This is a covenant for the benefit of any mortgagee of a unit and may be enforced by such mortgagee;
- (c) If it is determined in the manner hereinafter provided that the damage for which proceeds are paid shall not be reconstructed or repaired, then the remaining proceeds shall be distributed to the owners, remittances to the owners and their mortgagees being payable jointly to them. This is a covenant for the benefit of any mortgagee of a unit and may be enforced by such mortgagee;
- (d) In making distribution to owners and their mortgagees, the insurance escrow agent may rely upon a certificate of the Association made by its president and secretary as to the names of the owners and their respective shares of distribution.

Section 9. Association As Agent. The Association is irrevocably appointed agent for each owner and for each mortgagee and for each holder of any other lien upon a unit

and for each owner of any other interest in a unit, to adjust all claims arising under insurance policies purchased by the Association and to execute and deliver releases upon payment of claims.

ARTICLE XV - RECONSTRUCTION OR REPAIR AFTER CASUALTY

Section 1. Reconstruction Or Repair. Any part of the property damaged by casualty shall be reconstructed or repaired unless this Declaration shall be revoked as provided elsewhere herein.

Section 2. Certificate. The insurance escrow agent may rely upon the certificate of the Association made by its president and secretary to determine whether or not the damaged property is to be reconstructed or repaired.

Section 3. Plans And Specifications. Any reconstruction or repair must be substantially in accordance with the plans and specifications for the original improvement; or if not, then according to plans and specifications approved by the Association and the owners of not less than 75% of the units within the damaged building, which approval shall not be unreasonably withheld by the Association or any owner.

Section 4. Assessments re Casualty. If the proceeds of insurance are not sufficient to defray the estimated costs of reconstruction and repair by the Association, or if at any time during reconstruction and repair or upon completion of the same the insurance proceeds are insufficient, assessments shall be made in sufficient amounts to provide funds for the payment of such costs. Such assessments shall be levied against all units in the project in the manner prescribed in Section 3, Article IX, regardless of whether or not the unit or the common elements appurtenant thereto have sustained damage.

Section 5. Construction Funds. The funds for payment of costs of reconstruction and repair after casualty, which shall consist of proceeds of insurance held by the insurance escrow agent, and funds collected by the Association from assessments against owners shall be disbursed in payment of such costs in the manner then customary in the community for the disbursement of the fund of a construction loan.

ARTICLE XVI - OWNER'S INSURANCE

Section 1. Owners May Carry Other Insurance. In addition to the insurance maintained by the Association, owners may carry other insurance for their benefit and at their expense, provided that all such policies shall contain waivers of subrogation and provided, further, that the liability of the carriers issuing insurance obtained by the Association shall not be affected or diminished by reason of such additional insurance carried by any owner.

Section 2. Personal Property. Insurance coverage on furnishings including carpet, draperies, oven, range, refrigerator, wallpaper, disposal, clothing and other items and articles of personal property belonging to the owner, as well as public liability coverage within each unit, shall be the sole and direct responsibility of the owner of such unit, and the Association shall have no responsibility therefore.

ARTICLE XVII - ENTITLEMENTS OF MORTGAGEES

Section 1. Inspection Of Books And Records. Any institutional holder of a first mortgage on a unit in HOLLIDAY HOUSE shall, upon request, be entitled to:

- (a) Inspect the books and records of the Association during normal business hours; and
- (b) Receive an annual financial statement of the Association within ninety days following the end of any fiscal year; and

- (c) Receive written notice of all meetings of the Association and be permitted to designate a representative to attend all such meetings.

Section 2. Notice. In the event that there shall be any damage or destruction to a unit which exceeds \$1,000.00, or any damage or destruction to a common element which exceeds \$10,000.00, then notice of such damage or loss shall be given by the Association to each first mortgagee of a unit or appurtenant common element so damaged. In no event shall the owner or any other party be entitled to priority over any first mortgagee of a unit with respect to distribution in regard to such unit of any insurance proceeds.

Section 3. Condemnation Notice. If any unit or portion thereof or the common elements or any portion thereof is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by any condemning authority, then the holder of any first mortgage on a unit will be entitled to timely written notice of any such proceeding or proposed acquisition. No owner of any unit or any other party shall be entitled to priority over any holder of a first mortgage on any such unit to the distribution of the proceeds of any award or settlement in regards to such unit.

ARTICLE XVIII - CONDEMNATION

Section 1. Condemnation. If at any time during the continuance of ownership pursuant to this Declaration all or any part of the common elements shall be taken or condemned by any public authority or sold or otherwise disposed of in lieu of or in avoidance thereof, then all compensation, damages, or other proceeds therefrom (hereinafter the "condemnation award") shall be payable to the Association. The condemnation award shall be apportioned among the units in

accordance with the undivided interest in the common elements appurtenant to each unit, and payment of said apportioned amount shall be made payable to each respective owner and his first mortgagee, jointly.

Section 2. Partial Taking. In the event that less than all the common elements are taken or condemned, or sold or otherwise disposed of in lieu of or in avoidance thereof, the condemnation award shall first be applied by the Association to the rebuilding and replacement of those improvements on the common elements damaged or taken by the condemning public authority, unless 75% of the owners and 100% of the first mortgagees agree otherwise. Any surplus of the award or other portion thereof not used for rebuilding and replacement shall be used by the Association for future maintenance of the common elements.

ARTICLE XIX - REVOCATION OR AMENDMENT TO DECLARATION

Section 1. Change In Ownership Percentage. No amendment shall change the undivided interest in the common elements appurtenant to each unit without the written consent of each and every owner and first mortgagee.

Section 2. Revocation Or Amendment. This Declaration shall not be revoked or amended unless the owners or 80% of the units and all of the holders of any recorded first mortgage or first deed of trust covering or affecting any or all of the units consent and agree to such revocation or amendment by written instrument duly recorded.

Section 3. Duration. The separate ownership estates created by this Declaration and the plat shall continue until this Declaration is revoked or terminated in the manner hereinabove provided.

ARTICLE XX - GENERAL PROVISIONS

Section 1. Enforcement. The failure of any owner to comply with the provisions of this Declaration or with the Articles Of Incorporation or By-Laws of the Association, or with any rules and regulations promulgated by the Association, shall give rise to a cause of action in the Association as well as in any aggrieved unit owner for the recovery of damages or for injunctive relief, or both. Failure by the Association or by any owner to enforce any such rights shall in no event be deemed a waiver of the right to do so in the future.

Section 2. Right Of Entry. The Association shall have a reasonable right of entry into any and all units to effect emergency repairs or other necessary repairs which the owner has failed to perform.

Section 3. Management Agreement. The Association shall have the right to employ a professional real estate management company licensed to do business in the State of Colorado to manage the project or to otherwise provide management services, provided that the term of any such contract shall be terminable by the Association upon thirty days prior written notice.

Section 4. Declarant's Easements. Notwithstanding anything herein contained to the contrary, declarant shall have and hereby reserves an easement and right of way over all the common elements for the purpose of constructing buildings, improvements, and utilities, including the right to erect temporary buildings to store any and all materials and equipment. Declarant further reserves the right to use any completed structure for the purpose of a sales office or model home for demonstration purposes. This easement shall cease when the declarant has conveyed the last unit.

Section 5. Severability. If any clause or provision of this Declaration is determined to be illegal, invalid, or unenforceable under present or future laws, all other terms and provisions hereof shall nevertheless remain in full force and effect.

IN WITNESS WHEREOF, the undersigned, being the declarant herein, has hereunto set its hand and seal this 19th day of February, A.D. 1980.

DECLARANTS:

HOLLIDAY HOUSE CONDOMINIUMS,
INC., a Colorado corporation

By: B. D. Moore
President

ATTEST:

Jeffrey Marcus Pease
Secretary, Holliday House Condominiums, Inc.
(CORPORATE SEAL)

Jeffrey Marcus Pease
Jeffrey Marcus Pease

STATE OF COLORADO)
)ss.
COUNTY OF GARFIELD)

The foregoing CONDOMINIUM DECLARATION OF RESTRICTIONS was acknowledged before me this 19th day of February, A.D. 1980, by BRUCE MOORE, as President, and Bruce Moore, as Assistant Secretary of HOLLIDAY HOUSE CONDOMINIUMS, INC., a Colorado corporation, and by JEFFREY MARCUS PEASE.

- Witness my hand and official seal.

My commission expires: MAY 5, 1981

Jeffrey Marcus Pease
Notary Public