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**DECLARATION OF COVENANTS, CONDITIONS,
RESTRICTIONS AND EASEMENTS FOR
COTTONWOOD LANDING TOWNHOUSE SUBDIVISION**

SOUTHFIELD HOLDING CORPORATION, a Colorado Corporation ("Declarant"), is the owner of certain real property in the City of Glenwood Springs, County of Garfield, State of Colorado, which real property is described and depicted on the plat of Cottonwood Landing P.U.D., Townhouse Subdivision recorded as Reception No. 332228 in the records of the Clerk and Recorder of said County. Said plat and description are incorporated herein by this reference. Declarant desires to create a Planned Community Common Interest Community, to be known as Cottonwood Landing Townhouses, in which portions of the real estate described and depicted on said plat will be designated for separate ownership and with the remainder owned by the Cottonwood Landing Townhouse Association, a Colorado nonprofit corporation, its successors and assigns (the "Association"). Declarant makes the following declarations:

**ARTICLE I
STATEMENT OF PURPOSE AND IMPOSITION OF COVENANTS**

1.1 Imposition of Covenants. Declarant hereby makes, declares and establishes the following covenants, conditions, restrictions and easements (the "Covenants"), which shall affect all of the real property described and depicted on the plat of Cottonwood Landing P.U.D., Townhouse Subdivision recorded as Reception No. 332228 in the records of the Clerk and Recorder of Garfield County, Colorado, (hereinafter "Cottonwood Landing"). From this day forward, Cottonwood Landing shall be held, sold and conveyed subject to these Covenants. These Covenants shall run with the land and shall be binding upon all persons or entities having any right, title, or interest in all or any part of Cottonwood Landing, including Declarant and Declarant's heirs, successors, assigns, tenants, employees, guests and invitees. These Covenants shall inure to and are imposed for the benefit of all Unit Owners. These Covenants create specific rights and privileges which may be shared and enjoyed by all owners and occupants of any part of the Property. Declarant hereby submits Cottonwood Landing to the provisions of the Colorado Common Interest Ownership Act, Sections 38-33.3-101, et seq., Colorado Revised Statutes, as it may be amended from time to time (the "Act"). In the event the Act is repealed, the Act, on the effective date of this Declaration, shall remain applicable.

1.2 Declarant's Intent. Declarant intends to ensure the attractiveness of individual Units and Improvements to be made within Cottonwood Landing, to prevent any future impairment of Cottonwood Landing and to preserve, protect and enhance the values and amenities of Cottonwood Landing. It is the intent of Declarant to guard against the construction of improvements built of unsuitable materials, insufficient quality or improper construction methods. Declarant intends to encourage the construction of attractive permanent improvements of advanced technological, architectural and engineering design, appropriately located to preserve the harmonious development of the Property.

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ARTICLE II DEFINITIONS

Each capitalized term not otherwise defined in this Declaration or in the plat shall have the meanings specified or used in the Act. The following terms, as used in this Declaration, are defined as follows:

2.1 "Design Review Committee" or the "Committee" shall mean the committee formed pursuant to this Declaration to maintain the quality and architectural harmony of improvements on Cottonwood Landing.

2.2 "Improvements" shall mean all buildings, parking areas, loading areas, fences, walls, hedges, plants, poles, antennae, driveways, signs, changes in any exterior color or shape, excavation and all other site work, including, without limitation, grading, roads, utility improvements, removal of trees or plants. "Improvements" do include both original improvements and all later changes and improvements. "Improvements" do not include turf, shrub or tree repair or replacement of a magnitude which does not change exterior colors or exterior appearances.

ARTICLE III DESCRIPTION OF COMMON INTEREST COMMUNITY

3.1 Units. The maximum number of Units in Cottonwood Landing is eighty-two (82). Declarant reserves the right to create less than the maximum number. Identification numbers and boundaries of each Unit shall be shown on supplemental plats to be recorded which shall specifically depict each unit as constructed. The lot lines depicted on the supplemental plats are designated as boundaries of a Unit, and each Unit shall include any utility line or apparatus exclusively serving such Unit whether or not located within the boundaries of the Unit. The wall and any structural extension that forms the division between any two (2) Units is declared to be a party wall.

3.2 Common Elements. The Common Elements are designated by this Declaration for the common use and enjoyment of Unit Owners and their families, tenants, guests and invitees and not for the public. The Association, subject to the rights and obligations of the Unit Owners set forth in this Declaration, shall be responsible for the management and control of the Common Elements.

3.3 Limited Common Elements. A "Limited Common Element" means a portion of the Common Elements, designated in this Declaration, or on a plat, or by the Act, for the exclusive use of one or more but fewer than all of the Units. The following portions of the buildings, in addition to the portions described in Sections 38-33.3-202(1)(b) and (d) of the Act, are designated as Limited Common Elements:

- (a) balconies; and
- (b) doors leading from Units to balconies, and their related frames, sills and hardware.

3.4 Allocation of Reserved Limited Common Elements. Portions of the Common Elements are marked on the plat as "Common Elements which may be allocated as Limited Common Elements."

These portions of the Common Elements include, without limitation, vehicle parking areas, facilities which may be used for storage purposes and other areas. Declarant reserves the right to allocate specified areas which constitute a part of these Common Elements as Limited Common Elements for the exclusive use of Unit Owners to which these specified areas shall become appurtenant. The Declarant may assign such Common Elements as Limited Common Element areas pursuant to the provisions of C.R.S. 38-33.3-208 of the Act (a) by making such an allocation in a recorded instrument or (b) in the deed to the Unit to which such Limited Common Element storage area shall be appurtenant or (c) by recording an appropriate amendment or supplement to this Declaration. Such allocations by the Declarant may be to Units owned by the Declarant. After the Declarant control period, the right of allocation pursuant to this Section shall pass from the Declarant to the Executive Board and the Declarant may not thereafter exercise any such right.

3.5 Allocation of Specified Common Elements. The Executive Board may designate parts of the Common Elements from time to time for use by less than all of the Unit Owners or by nonowners for specified periods of time or by only those persons paying fees or satisfying other reasonable conditions for use as may be established by the Executive Board. Any such designation by the Executive Board shall not be a sale or disposition of such portions of the Common Elements.

3.6 Allocated Interests. The undivided interest in the Common Elements, the Common Expense liability and votes in the Association allocated to each Unit shall be allocated to each Unit and calculated as follows:

- (a) the undivided interest in Common Elements, on the basis of square footage of the Units;
- (b) the percentage of liability for Common Expenses, on the basis of square footage of the Units; and
- (c) the number of votes in the Association, on the basis of one vote per Unit.

The square footage of a Unit shall be measured using the exterior surfaces of a Unit and shall include garages. One-half (1/2) of any common wall shall be used to calculate the square footage of a Unit. If construction of Units in a building envelope as depicted on the Plat of Cottonwood Landing P.U.D. results in fewer units than designated on said Plat, then the total number of Units in the common interest community shall be likewise reduced. Prior to the completion of construction of Units in all building envelopes depicted on the Plat of Cottonwood Landing, the following provisions will apply:

- (a) For the purpose of calculating an undeveloped Unit's undivided interest in Common Elements, the average square footage of all Units for which certificates of occupancy have been issued shall be used to determine the "square footage" of each undeveloped unit;
- (b) For the purpose of calculating an undeveloped Unit's percentage of liability for Common Expenses, the average square footage of all Units for which certificates of occupancy have been issued shall be used to determine the "square footage" of each undeveloped

unit. The amount so obtained shall then be divided by three (3) and the result shall be used as each undeveloped Unit's share.

(c) For the purpose of voting, each Unit in an undeveloped envelope shall have one (1) vote.

3.7 Easements for Encroachments. The Property, and all portions thereof, is subject to an easement of up to three (3) feet from any Unit boundary line or Common Area boundaries for the actual extent of encroachments created by construction as designed or constructed by the Declarant and for settling, shifting and movement of any portion of the Property. Such encroachments shall not be considered to be encumbrances upon any part of the Property. Encroachments referred to include, but are not limited to, encroachments caused by error in the original construction by Declarant of Improvement on any Unit, or by settling, rising or shifting of the earth.

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

3.9 Maintenance Easement. An easement is hereby reserved to Declarant and granted to the Association 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 these Covenants or the Act, including the right to enter upon any Unit for the purpose of performing maintenance to the landscaping or the exterior of Improvements to such Unit as may be required by these Covenants or the Act.

ARTICLE IV THE ASSOCIATION

4.1 Membership. Every person, by virtue of being a Unit Owner and while such person is a Unit Owner, shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Unit. No Unit Owner, whether one or more persons, shall have more than one membership per Unit owned, but all of the persons owning each Unit shall be entitled to rights of membership and use and enjoyment appurtenant to such ownership.

4.2 Authority. The business affairs of Cottonwood Landing shall be managed by the Cottonwood Landing Townhouse Association, a Colorado nonprofit corporation. The Association shall be governed by its Bylaws, as amended from time to time.

4.3 Powers. The Association shall have all of the powers, authority and duties permitted pursuant to the Act necessary and proper to manage the business and affairs of Cottonwood Landing.

4.4 Declarant Control. The Declarant shall have all the powers reserved in Section 38-33.3-303(5) of the Act to appoint and remove officers and members of the Executive Board.

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ARTICLE V COVENANTS FOR COMMON EXPENSE ASSESSMENTS

5.1 Creation of Association Lien and Personal Obligation to Pay Common Expense Assessments. Declarant, for each Unit, hereby covenants, and each Unit Owner of any Unit, by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed, are deemed to covenant and agree to pay to the Association annual Common Expense Assessments. Such assessments, including fees, charges, late charges, attorney fees, fines and interest charged by the Association shall be the personal obligation of the Unit Owner at the time when the assessment or other charges became or fell due. Two or more Unit Owners of a Unit shall be jointly and severally liable for such obligations. The personal obligation to pay any past due sums due the Association shall not pass to a successor in title unless expressly assumed by them. The Common Expense Assessments of the Association shall be a continuing lien upon the Unit against which each such assessment is made. A lien under this Section is prior to all other liens and encumbrances on a Unit except: (a) liens and encumbrances recorded before the recordation of the Declaration; (b) a first lien Security Interest on the Unit recorded before the date on which the Common Expense Assessment sought to be enforced became delinquent; and (c) liens for real estate taxes and other governmental assessments or charges against the Unit. This Section does not prohibit an action to recover sums for which this Section creates a lien or prohibit the Association from taking a deed in lieu of foreclosure. Sale or transfer of any Unit shall not affect the Association's lien except that sale or transfer of any Unit pursuant to foreclosure of any first lien Security Interest, or any proceeding in lieu thereof, including deed in lieu of foreclosure, or cancellation or forfeiture shall only extinguish the Association's lien as provided in the Act. No such sale, transfer, foreclosure, nor cancellation or forfeiture shall relieve any Unit from continuing liability for any Common Expense Assessments thereafter becoming due, nor from the lien thereof.

5.2 Apportionment of Common Expenses. Common Expenses shall be allocated and assessed against Units based on the square footage of each Unit to the total square footage of all Units constructed and in place, subject to the provisions of Section 3.6.

5.3 Purpose of Assessments. Assessments levied by the Association shall be used exclusively to promote the health, safety and welfare of the residents of Cottonwood Landing and for the improvement and maintenance of the Common Elements, including, but not limited to: taxes and insurance on the Common Elements, insurance on Units as described in Section 10.2 below, repair, replacement and additions to any Improvements on the Common Elements, reserve accounts, the cost of labor, equipment, materials, management and supervision, the salary or fee of any manager, utilities, transportation, professional fees and other customary charges.

5.4 Annual Assessment/Commencement of Common Expense Assessments. Common Expense Assessments shall be made on an annual basis against all Units and shall be based upon the Association's advance budget of the cash requirements needed by it to provide for the administration and performance of its duties during such assessment year. Common Expense Assessments shall be payable in monthly installments and shall begin on the first day of the month in which conveyance of the first Unit to a Unit Owner other than the Declarant occurs.

5.5 Effect of Non-Payment of Assessments. Any assessment, charge or fee provided for in this Declaration, or any monthly or other installment thereof, which is not fully paid within ten (10)

days after the due date thereof shall bear interest at the rate as determined by the Executive Board. A late charge of up to five percent (5%) of each past due installment may also be assessed thereon. Further, the Association may bring an action at law or in equity, or both, against any Unit Owner personally obligated to pay such overdue assessments, charges or fees, or monthly or other installments thereof, and may also proceed to foreclose its lien against such Unit Owner's Unit. An action at law or in equity by the Association against a Unit Owner to recover a money judgment for unpaid assessments, charges or fees, or monthly or other installments thereof, may be commenced and pursued by the Association without foreclosing, or in any way waiving, the Association's lien.

5.6 Working Fund. The Association or Declarant shall require the first Unit Owner of each Unit (other than Declarant) to make a nonrefundable payment to the Association in an amount equal to one-sixth of the annual Common Expense Assessment against that Unit in effect at the closing thereof, which sum shall be held, without interest, by the Association as a "working fund." The working fund shall be collected and transferred to the Association at the time of closing of each sale by Declarant of each Unit and shall be maintained for the use and benefit of the Association. Such payment shall not relieve a Unit Owner from making regular payments of the assessments when due. Upon the transfer of his Unit, a Unit Owner shall be entitled to a credit from his transferee for any unused portion of the working fund.

ARTICLE VI DESIGN REVIEW COMMITTEE

6.1 Organization. A Design Review Committee is hereby established to promulgate and administer Design Guidelines to carry out the purposes and intent of the Declaration. The Committee shall consist of not more than five (5) persons who are members of the Association. The Executive Board shall appoint, replace and remove with or without cause members of the Committee.

6.2 Purpose. The Committee shall review, study and either approve or reject proposed Improvements in Cottonwood Landing, in compliance with this Declaration and the Design Guidelines adopted and established from time to time by the Committee.

- (a) The Committee shall exercise its best judgment to see that all Improvements conform and harmonize with any existing structures as to external design, quality and type of construction, materials, color, location, height, grade and finished ground elevation and all aesthetic considerations set forth in this Section and in the Design Guidelines.
- (b) No Improvement in Cottonwood Landing shall be erected, placed, reconstructed, replaced, repaired or otherwise altered, nor shall any construction, repair, or reconstruction be commenced until plans for such Improvement shall have been approved by the Committee; provided, however, that Improvements and alterations which are completely within a structure may be undertaken without such approval.
- (c) The Committee's exercise of discretion in approval or disapproval of plans or with respect to any other matter before it, shall be conclusive and binding on all interested parties.

6.3 Organization of the Committee. The term of office of each Committee member, subject to Section 6.1 above, shall be one (1) year, commencing January 1 of each year, and continuing until a successor shall have been appointed. If a Committee member dies, retires, becomes incapacitated or is temporarily absent, a temporary or permanent successor may be appointed by the Executive Board. A chairperson shall be elected annually from the Committee members by majority vote of said members.

6.4 Operations of the Committee. The chairperson shall take charge of and conduct all meetings and shall provide for reasonable notice to each member of the Committee before any meeting. The notice shall set forth the time and place of the meeting, and notice may be waived by any member. The affirmative vote of the majority of the members of the Committee shall govern its actions and be the act of the Committee. A quorum shall consist of a majority of the members. The Committee may avail itself of technical and professional advice and consultants as it deems appropriate.

6.5 Expenses. Except as provided below, all expenses of the Committee shall be paid by the Association. The Committee shall have the right to charge a fee for each application submitted to it for review, in an amount which may be established by the Committee from time to time, and such fees shall be collected by the Committee and remitted to the Association to help defray the expenses of the Committee's operation.

6.6 Design Guidelines and Rules. The Committee shall adopt, establish and publish from time to time Design Guidelines. The Design Guidelines shall not be inconsistent with this Declaration, but shall more specifically define and describe the design standards for Cottonwood Landing. The Design Guidelines may be modified or amended from time to time by the Committee. Further, the Committee, in its sole discretion, may excuse compliance with such requirements as are not necessary or appropriate in specific situations and may permit compliance with different or alternate requirements. Compliance with the Association design review process shall not be a substitute for compliance with applicable governmental building, zoning and subdivision regulations. Each Unit Owner shall be responsible for obtaining all approvals, licenses and permits as may be required before commencing construction.

6.7 Procedures and Criteria. The Committee shall make such rules and regulations as it may deem appropriate to govern its proceedings. The Committee shall also establish criteria, including, without limitation, requirements relating to design, scale, color, pedestrian and vehicular traffic, as the Committee may deem appropriate in the interest of preserving the aesthetic standards of Cottonwood Landing.

6.8 Limitation of Liability. The Committee shall use reasonable judgment in accepting or disapproving all plans and specifications submitted to it. Neither the Committee, nor any individual Committee member, shall be liable to any person for any official act of the Committee concerning submitted plans and specifications, except for wanton and willful acts. Approval by the Committee does not necessarily assure approval by any governmental authority having jurisdiction. Notwithstanding Committee approval of plans and specification, neither the Committee nor any of its members shall be responsible or liable to any Unit Owner, developer or contractor with respect to any loss, liability, claim or expenses which may arise because of approval of the construction of the Improvements. Neither the Executive Board, the Committee, nor Declarant, nor any of their employees, agents or consultants shall

be responsible in any way for any defects in any plans or specifications submitted, revised or approved in accordance with the provisions of the Declaration, nor for any structural or other defects in any work done according to such plans and specifications.

ARTICLE VII CONSTRUCTION AND ALTERATION OF IMPROVEMENTS

7.1 General. The Design Guidelines and the general instructions set forth in these Covenants shall govern the right of a Unit Owner to construct, reconstruct, refinish, alter or maintain any Improvement upon, under or above any of Cottonwood Landing (except as provided in Section 6.2(b) above), and to make or create any excavation or fill on Cottonwood Landing, or make any change in the natural or existing surface contour or drainage, or install any utility line or conduit on or over Cottonwood Landing.

7.2 Approval Required. Except to the extent permitted in Section 6.2(b) above, any construction, reconstruction, refinishing or alteration of any part of the exterior of any building or other Improvement on Cottonwood Landing is absolutely prohibited until and unless the Unit Owner first obtains approval from the Design Review Committee and otherwise complies with the provisions of this Declaration. All Improvements shall be constructed only in accordance with approved plans.

7.3 Deemed Nuisances. Every violation of this Declaration is hereby declared to be a nuisance, and every public or private remedy allowed for such violation by law or equity shall be applicable.

7.4 Removal of Nonconforming Improvements. The Association, upon request of the Committee and after reasonable notice to the offender and to the Unit Owner, may remove any Improvement constructed, reconstructed, refinished, altered or maintained violating these Covenants, and the Unit Owner of the Improvement shall immediately reimburse the Association for all expenses incurred in such removal.

ARTICLE VIII PROPERTY USE RESTRICTIONS

8.1 General Restriction. Cottonwood Landing shall be used only for the purposes set forth in these Covenants, as permitted by the applicable rules and regulations of all governmental authorities having jurisdiction, and the laws of the State of Colorado and the United States, and as set forth in the Declaration, including amendments or other specific recorded covenants affecting all or any part of Cottonwood Landing.

8.2 Subdivision of Units. No Unit may be subdivided.

8.3 No Partition of Common Elements. The Common Elements shall be owned by the Association, and no Unit Owner shall bring any action for partition or division of the Common Elements. By acceptance of a deed or other instrument of conveyance or assignment, each Unit Owner shall be deemed to have specifically waived such Unit Owner's rights to commence or maintain a partition action or any other action designed to cause a division of the Common Elements. This Section

may be pleaded as a bar to any such action. Any Unit Owner who commences or maintains any such action shall be liable to the Association and agrees to reimburse the Association for its costs, expenses and reasonable attorneys' fees in defending any such action.

8.4 Vehicles. All permitted vehicles shall be parked only on assigned spaces on the parking lot. Except for a temporary period, no vehicle owned by a Unit Owner shall be parked on a parking space designated for visitors. No guest of a Unit Owner shall use a parking space designated for visitors for more than three (3) days without the consent of the Association, which may impose a fee for such use. No trucks, recreational vehicles, motor homes, motor coaches, snowmobiles, campers, trailers, boats or boat trailers or similar vehicles other than passenger automobiles or pickup or utility trucks with a capacity of one ton or less or any other vehicles shall be parked, stored or kept on any portion of Cottonwood Landing. This restriction shall not prohibit commercial and construction vehicles, in the ordinary course of business, from making deliveries or otherwise providing service to Cottonwood Landing. No work on automobiles or other vehicle repair shall be performed in any visible or exposed portion of Cottonwood Landing, except in emergencies. Abandoned or inoperable vehicles shall not be stored or parked on any portion of Cottonwood Landing. An abandoned or inoperable vehicle is any vehicle which has not been driven under its own propulsion for three (3) weeks or longer and which appears incapable of operation. A written notice describing the abandoned or inoperable vehicle and requesting its removal shall be personally served upon the Unit Owner or posted on the vehicle. If such vehicle has not been removed within 72 hours after notice is given, the Association may remove the vehicle without liability, and the expense of removal shall be charged against the Unit Owner.

8.5 Excavation or Fill. No excavation or fill shall be made except for Improvements approved as provided in these Covenants. For purposes of this Section, "excavation" shall mean any disturbance of the surface of the land (except to the extent reasonably necessary for approved landscape planting) which results in a removal of earth, rock, or other substance to a depth of more than 18 inches below the natural surface of the land. For the purposes of this Section, "fill" shall mean any importation and placement of earth, rock or other substance to a height of more than eighteen inches (18") above the normal surface of the land.

8.6 Electrical and Telephone Service. All electrical and telephone service installation shall be placed underground.

8.7 Wells. No well from which water, oil or gas is produced shall be dug, nor shall storage tanks, reservoirs, or any installation of power, telephone or other utility lines (wires, pipe or conduit) be made or operated anywhere on Cottonwood Landing except works operated by public agencies or duly certified public utility companies.

8.8 Signs. No signs of any kind shall be displayed to the public view on or from any portion of Cottonwood Landing except those signs approved by the Committee, ordinary real estate signs or signs required by law.

8.9 Animals and Pets. Subject to the prior written approval of the Association, up to two (2) pets may be kept in a Unit. Only dogs, cats, and other nonexotic household pets shall be permitted. Dogs and cats shall be neutered. The type and behavior of permitted pets shall be regulated by the

Association Rules. Permitted pets must be kept in the interior of a Unit, shall not be kept in any manner on a patio or deck, shall not be permitted to run at large and shall not cause any nuisance by noise or otherwise. Persons within Cottonwood Landing who are accompanied by permitted dogs must keep such dogs under the person's direct control by use of a leash not to exceed ten (10) feet in length. Any animal waste deposited on the Common Elements shall be immediately removed by the person responsible for the animal and placed in a trash receptacle. No other animals, livestock or poultry of any kind shall be kept, raised or bred on any portion of Cottonwood Landing.

8.10 Drainage. No Unit Owner shall do or allow any work, construct any Improvements, place any landscaping or allow any condition which alters or interferes with the drainage pattern for Cottonwood Landing, unless approved in writing by the Committee.

8.11 Solid Waste. No trash, ashes, garbage, rubbish, debris or other refuse shall be thrown, dumped or otherwise accumulated on Cottonwood Landing. There shall be no burning of refuse. Each Unit Owner shall use the central receptacle for the temporary storage and collection of solid waste, which shall be screened from public view and protected from wind, animals and other disturbances. Each Unit shall be kept in a sanitary condition, free of offensive odors, rodent and insect infestations.

8.12 Temporary Structures. No temporary structures shall be permitted except during construction and specifically authorized in writing by the Committee.

8.13 Towers and Antennae. Neither towers nor exterior radio, television or communication antennae or dish receivers shall be permitted without the prior written consent of the Committee.

8.14 Outside Burning. There shall be no exterior fires, except barbecues, outside fireplaces and braziers. No Unit Owner shall allow any condition upon such Unit Owner's Unit which creates a fire hazard or violates fire prevention regulations.

8.15 Noise. No exterior horns, whistles, bells or other sound devices, except security devices, shall be placed or used on any portion of Cottonwood Landing. Unit Owners shall not allow any noise or disturbance on their respective Units which is offensive, disturbing or otherwise detrimental to any other person.

8.16 Lighting. No flood lighting, security lighting or other type of high intensity lighting shall be permitted without the approval of the Design Review Committee.

8.17 Compliance With Laws. Subject to the rights of reasonable contest, each Unit Owner shall promptly comply with the provisions of all applicable laws, regulations and ordinances with respect to Cottonwood Landing including, without limitation, all applicable environmental laws and regulations.

8.18 No Outside Clotheslines. No laundry shall be dried or hung outside any building.

8.19 Parking Areas. No automobiles or other vehicles shall be parked in any street or upon any portion of Cottonwood Landing except within garages, carports or designated parking areas. Motor vehicle parking areas shall not be used as playgrounds.

8.20 Obstructions. There shall be no obstruction of any walkways or interference with the free use of those walkways, except as may be reasonably required for repairs. The Association shall take such action as may be necessary to abate or enjoin any interference with or obstruction of walkways and paths. The Association shall have a right of entry on any part of Cottonwood Landing for the purposes of enforcing this Section. Any costs incurred by the Association in enforcement shall be specially assessed to the Unit Owners or other persons responsible for the interference.

8.21 House Numbers. Each Unit shall have a house number with a design and location established by the Committee.

8.22 Leasing and Restrictions on Alienation. A Unit may not be covered pursuant to a time-sharing arrangement described in Sections 38-33-110 to 113, Colorado Revised Statutes. A Unit Owner shall have the right to lease a Unit, provided that all leases shall be in writing and subject to the reasonable requirements of the Executive Board. A Unit may not be leased or rented for a term of less than 60 days. Any lease shall be specifically subject to the Declaration. Any failure of a tenant to comply with the Declaration shall be a default under the lease and the Unit Owner shall be liable for any violation of the Declaration committed by the Unit Owner's tenant, without prejudice to the Unit Owner's rights against the Unit Owner's tenant.

8.23 Use and Occupancy. Occupancy of any Unit shall be limited to two (2) adults or two (2) children per bedroom. No business activity shall be conducted on any Unit which is not permitted by law or governmental regulation, nor which would materially increase motor vehicle traffic in the parking areas. No licensed day care business shall be conducted on any lot.

8.24 Non-conversion of Garages. That portion of each Unit originally constructed as a garage and storage area shall not be converted to a living area, but shall remain the principal vehicle parking area for such Unit.

ARTICLE IX MAINTENANCE

9.1 Association's Maintenance Responsibility. The Association shall maintain and keep the Common Elements and the roofs and exterior painted or stained surfaces of the Improvements in good, clean and attractive condition and repair consistent with the requirements of a first class residential development.

9.2 Unit Owner's Maintenance Responsibility. Except as provided otherwise in the Declaration or by written agreement with the Association, all maintenance of individual Units including, without limitation, all interior surfaces, structural and nonstructural members, utility systems, utility lines from the point of departure from a shared usage, glazing, doors, patios, decks and other fixtures designed to serve a single Unit, shall be the sole responsibility of the respective Unit Owners. Each Unit shall be maintained in a good, clean and attractive condition and repair consistent with the requirements of a first class residential development.

9.3 Unit Owner's Maintenance Responsibility for Limited Common Elements. The Owner of a Unit to which any doorstep, stoop, porch, balcony or patio is allocated shall be responsible for

removal of snow, leaves and debris therefrom. Any Common Expense associated with the maintenance, repair or replacement of a Limited Common Element shall be assessed equally against the Units to which the Limited Common Element is assigned.

ARTICLE X INSURANCE

10.1 Association's Insurance Responsibility. The Association shall maintain all insurance coverage required by the provisions of C.R.S. 38-33.3-101, et. seq., as the same may be amended from time to time, together with such other insurance as the Executive Board of the Association shall deem advisable.

10.2 Association's Responsibility for Hazards Insurance on Units. In supplementation of and addition to insurance required by applicable statute, the Association shall obtain property insurance against damage or loss for broad form covered causes of loss for all Units to the unfinished interior surface of walls, ceilings and floors as initially constructed, in an amount equal to the full replacement value (i.e., 100 percent of the current "replacement cost" exclusive of land, foundation, excavation and other items normally excluded from coverage) and less applicable deductibles. The determination of value shall be made solely by the Association based on a good faith estimate of value which need not include a written appraisal. Such policy shall include, if available, a standard form of mortgagee clause, a "Demolition Cost Endorsement" or the equivalent, an "Increase Cost of Construction Endorsement" or the equivalent, and all casualty insurance policies shall have an inflation guard endorsement, if reasonably available.

10.3 Unit Owner's Insurance Responsibility. Each Unit Owner shall be responsible for all insurance coverage for all interior finishes on the walls, ceilings and floors of such Owner's Unit, together with all appliances, cabinets, plumbing and electrical fixtures and all other improvements and betterments to the Unit not insured by the Association. In addition, each Unit Owner shall be responsible for insuring all personal property within the Unit, as well as general liability insurance and any other insurance coverage deemed appropriate by such Unit Owner.

ARTICLE XI DEVELOPMENT RIGHTS AND OTHER SPECIAL DECLARANT RIGHTS

11.1 Development Rights and Special Declarant Rights. The Declarant reserves the following Development Rights and other Special Declarant Rights for the maximum time limit allowed by law:

- (a) The right to complete or make improvements indicated on the plat;
- (b) The right to maintain sales offices, management offices and models in a single Unit;
- (c) The right to maintain signs on the Common Elements and Units to advertise Cottonwood Landing.

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- (d) The right to use, and to permit others to use, easements through the Common Elements as may be reasonably necessary for the purpose of discharging Declarant's obligations under the Act and this Declaration; and
- (e) The right to appoint or remove any officer of the Association or any Director during the Declarant control period consistent with the Act.

11.2 Limitations on Development Rights and Special Declarant Rights. Unless sooner terminated by a recorded instrument signed by Declarant, any Development Right or Special Declarant Right may be exercised by the Declarant for the period of time specified in the Act.

ARTICLE XII ENFORCEMENT OF COVENANTS

12.1 Violation Deemed a Nuisance. Every violation of this Declaration is deemed to be a nuisance and is subject to all the remedies provided for the abatement of the violation. In addition, all public and private remedies allowed at law or equity against anyone in violation of these Covenants shall be available.

12.2 Compliance. Each Unit Owner and any other occupant of any part of the Property shall comply with the provisions of these Covenants as the same may be amended from time to time. Failure to comply with these Covenants shall be grounds for an action to recover damages or for injunctive relief to cause any such violation to be remedied, or both.

12.3 Who May Enforce. Any action to enforce these Covenants may be brought by the Declarant or the Executive Board in the name of the Association on behalf of the Unit Owners. If, after a written request from an aggrieved Unit Owner, neither of the foregoing entities commence an action to enforce these Covenants, then the aggrieved Unit Owner may bring such an action.

12.4 Nonexclusive Remedies. All the remedies set forth herein are cumulative and not exclusive.

12.5 Nonliability. No member of the Executive Board, the Declarant, the Design Review Committee or any Unit Owner shall be liable to any other Unit Owner for the failure to enforce these Covenants at any time.

12.6 Recovery of Costs. If legal assistance is obtained to enforce any provision of these Covenants, or in any legal proceeding (whether or not suit is brought) for damages or for the enforcement of these Covenants or the restraint of violations of these Covenants, the prevailing party shall be entitled to recover all costs incurred, including reasonable attorney's fees.

ARTICLE XIII
MISCELLANEOUS PROVISIONS

13.1 Severability. This Declaration, to the extent possible, shall be construed or reformed to give validity to all of its provisions. Any provision of this Declaration found to be prohibited by law or unenforceable shall not invalidate any other provision.

13.2 Construction. In interpreting words in the Declaration unless the context shall otherwise provide or require, the singular shall include the plural, the plural shall include the singular, and the use of any gender shall include all genders.

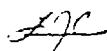
13.3 Headings. The headings are included only for reference and shall not affect the meaning or interpretation of this Declaration.

13.4 Notice. All notices or requests required shall be in writing. Notice to any Unit Owner shall be considered delivered and effective upon personal delivery, or three (3) days after posting when sent by certified mail, return receipt requested, to the address of the Unit Owner on file in the records of the Association at the time of the mailing. Notice to the Executive Board, the Association or the Design Review Committee shall be considered delivered and effective upon personal delivery, or three (3) days after posting when sent by certified mail, return receipt requested, to the Association, the Executive Board or the Committee at the address as shall be established by the Association from time to time by notice to the Unit Owners. General notices to all Unit Owners need not be certified, but may be sent by regular first class mail.

13.5 Waiver. No failure by the Association, the Executive Board or the Design Review Committee to give notice of default or any delay in exercising any right or remedy shall operate as a waiver, except as specifically provided above. No waiver shall be effective unless it is in writing signed by the President or Vice President of the Executive Board on behalf of the Association or by the Chairman of the Committee on behalf of the Committee.

13.6 Amendment and Mortgagee Requirements. Except as otherwise provided by the Act, unless at least fifty-one percent (51%) of the First Mortgagees (based on one vote for each First Mortgage owned) and at least sixty-seven percent (67%) of the Unit Owners have given their prior written approval, the Association shall not be entitled to amend provisions affecting the following: voting rights, assessments and assessment liens, reserves, maintenance and repair responsibilities, reallocation of interests in common elements, redefinition of Unit boundaries, convertibility of Units into Common Elements, expansion or contraction of Cottonwood Landing, insurance or fidelity bonds, leasing of Units, restrictions on sales or transfers, decisions to self-manage, restoration or repair of Cottonwood Landing, termination after destruction or condemnation and benefits of mortgagees, insurers or guarantors. Unless a First Mortgagee provides the Secretary of the Association with written notice of its objection, if any, to any proposed amendment of action outlined above within 30 days following the First Mortgagee's receipt of notice of such proposed amendment or action, the First Mortgagee will be deemed conclusive to have approved the proposed amendment or action.

13.7 Rule Against Perpetuities. Notwithstanding anything in this Declaration to the contrary, if any of the covenants, conditions, restrictions, easements or other provisions of this Declaration shall



be unlawful, void or voidable for violation of the rule against perpetuities, then such provisions shall terminate on the death of the survivor of the now living children of His Royal Highness, Charles, Prince of Wales, plus twenty-one (21) years.

13.8 Term. This Declaration and any amendments or supplements hereto shall remain in effect from the date of recordation until December 31, 2023. Thereafter, these Covenants shall be automatically extended for five (5) successive periods of ten (10) years each, unless otherwise terminated or modified as provided herein or by the Act.

IN WITNESS WHEREOF, the Declarant has executed this Declaration this 18th day of October, 1993.

SOUTHFIELD HOLDING CORPORATION,
a Colorado Corporation

By: [Signature]

ATTEST
[Signature]
Assistant Secretary

STATE OF COLORADO)
COUNTY OF El Paso) ss.

The foregoing instrument was acknowledged before me this 18th day of October, 1993, by Linda J. Crocker as President and Renee L. Walker as Secretary of Southfield Holding Corporation, a Colorado corporation.

Witness my hand and official seal
My Commission Expires: 2/28/96

[Signature]
Notary Public