



Section 5.22 Meetings of Committee. The DRC shall meet from time to time as necessary to perform its duties hereunder.

Section 5.23 Records of Actions. The DRC shall record in writing all final actions of the DRC, and the DRC shall keep a permanent record of such actions.

Section 5.24 Estoppel Certificates. The DRC shall, upon the request of any interested party and after confirming any necessary facts with the DRC, furnish a certificate with respect to the approval or disapproval of any Improvement to a Lot or regarding whether any Improvement to a Lot was made in compliance herewith. Any Person without actual notice to the contrary shall be entitled to rely on said certificate with respect to all matters set forth therein.

Section 5.25 No Liability for Committee Action. There shall be no liability imposed on the DRC, any member of the DRC, any authorized DRC representative or Declarant for any loss, damage or injury arising out of or in any way connected with the performance of the duties of the DRC, if such party acted in good faith and without malice. In reviewing any matter, the DRC shall not be responsible for passing on safety, whether structural or otherwise, or conformance with building codes or other governmental laws or regulations nor shall its approval of an Improvement to Property be deemed approval of such matters.

Section 5.26 Construction Period Exception. During the course of actual construction of any permitted structure or Improvement to a Lot, and provided that construction is proceeding with due diligence, the DRC shall temporarily suspend the provisions contained in this Declaration as to the property upon which the construction is taking place to the extent necessary to permit such construction; provided, however, that, during the course of any such construction (including the use of temporary construction trailers), nothing is done which will result in a violation of any of the provisions of this Declaration upon completion of construction, and nothing is done which will constitute a nuisance or unreasonable interference with the use and enjoyment of other property.

Section 5.27 Appointment and Removal of Successor Members of the DRC. Upon the expiration of the Declarant Approval Period, any successor member of the DRC may be appointed, removed or replaced upon the vote of the Owners having a majority of the total acreage of Privately Owned Lots within the Project.

ARTICLE 6 EASEMENTS

Section 6.1 Maintenance Easement. An easement to exercise its respective rights and to perform its respective obligations pursuant to this Declaration is hereby reserved and granted to Declarant and its respective officers, agents, employees and assigns, upon, across, over, in and under the Project, together with the right to make such use of the Project as may be necessary or appropriate in carrying out such rights or obligations;

provided, however, that the foregoing easement shall not apply to any portion of a Privately Owned Site upon which is located any building which has been constructed in a manner consistent with the provisions of this Declaration for such Site.

Section 6.2 Utilities. Declarant hereby creates and reserves to itself until the expiration of the Declarant Approval Period, a blanket non-exclusive easement upon, across, over, in and under the Project for the installation, operation, replacement, repair and maintenance of utilities and facilities therefore and other appurtenances thereto, including, but not limited to, water, sanitary sewer, storm sewer, gas and other energy services, telephone, electricity and cable television, fiber optic and other telecommunication services; provided, however, that the foregoing easement shall not apply to any portion of a Privately Owned Site upon which is located any building which has been constructed in a manner consistent with the provisions of this Declaration. By virtue of this blanket easement, it shall be expressly permissible to erect and maintain the necessary facilities, equipment and appurtenances on the Project and to affix, repair, maintain and replace water and sanitary and storm sewer pipes, gas, electric, telephone, fiber optic and television wires, cables, circuits, conduits and meters. If any utility or quasi-utility company furnishing a service covered by the general easement created herein requests a specific easement by separate recordable document, Declarant reserves and is hereby given the right and authority to grant such easement upon, across, over or under any part or all of the Project (other than any portion thereof upon which is located a building as set forth above) without conflicting with the terms hereof; provided, however, that such right and authority shall be transferred and shall devolve upon the Owners upon the expiration of the Declarant Approval Period. The easement provided for in this Section shall in no way affect, avoid, extinguish or modify any other Recorded easement on the Project.

Section 6.3 Conservation Easements. Declarant hereby creates and reserves to itself until the expiration of the Declarant Approval Period, the right to create conservation easements upon the property designated on the Plat as Open Space A and Open Space B. The terms and restrictions of the conservation easements shall be as determined by the Declarant; provided, however, that Open Space A and Open Space B shall not permit Dwelling Units or commercial buildings and shall be restricted to recreational purposes.

Section 6.4 Cross-Parking and Shared Access Easements. Declarant hereby creates and reserves to itself until the expiration of the Declarant Approval Period, the right to dedicate and/or convey on plats or by instrument, certain easements described as "cross-parking easements" and/or shared access easements to promote vehicular ingress and egress to two or more Commercial Lots anywhere within the Project, including but not limited to, Block 8, Lots 1, 2 3, and 4. Such cross-parking easements and shared access easements shall be placed in such locations as the Declarant deems necessary in order to facilitate traffic flows within the Project.

Section 6.5 Infrastructure, Trails. Declarant reserves, as a blanket easement, the right to grant, dedicate reserve and otherwise create from time to time, other easements necessary for infrastructure improvements and hiking trails on, across and under the



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Property, in particular, the Open Space, provided that such easements do not unreasonably interfere with an Owner's use of a Privately Owned Site.

Section 6.6 Easements Deemed Created. All conveyances of Privately Owned Sites hereafter made, whether by the Declarant or otherwise, shall be construed to grant and reserve the easements contained in this Article 6, whether or not specific reference to such easements or to this Article appears is made in the instrument of such conveyance.

ARTICLE 7

Default Assessments

Section 7.1 Default Assessments. The DRC may, subject to the provisions hereof, levy a Default Assessment against any Owner if the willful or negligent failure of the Owner, a Related User of the Owner, or a person claiming through the Owner to comply with this Declaration, or the Design Review Criteria or the actions or failure to act of such Owner or a Related User of such Owner have resulted in the expenditure of funds by the DRC. Such Default Assessment shall be levied only after a Notice and Hearing, the time and place of which shall be determined by the DRC with reasonable notice to the Owner. The amount of the Default Assessment shall be due and payable to the DRC thirty (30) days after the Notice and Hearing and a notice to the Owner of the decision that the Default Assessment is owing.

Section 7.2 Late Charges and Interest. If any Default Assessment or any installment thereof is not paid within thirty (30) days after it is due, the Owner obligated to pay the Default Assessment may be required to pay a reasonable late charge to be determined by the DRC. Any Default Assessment or installment of an Default Assessment which is not paid within thirty (30) days after the date of any Notice of Default is given, shall bear interest from the date such Default Assessment became due and payable at the rate of eighteen percent (18%) per annum simple interest.

Section 7.3 Remedies to Enforce Default Assessments. Each Default Assessment levied hereunder shall be a separate, distinct and personal debt and obligation of the Owner against whom the same is assessed. In the event of a default in payment of any Default Assessment or installment thereof, the DRC may, in addition to any other remedies provided under this Declaration or by law, enforce such obligation by suit or by filing and foreclosure of a lien as hereinafter provided.

Section 7.4 Lawsuit to Enforce Default Assessments. The DRC may bring a suit at law to enforce any Default Assessment obligation. Any judgment rendered in such action shall include any late charge, interest, and other costs of enforcement including reasonable attorneys' fees in the amount as the court may adjudge, against the defaulting Owner.

Section 7.5 Lien to Enforce Default Assessments. The DRC may also elect to file a claim of lien against the lot of the delinquent Owner by recording a notice ("Notice of Lien")

setting forth (a) the amount of the claim of delinquency, (b) the interest and costs of collection which have accrued thereon, (c) the legal description and street address of the lot against which the lien is claimed and (d) the name of the record Owner thereof. Such Notice of Lien shall be duly executed by the DRC or other duly authorized agent of the DRC. The lien shall continue until the amounts secured thereby and all subsequently accruing amounts (including any per diem fines) are fully paid or otherwise satisfied. When all amounts claimed under the Notice of Lien and all other costs and assessments which may have accrued subsequent to the filing of the Notice of Lien have been fully paid or satisfied, the DRC shall execute and record a notice releasing the lien upon payment by the Owner of a reasonable fee as fixed by the DRC to cover the costs of preparing and recording the release of the lien. Unless paid or otherwise satisfied, the lien may be foreclosed in the manner for foreclosure of liens in the State of Colorado.

Section 7.6 Estoppel Certificates. Upon payment of such reasonable fee as may be determined from time to time by the DRC, and upon the written request of any Owner and any person with, or intending to acquire, any right, title or interest in the lot of an Owner, the DRC shall furnish a written statement setting forth the amount of any Default Assessments or other amounts, if any, due and accrued and then unpaid with respect to a lot and the Owner thereof and setting forth the amount of any Default Assessment levied against such lot which is not yet due and payable. Such statement shall, with respect to the person to whom it is issued, be conclusive against the DRC and all persons for all purposes, that no greater or other amounts were then due or accrued and unpaid and that no other Assessments have been levied under or pursuant to this Declaration.

Section 7.7 No Offsets or Abatements. All Default Assessments shall be payable in the amounts specified in the levy thereof, and no abatements or offsets or reduction thereof shall be permitted for any reasons including, without limitation, any claim that the DRC is not properly exercising its duties and powers under this Declaration, any inconvenience arising from the making or repairs or improvements to the Common Areas, or for any other reason.

ARTICLE 8 ARBITRATION

Section 8.1 Alternative Dispute Resolution. The purpose of the Declaration is to establish a harmonious planned community. Because the prompt, efficient, fair and non-belligerent resolution of any disputes is desirable, any controversy arising out of or relating to this Declaration, or a breach thereof, or any other dispute between (1) the Declarant and (2) the Association, DRC, or any Owner shall be resolved as set forth in this Article.

Section 8.2 Direct Communication. The parties to the disagreement shall set forth their respective positions in the dispute in correspondence. Each party shall respond within seven days after receipt of a letter from the other until agreement is reached.

Section 8.3 Mediation. If the dispute cannot be resolved through direct communication of the parties, either party may request appointment of a neutral and properly

credentialed mediator. Both parties shall participate in the mediation in good faith until the dispute is resolved for a period not to exceed thirty days with the consent of all parties. The cost of the mediation shall be divided equally among the parties.

Section 8.4 Method. If the dispute cannot be resolved through mediation, either party may request appointment of one or more neutral and properly credentialed arbitrators with expert knowledge and experience regarding the subject in dispute. The initiating person shall give written notice of its decision to arbitrate by providing a specific statement setting forth the nature of the dispute, the amount involved and the remedy sought. The initiating person shall be responsible for all filing requirements and the payment of any fees according to the rules of the applicable regional office of the American Arbitration Association. The parties shall have an equal and fair opportunity to present their respective positions to the arbitrators, orally or in writing, as the arbitrators may specify depending on the nature of the dispute. The arbitrators may require such testimony, materials and documentation as they may determine to be appropriate. The arbitrators shall provide a written resolution within thirty days after the conclusion of the presentations of the parties and receipt of requested materials and documents. Any dispute shall be settled by binding arbitration administered by the American Arbitration Association.

(a) Costs. The arbitrator shall award to the prevailing party, if any, as determined by the arbitrator, all of its costs and expenses including any attorney's fees, arbitrator's fees and out-of-pocket expenses of any kind. The term "prevailing party" shall mean the party whose position is most nearly upheld in arbitration. (For example, the prevailing party would be the party who is required to pay \$1,000.00 in the arbitration proceeding where such party had, prior to the commencement of the arbitration, offered \$500.00 by way of settlement and the opposing party, refusing such offer, had claimed entitlement to \$10,000.00.)

(b) Binding Nature; Applicable Law. The consideration of the parties to be bound by arbitration is not only the waiver of access to determination by a court and/or jury, but also the waiver of any rights to appeal the arbitration finding. A judgment upon an award rendered by the arbitrator may be entered in any court having jurisdiction.

(c) Location. The alternative dispute resolution proceeding shall be held within Archuleta County, Colorado unless otherwise mutually agreed by the parties.

(d) Sole Remedy; Waiver of Judicial Rights. The Declarant, the DRC, the Association, and each Owner of a Lot expressly consent to these procedures established in this Article as their sole and exclusive remedy, and expressly waive any right they may have to seek resolution of any dispute contemplated by this Article in any court of law or equity, and any right to trial by judge or jury. If a dispute involves the Declarant or the Association, no person shall file a memorandum of lis pendens or similar instrument that would encumber or create a lien upon the land owned either by the Declarant or the Association.

(e) No Agreement by Association or DRC. Notwithstanding any provision in this Article 8 to the contrary, the DRC and Association shall have the right to enforce all



covenants set forth herein against Owners, as provided in this Declaration, and the Association and/or DRC does not agree to mediate or arbitrate its claims in such enforcement actions.

ARTICLE 9 OWNER'S ASSOCIATION

Section 9.1 Formation. The Association shall be charged with the duties and invested with the powers prescribed by this Declaration and the Association articles and bylaws. The Association articles and bylaws shall not, for any reason, be amended, otherwise modified, or interpreted so as to be inconsistent with this Declaration.

Section 9.2 Executive Board and Officers. The affairs of the Association shall be conducted by the Executive Board and such officers as the Executive Board may elect or appoint in accordance with its articles and bylaws, as the same may be amended from time to time. The Association, by and through the Executive Board, shall govern and manage the affairs of the Association, property owned by the Association, and the provisions of this Declaration. The Executive Board shall be composed of a minimum of three members. The Executive Board may also appoint various committees. Declarant, during the "Declarant Approval Period", shall have the right to appoint and remove Directors and officers.

Declarant may voluntarily surrender the right to appoint and remove Directors and officers before termination of the Declarant Approval Period. In that event, Declarant may require, for the duration of the Declarant Approval Period, that specified actions of the Executive Board, as described in a recorded instrument executed by the Declarant, must be approved by Declarant before they become effective.

Except as otherwise provided above, upon the termination of the Declarant Control Period, the Owners shall elect an Executive Board of at least three (3) members, at least a majority of whom shall be Owners, and the Executive Board shall elect the officers. The Executive Board and officers shall take office upon election.

Section 9.3 Association Rules. The Association may, by a majority vote of the Executive Board, adopt, amend and repeal Association Rules to be known as the "Association Rules". The purpose of the Association Rules shall be to implement, supplement or otherwise carry out the purposes and intentions of this Declaration; provided such Association Rules must be consistent with this Declaration.

Section 9.4 Liability. In the performance of their duties, the officers and members of the Executive Board are required to exercise the care required of a fiduciary of the Owners. No member of the Executive Board and no officer shall be liable for actions taken or omissions made in performance of such member's duties, except for wanton and willful acts or omissions. Officer or member actions taken upon the advice of legal counsel, certified public accountants, registered or licensed engineers, architects or surveyors shall conclusively be deemed to be in good faith and to have met the care required under the Act.



Section 9.5 Membership. The Association shall be a membership association without certificates or shares of stock. Every Owner shall be a member of the Association, and a person or entity who is not an Owner may not be a member of the Association. Membership in the Association shall automatically terminate when a member ceases to be an Owner. There shall be one class of membership, which is a voting membership by Owners.

Section 9.6 Voting. Each Lot (including Lots owned by the Declarant and including a Multi-family Site or such other Lot governed by a Sub-Association) shall be allocated a vote which shall be equal to the amount of acreage comprising such Lot as shown on the table attached hereto as Exhibit B. Sub-Association board of directors shall be deemed the Owner of, and shall be allocated the vote of Multi-family parcels or Lots which have been further subdivided and which are governed by a Sub-Association. Neither fractional nor cumulative voting shall be allowed. If the Owners of a Lot cannot agree among themselves as to how to cast their vote on a particular matter, they shall lose their right to vote on such matter. If any Owner of a Lot casts the vote for that Lot, it will thereafter be presumed for all purposes that the Owner was acting with the authority and consent of all other Owners of that Lot, unless an Owner of that Lot makes an objection thereto to the person presiding over the meeting when the vote is cast. If more than one vote is cast for any Lot, none of such votes shall be counted and all of such votes shall be deemed null and void. For the election of the Executive Board, those candidates receiving the highest number of votes shall be deemed elected. Notwithstanding anything to the contrary herein, Open Space A and Open Space B shall not have any "voting" rights in the Association.

Section 9.7 Enforcement. The Declarant (its successors and assigns) and the Association shall each have the right and power to bring suit in its name for legal or equitable relief for the failure to comply with any provision of this Declaration, or Association Rules promulgated by the Executive Board. In addition, the Association shall have the right to impose on any Owner monetary fines for any lack of compliance with provisions of this Declaration or Association Rules promulgated by the Executive Board and where such fines are not paid within the time provided, such fines may be collected as an Assessment Lien. The failure of the Declarant and/or the Association to insist upon the strict performance of any such provisions or to exercise any right or option available to it, or to serve any notice or to institute any action, shall not be a waiver or relinquishment for the future of any such provision or the enforcement thereof. Any Owner aggrieved by a lack of compliance by another Owner may also bring suit for legal and equitable remedies. If any court proceedings are instituted in connection with the rights of enforcement and remedies provided in this Declaration, the prevailing party shall be entitled to reimbursement of its costs and expenses, including reasonable attorney's fees, in connection therewith.

Section 9.8 Power of Association. Each Owner agrees that the Association has all the powers granted to it by this Declaration, the Act, and Colorado Nonprofit Corporation Act and any amendments thereto. Such powers shall include, without limitation, levying Assessments against Owners; imposing a lien on Privately Owned Sites for any unpaid or uncollected Assessments or penalties, and foreclosing any such liens; enforcing these Declarations;

acquiring, holding, owning, leasing, mortgaging and disposing of property; the adoption of Association Rules; the defending, prosecuting or intervention in litigation on behalf of all members; the borrowing of monies for Association purposes; and the right to pledge future income in order to secure such borrowings. The term "pledge future income" shall include the right to impose a special assessment for repayment of such borrowings and to assign such special assessment (and all lien and collection rights appurtenant thereto) to the mortgagee as security for repayment thereof. The Association may exercise any other right, power or privilege given to it by this Declaration, the articles and bylaws of the Association.

Section 9.9 Maintenance of Privately Owned Sites. Each Owner shall, at such Owner's sole cost and expense, maintain such Owner's Privately Owned Site and the Improvements located thereon in good order and repair. If, in the reasonable judgment of the Association, an Owner fails to maintain Owner's Privately Owned Site or the Improvements located thereon, and such failure remains uncured for more than thirty (30) days after the Association's delivery of written notice thereof to such Owner, the Association may enter upon such Privately Owned Site, including its Common Elements, perform such maintenance and repairs the Association deems necessary and appropriate, and charge all costs and expenses incurred by the Association in connection therewith to such Owner as a Default Assessment. The Association may, without notice, make emergency repairs to and maintain any Privately Owned Site or Improvements located thereon, as may, in its judgment, be necessary for the safety of all persons or to prevent damage to any other property. The cost of such emergency repairs shall be charged to the Owner of the Privately Owned Site as a Default Assessment.

Section 9.10 Maintenance by Sub-Associations. Each Sub-Association shall maintain the Common Elements within its Multi-family Site or such other site governed by it. If, in the reasonable judgment of the Association, a Sub-Association fails to maintain its Common Elements in good order and repair, and such failure remains uncured for more than thirty (30) days after the Association's delivery of written notice thereof to such Sub-Association, the Association may enter upon such Multi-family Site, or other site governed by a Sub-Association, including their Common Elements, perform such maintenance and repairs the Association deems necessary and appropriate, and charge all costs and expenses incurred by the Association in connection therewith to such Sub-Association's members, as a Default Assessment.

Section 9.11 Managers. The Association may employ or contract for the services of managers to whom the Executive Board may delegate certain powers, functions or duties of the Association. Managers shall not have the authority to make expenditures except upon prior approval of the Executive Board.

Section 9.12 Special Provisions Regarding Association Property. All Common Elements which may be eventually owned by the Association shall, at all times, be owned, managed, operated, and maintained by the Association consistent with the provisions of this Declaration and in trust for the use, benefit, and enjoyment of the Owners of Privately Owned Sites.

ARTICLE 10
ASSESSMENTS, COMMON EXPENSES, BUDGETS AND LIENS.

Section 10.1 Obligation for Assessments and Other Charges.

(a) Each Owner, by accepting a deed to a Privately Owned Site, shall be deemed to have covenanted and agreed to pay the Association all Assessments and other charges that the Association is required or permitted to levy or impose on such Owner, or such Owner's Privately Owned Site.

(b) Notwithstanding the definition of the term "Owner": (i) a person or entity that acquires a Privately Owned Site in a foreclosure sale shall be personally liable for all Assessments or other charges that the Association may levy, commencing on the date of the foreclosure sale; and (ii) a person or entity that acquires a Privately Owned Site by deed in lieu of foreclosure shall also be personally liable for all such Assessments, commencing on the date the Owner executes the deed in lieu of foreclosure.

(c) No Owner shall be exempt from liability for any Assessment or other charges by waiving the use or enjoyment of any Common Element, or by abandoning any Privately Owned Site against which such Assessments or other charges are made.

(d) Each Owner shall be personally liable for all Assessments and other charges levied on such Owner's Privately Owned Site. If there is more than one Owner, each Owner shall be jointly and severally liable with the other Owners for all Assessments or other charges so levied.

(e) Each Assessment or other charge, together with the interest thereon and all costs and expenses incurred by the Association to collect such Assessment or other charge, including all fees and disbursements to attorneys, accountants, appraisers, receivers, or other professions engaged by the Association in connection therewith, may be recovered by a suit for a money judgment by the Association without foreclosing or waiving any Assessment Lien (as defined by the Act) securing the same.

(f) Notwithstanding anything else to the contrary contained in this Declaration, the Association and its Common Elements (including Open Space A and Open Space B) shall be exempt from all Assessments; and, during the Declarant Approval Period, Assessments shall be made only as to Privately Owned Sites conveyed by the Declarant to any Owner other than the Declarant.

Section 10.2 Budgets.

(a) Prior to the first levy of any Assessments, and, thereafter, on or before



July 1 of each calendar year, the Executive Board shall adopt the proposed annual budget for the Association for the following calendar year that sets forth: (i) the Executive Board's estimates of common expenses for the next calendar year; and (ii) the amount of funds for such common expenses that the Executive Board proposes to raise through all Assessments.

(b) The proposed annual budget shall be sent to all Owners for approval; provided, however, that unless seventy-five (75) percent of all votes within the Association, whether or not a quorum is present, rejects the proposed annual budget, the proposed annual budget shall be deemed ratified. If the Executive Board deems it necessary to amend an annual budget that has been ratified by the Owners, the proposed amendment shall also be sent to all Owners and, unless seventy-five (75) percent of all votes within the Association, whether or not a quorum is present, rejects the proposed amendment, the proposed amendment shall be deemed ratified.

Section 10.3 Annual Assessments. Prior to the first levy of any Assessments, and, thereafter, on or before July 1st of each calendar year, the Executive Board shall levy and collect from each Owner an annual assessment for the common expenses of the Association (to be paid in twelve equal monthly installments).

Section 10.4 Special Assessments. If, at any time, the Executive Board believes that the sum of common expenses for a calendar year will exceed the revenues of the Association for that calendar year, then the Executive Board may cause the Association to levy and collect a special assessment from Owners in an amount equal to the amount of such excess. To the extent that Common Elements are applicable to a Multi-family Site, and/or applicable to a site governed by a Sub-Association, for which the Association has the responsibility for maintenance, the Association may specially assess the Sub-Association or to the extent necessary to maintain such Common Elements.

Section 10.5 Default Assessments. Notwithstanding anything to the contrary contained herein, if any common expense for which the Association has assumed responsibility is caused by (a) the negligence or misconduct of an Owner or such Owner's family or guests and/or (b) a violation of any covenant or condition of this Declaration by an Owner or such Owner's family or guest, the Association may levy an Assessment against such Owner's Privately Owned Site. Any such Assessment levied by the Association, and each fine, penalty, fee or other charge imposed upon an Owner for such violation, shall be referred to as a "Default Assessment". With respect to any Default Assessment, the Association shall provide reasonable notice and reasonable opportunity to the Owner against whom the Association seeks to levy the Default Assessment to review the Default Assessment circumstances with the Executive Board prior to its decision to so levy the Default Assessment.

Section 10.6 Assignment of Assessments. The Association shall have an unrestricted right to assign its right to receive Assessments and other future income, either as security for the obligations of the Association or otherwise.

Section 10.7 Assessment Lien. The Association shall have a lien on each Privately Owned Site for any Assessment levied against such property and any fine, late charges, penalties, interest, attorney's fees, and disbursement of costs of collection imposed against the Owner. The Assessment lien shall secure all of the foregoing obligations of an Owner until such time as the obligations become due. If any Assessment is paid in installments, the Assessment lien secures each installment from the time it becomes due, including any due dates set by the Association for the acceleration of installment obligations. An Assessment lien is prior to all liens and encumbrances on a Privately Owned Site, except as otherwise provided in the Act. The recording of this Declaration constitutes record notice and perfection of any Assessment lien on any Privately Owned Site. No further recordation of any claim of any Assessment lien is required. This Section 10.7 does not prohibit actions or suits to recover sums secured by an Assessment lien, or prohibit the Association from taking a deed in lieu of foreclosure, which actions or suits the Association may undertake in accordance with this Declaration. A court may appoint a receiver for an Owner to collect all sums to be due from the order prior to or during the pendency of the action. An Assessment lien may be foreclosed in any manner as a mortgage or real estate.

Section 10.8 Estoppel Certificates; Notice to Mortgagees. The Association shall furnish to an Owner or its designee, upon written request, delivered personally or by certified mail, to the Association's registered agent, a statement setting forth the amount of unpaid Assessments currently levied against an Owner's Privately Owned Site. The statement shall be furnished within fourteen days after receipt of the request.

Section 10.9 Administration of Assessments. The Association shall have the right to inspect and copy all records of any Owner that are related to the Owner's obligation to pay any Assessment. The Association may adopt such Association Rules that it deems necessary and appropriate with respect to the administration of Assessments.

Section 10.10 Assessments on Residential Units. Pursuant to CCIOA 38-33.3-116(2), the average annual common expense liability for each unit restricted to residential purposes (including each residential unit within a Multi-family Site) may not exceed \$450.00 (determined as of January 2005 and which may be adjusted in accordance with any increase in the US Dept of Labor Bureau of Labor Statistics consumer price index for the Denver-Boulder consolidated metropolitan area for the preceding calendar year). The restriction on the average annual common expense liability shall be exclusive of any optional user fees and any insurance premiums paid by the Association. The \$450.00 limitation shall not be increased if the final consumer price index for the preceding calendar year did not increase and shall not be decreased if the final consumer price index for the preceding calendar year decreased.

Section 10.11 Allocation of Assessments. Each Owner shall be responsible for that Owner's share of the Common Expenses, which, except as specifically provided in this Declaration, shall be divided among the Privately Owned Sites included within the Property under this Declaration from time to time according to the following allocation formula: At any



given time, an Owner's share of Common Expenses shall be determined as a fraction, the numerator of which is the total acreage comprising a Privately Owned Site owned by an Owner and the denominator of which is the total acreage of all Lots within the Project. Any Common Expenses or portion thereof benefiting fewer than all of the Lots (which determination shall be made by the Declarant) shall be assessed exclusively against the Lots benefited. Exhibit B attached hereto is a table showing the approximate acreage of each Privately Owned Site within the Project. Declarant reserves the right, during the Declarant Approval Period, to amend Exhibit B in order to accurately reflect acreages of Privately Owned Sites.

Section 10.12. Agreement in Advance Regarding Surpluses. The Executive Board shall establish an adequate reserve fund for the maintenance repair and replacement of those Common Elements that must be periodically maintained, repaired or replaced. To the extent possible, such reserve fund shall be funded through the monthly installments of the annual Common Expense Assessments. Any surplus funds derived from assessments shall be transferred to the reserve fund or used for Association operations during the next fiscal year, in the Executive Board's sole discretion. In no event shall any surplus funds be distributed to Owners. Each Owner by acceptance of the deed to the Privately Owned Site, for each fiscal year of the Association in which such Privately Owned Site is owned, hereby authorizes the Executive Board, in its sole discretion, to either use such surplus during the next fiscal year or to transfer to the reserve fund.

ARTICLE 11 MISCELLANEOUS

Section 11.1 Term of Declaration. Unless amended as herein provided, each provision contained in this Declaration which is subject to the laws or rules sometimes referred to as the rule against perpetuities or the rule prohibiting unreasonable restraints on alienation shall continue and remain in full force and effect for the period of twenty-one (21) years following the death of the survivor of John Ranson and the now living descendants of said person, or until this Declaration is terminated as hereinafter provided, whichever first occurs. Unless amended as herein provided, all other provisions, covenants, conditions, restrictions and equitable servitudes contained in this Declaration shall be effective until December 31, 2050, and, thereafter, shall be automatically extended for successive periods of ten (10) years each unless terminated by the affirmative vote, by written ballot, of Owners then holding at least seventy-five percent (75%) of the total acreage of Privately Owned Sites within the Project and, during the Declarant Approval Period, with the prior written consent of Declarant. The termination of this Declaration shall be effective upon the Recording of an instrument acknowledging such termination which has been executed by the Owners holding at least seventy-five percent (75%) of the total acreage of Privately Owned Sites within the Project, and, if required as aforesaid, Declarant.

Section 11.2 Amendment of Declaration by Declarant. Until the first Privately Owned Site subject to this Declaration has been converted by Declarant by deed Recorded in the office of the Clerk and Recorder of Archuleta County, Colorado, any of the restrictions in this Declaration may be amended or terminated by Declarant by the Recordation of a written

instrument, executed by Declarant setting forth such amendment or termination. Notwithstanding the foregoing, Declarant hereby reserves and is granted the right and power to make and, where required, to Record technical amendments to this Declaration at any time prior to the date upon which the last Privately Owned Site within the Project has been sold and conveyed by Declarant to any Owner other than Declarant, for the purposes of correcting spelling, grammar, dates, cross references, typographical errors or other similar technical errors, or as may otherwise be required to clarify the meaning of any provision of any or all of such documents.

Section 11.3 Amendment of Declaration by Owners. Except as otherwise provided in this Declaration, and subject to provisions elsewhere contained in this Declaration requiring the consent of Declarant or others, any provision, covenant, condition, restriction or equitable servitude contained in this Declaration may be amended at any time and from time to time upon approval of the amendment by Owners holding at least seventy-five percent (75%) of the total acreage of the Privately Owned Sites within the Project, and, if such amendment or repeal is made during the Declarant Approval Period, the consent of Declarant. Any such amendment shall be effective upon the Recording of an instrument acknowledging such amendment which has been properly executed by the Owners and, if required as aforesaid, Declarant.

Section 11.4 Agency Amendments. Notwithstanding anything to the contrary contained in this Declaration, if Declarant shall determine that any amendments to this Declaration shall be necessary in order for existing or future mortgages, deeds of trust or other security instruments to be acceptable to any of the Agencies, then, subject to the following sentence of this Section, Declarant shall have and hereby specifically reserves the right and power to make and execute any such amendments without obtaining the approval of any Owners or First Mortgagees. Each such amendment of this Declaration shall be made, if at all, by Declarant prior to the expiration of the Declarant Approval Period, and each such amendment must contain thereon the written approval of the VA or HUD, to the extent required by VA or HUD.

Section 11.5 Required Consent of Declarant to Amendment. Notwithstanding any other provision in this Declaration to the contrary, any proposed amendment or repeal of any provision of this Declaration shall not be effective unless Declarant has given its written consent to such amendment or repeal, which consent may be evidenced by the execution by Declarant of any certificate of amendment or repeal. The foregoing requirement for consent of Declarant to any amendment or repeal shall terminate upon the expiration of the Declarant Approval Period.

Section 11.6 Special Rights of First Mortgagees. Any First Mortgagee, upon filing a written request therefore with the DRC, shall be entitled to receive written notice from the DRC and/or Association of any default by the Owner indebted to such First Mortgagee in the performance of the Owner's obligations under this Declaration, the Design Review Criteria or any other guidelines or rules of the DRC and/or Association.



Section 11.7 First Mortgagee Exemption from Rights of First Refusal. Any First Mortgagee who obtains title to any Privately Owned Site within the Project pursuant to the remedies provided in the First Mortgage held by such First Mortgagee or pursuant to any foreclosure of the First Mortgage or by deed or assignment in lieu of foreclosure shall be exempt from any right of first refusal if any such right of first refusal is ever contained in this Declaration.

Section 11.8 Priority of First Mortgage Over Assessments. Each First Mortgagee who obtains title to the Privately Owned Site encumbered by the First Mortgage, whether pursuant to the remedies provided in the Mortgage, by judicial foreclosure, or by deed or assignment in lieu of foreclosure, shall take title to the Privately Owned Site free and clear of any claims for unpaid Default Assessments or charges against such Privately Owned Site which accrued prior to the time such First Mortgagee acquires title. A First Mortgagee shall be deemed to have acquired title to a Privately Owned Site on the date of receipt of a deed in lieu of foreclosure, or on the date of receipt of a Certificate of Purchase from the Public Trustee, or on the date of sale pursuant to a judicial foreclosure and receipt of the Sheriff's Certificate of Purchase, as the case may be.

Section 11.9 Notices. Any notice permitted or required to be given under this Declaration shall be in writing and may be given either personally or by mail, facsimile transmission or telegraph. If served by mail, each notice shall be sent postage prepaid, addressed to any Person at the address given by such Person to the DRC and/or Association for the purpose of service of such notice, or to the Privately Owned Site of such Person if no address has been given to the DRC and/or Association, and shall be deemed given, if not actually received earlier, at 5:00 p.m. on the second business day after it is deposited in a regular depository of the United States Postal Service. Such address may be changed from time to time by notice in writing to the DRC and/or Association.

Section 11.10 Persons Entitled to Enforce Declaration. Any Association acting by authority of its board of directors, any Owner of a Privately Owned Site within the Project (subject to the provisions below), the DRC and Declarant shall have the right to enforce any or all of the provisions, covenants, conditions, restrictions and equitable servitudes contained in this Declaration against any property within the Project and the Owner thereof; provided, however, that (a) an Owner of a Privately Owned Site within the Project shall have the right of enforcement only if (i) there is not in existence at the time of such enforcement an Association formed with respect to the portion of the Project of which such Owner is a member by virtue of its ownership of such Privately Owned Site and (ii) the Owners of Privately Owned Sites join in the exercise of such right of enforcement. For the purpose of the foregoing sentence, "majority" shall mean the Owners holding more than fifty percent (50%) of the total acreage of the Privately Owned Sites then existing within such portion of the Project, including the lot of the Owner who initiates such endorsement. No other Person shall have any right of enforcement with respect to this Declaration. The right of enforcement shall include the right to bring an action for damages, as well as an action to enjoin any violation of any provisions of this Declaration.

Section 11.11 Violations Constitute a Nuisance. Any violation of any provision, covenant, condition, restriction or equitable servitude contained in this Declaration, whether by act or omission, is hereby declared to be a nuisance and may be enjoined or abated, whether or not the letter sought is for negative or affirmative action, by any Person entitled to enforce the provisions of this Declaration.

Section 11.12 Enforcement by Self Help. Declarant or the DRC or the Association, or any authorized agent of any of them, may enforce, by self help, any of the provisions, covenants, conditions, restrictions or equitable servitudes contained in this Declaration, provided such self help is (except in the event of an "Emergency Situation," as hereinafter defined) preceded by Notice and Hearing. An "Emergency Situation" shall mean a situation in which prompt action is required to be taken in order to prevent or to reduce the effect of any imminent or threatened damage or harm to person or property, to preserve property or to prevent or minimize the effects of any negative impacts on surrounding property from any condition existing on the property upon which the entry is to occur. Any such self help by Declarant, Association or the DRC may include entering upon the respective property and taking such actions as Declarant, Association or the DRC, as the case may be, determines are necessary or desirable to cause compliance with this Declaration, all without liability to the Owner of the affected property and without any further notice or opportunity to cure afforded to such Owner, in which case Declarant, Association or the DRC, as the case may be, shall be entitled to recover from such Owner, in addition to all other amounts to which Declarant, Association or the DRC, as the case may be, shall be entitled, all costs and expenses incurred by Declarant, Association or the DRC, as the case may be, in so doing.

Section 11.13 Violations of Law. Any violation of any federal, state, municipal or local law, ordinance, rule or regulation, pertaining to the ownership, occupation or use of any property within the Project, is hereby declared to be a violation of this Declaration and shall be subject to any and all of the enforcement procedures set forth in this Declaration.

Section 11.14 Remedies Cumulative. Each remedy provided under this Declaration is cumulative and not exclusive.

Section 11.15 Costs and Attorneys' Fees. In any action or proceeding under this Declaration, the prevailing party shall be entitled to recover its costs and expenses in connection therewith, including reasonable attorneys' fees and expert witness fees.

Section 11.16 Limitation on Liability. Except as may otherwise be provided by law, the DRC, Declarant, and any member, or officer, director, agent or employee of either of the same, shall not be liable to any Person for any action or for any failure to act if the action or failure to act was in good faith and without malice.

Section 11.17 No Representations or Warranties. No representations or warranties of any kind, express or implied, shall be deemed to have been given or made by Declarant or its officers, directors, agents or employees in connection with any portion of the Property,



or any Improvement thereon, as to its or their physical condition, zoning, compliance with applicable laws, or fitness for intended use, or in connection with the subdivision, sale, operation, maintenance, costs of maintenance, taxes or regulation thereof, unless and except as shall be specifically set forth in a writing signed by Declarant. ANY AND ALL WARRANTIES WITH RESPECT TO ANY PORTION OF THE PROJECT, AND ANY IMPROVEMENTS THEREON, EXPRESS OR IMPLIED, WHETHER ARISING UNDER FEDERAL OR STATE LAW, INCLUDING, BUT NOT LIMITED TO, ALL IMPLIED WARRANTIES OR MERCHANTABILITY, HABITABILITY OR FITNESS FOR A PARTICULAR PURPOSE, ARE HEREBY SPECIFICALLY DISCLAIMED.

Section 11.18 Liberal Interpretation. The provisions of this Declaration shall be liberally construed as a whole to effectuate the purposes of this Declaration.

Section 11.19 Governing Law. This Declaration shall be construed and governed under the laws of the State of Colorado.

Section 11.20 Severability. Each of the provisions of this Declaration shall be deemed independent and severable, and the invalidity or unenforceability or partial invalidity or partial unenforceability of any provision or portion thereof shall not affect the validity or enforceability of any other provision.

Section 11.21 Number and Gender. Unless the context requires a contrary construction, the singular shall include the plural and the plural the singular, and the masculine, feminine or neuter shall each include the masculine, feminine and neuter.

Section 11.22 Captions for Convenience. The titles, headings and captions used in this Declaration are intended solely for convenience of reference and shall not be considered in construing any of the provisions of this Declaration.

Section 11.23 Restrictions Imposed. The Project shall be subject to all of the covenants, conditions, Restrictions, limitations and other provisions contained in this Declaration and in the applicable Plat.

Section 11.24 Inconsistencies Between Laws and Instruments. In the event of any inconsistency between this Declaration and the Plat, this Declaration shall control. In the event of any inconsistency between the Declaration and the Design Review Guidelines, the terms of this Declaration shall control.

Section 11.25 Additional Enforcement Powers. In addition to any other enforcement powers under this Declaration, the DRC shall have the right to enforce any or all of the provisions of the Design Review Criteria or other guidelines or rules of the DRC through any or all of the enforcement mechanisms provided by this Declaration.

IN WITNESS WHEREOF, Declarant has executed this Declaration the day and year first above written.



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5/10/2005 8:20 AM

June Madrid

43 of 48 DCL R\$241.00 D\$0.00

Archuleta County

PAGOSA PARTNERS I, INC.

Dan C. Sanders Jr

By: Dan C. Sanders, Jr.

Title: V.P. Pagosa Partners I Inc

STATE OF COLORADO)

) ss.

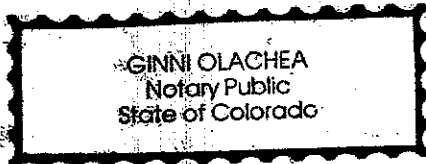
COUNTY OF ARCHULETA)

The foregoing instrument was acknowledged before me this 27th day of April, 2005, by Dan C. Sanders, Jr., Vice President of Pagosa Partners I, Inc.

WITNESS my hand and official seal.

My commission expires: 23 Oct 2006

Ginni Olachea
Notary Public





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44 of 48 DCL RS\$241.00 DS\$0.00

June Madrid
Archuleta County

EXHIBIT A
TO
MASTER DECLARATION
FOR
ASPEN VILLAGE

(Description of Expansion Property)

Lot A2, Harmon Park Subdivision according to the Plat thereof filed Dec. 21, 2004 as reception no. 20412244, in office of clerk and recorder, Archuleta County. Plat No. 718

The property is 3.18 acres.



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45 of 48 DCL R\$241.00 D\$0.00

Archuleta County

EXHIBIT B
TO
MASTER DECLARATION
FOR
ASPEN VILLAGE

Lots

% Allocated for Voting

% Allocated for Common Expenses



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Archuleta County

EXHIBIT B

Voting rights by lot ownership - note openspace and common areas do not vote

BLOCK	LOT	LOT ACERAGE	% of TOTAL
1	1	Cottages	See Cottages Break Down Page 2 of 3
2	1	Enclaves	See Enclave Break Down Page 3 of 3
3	1	0.88	1.66477%
3	2	0.87	1.64586%
3	3	5.00	9.45895%
3	4	1.02	1.92963%
3	5	1.36	2.57283%
4	1	1.44	2.72418%
4	2	0.69	1.30533%
4	3	0.85	1.60802%
4	4	3.00	5.67537%
5	1	1.24	2.34582%
5	2	0.86	1.62694%
5	3	1.72	3.25388%
5	4	1.03	1.94854%
5	5	0.73	1.38101%
6	1	4.52	8.55089%
6	2	1.06	2.00530%
6	3	0.99	1.87287%
7	1	3.36	6.35641%
8	1	0.86	1.62694%
8	2	1.25	2.36474%
8	3	6.65	12.58040%
8	4	1.60	3.02686%
9	1	0.70	1.32425%
9	2	0.65	1.22966%
9	3	0.62	1.17291%
9	4	0.90	1.70261%
9	5	1.52	2.87552%
SUBTOTAL		45.37	85.8%



5

**FIRST SUPPLEMENT TO
MASTER DECLARATION FOR
ASPEN VILLAGE
PLANNED DEVELOPMENT**

THIS FIRST SUPPLEMENT is intended to supplement and amend that certain Master Declaration for Aspen Village Planned Development recorded on May 10, 2005 at Reception No. 20504450 in the office of the Archuleta County Clerk and Recorder, (the "Master Declarations"). This First Supplement to Master Declaration For Aspen Village Planned Development is hereby made this 16 day of August, 2005 by Pagosa Partners 1, Inc., a Colorado corporation (the "Declarant").

The Declarant is the owner of more than 75% of the real property comprising the Aspen Village Planned Unit Development and has the authority to amend this Master Declaration for the purposes described herein pursuant to Sections 11.2 and 11.3 of the Master Declaration.

This First Supplement is hereby amended in order to further clarify and provide a detailed legal description and map depicting the real property governed by the Master Declaration.

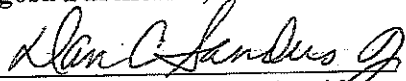
NOW THEREFORE, the Declarant hereby certifies and declares that the Declarations are amended as follows:

Section 1.1 of the Master Declaration is hereby amended as follows:

The real property described as, and consisting of, the Aspen Village Planned Unit Development (the "Project") is more fully described in the legal description attached hereto as Exhibit A-1. A map of the Aspen Village Planned Unit Development is attached hereto as Exhibit A-2.

IN WITNESS WHEREOF, this First Supplement to Master Declaration for Aspen Village Planned Development has been executed and acknowledged by the undersigned.

Pagosa Partners 1, Inc. a Colorado corporation


By Dan C. Sanders, Jr., President

State of Colorado)
) ss.
County of Archuleta)

The foregoing instrument was acknowledged before me this 16 day of August 2005, by Dan J. Sanders, President Pagosa Partners I, Inc., a Colorado corporation.

Pagosa Partners 1 INC
DBA Aspen Village
390 Boulder Dr Ste 200
Pagosa Springs CO 81447



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June Madrid

3 of 5

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Archuleta County

EXHIBIT A-1
LEGAL DESCRIPTION OF ASPEN VILLAGE
PLANNED UNIT DEVELOPMENT

TRACT ONE:

That part of the SW/4SE/4 of Section 16, and that part of the NW/4NE/4 and the NE/4NW/4 of Section 21, Township 35 North, Range 2 West, N.M.P.M., Archuleta County, Colorado, more particularly described as follows, to wit:

Beginning at the northeast corner of said NW/4NE/4 of Section 21, said point bearing N88°53'52"W, 1306.30 feet, more or less, from the northeast corner of said Section 21, said point also being the northwest corner of Parcel 2 of said Section 21, as shown, on the map of Pagosa Alpha Section recorded June 13, 1969, as Reception No. 91872, in the Office of the Clerk and Recorder of said county; thence from said Point of Beginning, S00°04'22"W, 1325.38 feet, more or less, to the southeast corner of the NW/4NE/4 of Section 21; thence N88°54'29"W, 2616.25 feet along the south line of the N/2N/2 of said Section 21 to the southwest corner of the NE/4NW/4 of said Section 21, which is also the northwest corner of Parcel 10 of said Pagosa Alpha Section; thence N00°15'16"E along the west line of the NE/4NW/4 a distance of 306.41 feet, more or less, to a point on the southeasterly right-of-way line of U.S. Highway 160; thence N56°17'10"E along said southeasterly right-of-way line, 3162.86 feet, more or less, to the east line of the SW/4SE/4 of said Section 16 thence; S01°04'50"W along the east line of said SW/4SE/4 of Section 16, a distance of 786.56 feet to the Point of Beginning. LESS AND EXCEPT: Alpha Drive, as shown on that certain plat recorded November 6, 1972, as Reception No. 76769, in the Office of the Clerk and Recorder, Archuleta County, Colorado. ALSO LESS AND EXCEPT a tract of land being a portion of the NENW/4 of said Section 21, lying south of the southeasterly right-of-way line of U.S. Highway 160 as it existed on October 14, 1985, as shown on Results of Survey recorded as Reception No. 135026, in the Office of the Clerk and Recorder, Archuleta County, Colorado, and lying westerly of Alpha Drive, said tract being more particularly described as follows, to wit: Commencing at the southwest corner of said NE/4NW/4 of Section 21; thence N00°15'16"E, a distance of 306.41 feet to the southeasterly right-of-way line of U.S. Highway 160; thence N56°17'18"E along said right-of-way line a distance of 1470.28 feet to the westerly boundary line of Alpha Drive as described in said plat recorded November 6, 1972, as Reception No. 76769; thence along the westerly boundary of Alpha Drive 31.42 feet through a curve to the right having a radius of 20.00 feet and a delta angle 90°; thence continuing along the westerly boundary line of said Alpha Drive 100.47 feet along a curve to the right having a radius of 170.00 feet and a delta angle of 33°51'38" to a point; thence S00°08'56"W a distance of 1045.91 feet along the westerly boundary line of said Alpha Drive to a point on the south boundary line of said NE/4NW/4 of Section 21; thence N88°54'29"W, a distance of 1278.40 feet along the south boundary line of said NE/4NW/4 of Section 21 to the Point of Beginning.

TRACT TWO:

A tract of land located in the SE/4SE/4, of Section 16, Township 35 North, Range 2 West, N.M.P.M., Town of Pagosa Springs, Archuleta County, Colorado, and entirely within Parcel C of the Pagosa Partners Minor Subdivision, the plat of which subdivision is filed under Reception No. 99011753, of the records in the Office of the Archuleta County Clerk and Recorder, which tract is more particularly described by meters and bounds as follows, to-wit:

Beginning at the northwest corner of Parcel A Pagosa Partners Minor Subdivision, which corner is identical with the northeast corner of the tract herein described; thence S33°41'37"E, 284.59 feet along the west boundary of said Parcel A to the angle point therein; thence S01°00'48"W, 49.70 feet along the west boundary of said Parcel A to the southeast corner of the tract herein described; thence S83°44'47"W, 213.42 feet to the southwest corner of the tract herein described; thence 193.09 feet on the arc of a curve to the left, having a radius of 330.00 feet, the long chord of which curve bears N16°55'57"W, 190.35 feet; thence N33°41'40"W, 48.59 feet to the northwest corner of the tract herein described; thence N57°36'59"E, 164.26 feet to Point of Beginning.

TRACT THREE:

All that portion of the E1/2SE1/4 of Section 16, Township 35 North, Range 2 West, N.M.P.M., Archuleta County, Colorado, lying and being southeasterly of U.S. Highway 160, said tract being more particularly described as follows, to-wit:

Beginning at a found G.L.O. brass cap which is the southeast corner of said Section 16 whence the northeast corner of said Section 16 bears N01°00'48"E, 5329.23 feet; thence from said southeast corner of Section 16 N88°51'38"W, 1307.14 feet along the south boundary line of said Section 16 to a rebar and aluminum cap marked P.E. and L.S. 5933 being the southwest corner of the E1/2SE1/4 of said Section 16 whence the SE/4 corner of said Section 16 bears N88°51'38"W, 1307.14 feet; thence N01°08'50"E, 788.19 feet along the west boundary line of said E1/2SE1/4 to a found rebar and aluminum cap marked L.S. 12064 being a point of intersection of the west boundary line of said E1/2SE1/4 and the southeasterly right way line of U.S. Highway No. 160; thence N58°18'37"E, 1588.29 feet along said southeasterly right of way line to found rebar and cap marked L.S. 9009 being the point of intersection of said southeasterly right of way line and the east boundary line of said Section 16 whence the northeast corner of said Section 16 bears N01°00'48"E, 3635.91 feet; thence S01°00'48"W, 1693.32 feet along the east boundary line of said Section 16 to the southeast corner of said Section 16 and the Point of Beginning. Excepting therefrom, that certain parcel conveyed to the State of Colorado, Department of Highways in deed recorded July 24, 1995 as Reception No. 1995004609, in the Office of the Clerk and Recorder, Archuleta County, Colorado.

TRACT FOUR:

Parcel B of the Replat of Pagosa Partners Minor Subdivision recorded in the Office of the Archuleta County, Clerk and Recorder under Reception Number 20401277.

TRACT FIVE:

All that portion of Parcel A of the Replat of Pagosa Partners Minor Subdivision recorded in the Office of the Archuleta County, Clerk and Recorder under Reception Number 20401277.

TRACT SIX:

All that part of Parcel C, as shown hereon, of the Replat of Pagosa Partners Minor Subdivision recorded in the Office of the Archuleta County, Clerk and Recorder under Reception Number 20401277.

Contains 78.64 acres, more or less.



3

**SECOND SUPPLEMENT TO
MASTER DECLARATION FOR
ASPEN VILLAGE
PLANNED DEVELOPMENT**

THIS SECOND SUPPLEMENT is intended to supplement and amend that certain Master Declaration for Aspen Village Planned Development recorded on May 10, 2005 at Reception No. 20504450 in the office of the Archuleta County Clerk and Recorder, (the "Master Declarations") and the First Supplement recorded on August 17, 2005, at Reception No. 20508528. This Second Supplement to Master Declaration For Aspen Village Planned Development is hereby made effective this 9th day of June, 2006 by Pagosa Partners 1, Inc., a Colorado corporation (the "Declarant").

The Declarant has the authority to record technical amendments to this Master Declaration for the purposes described herein pursuant to Sections 10.11 and 11.2 of the Master Declaration.

The purpose of this Second Supplement is to correct and clarify the table which reflects the acreage of each Lot for each Lot located within Aspen Village and each Lot owner's corresponding percentage allocation for voting and common expenses.

The Master Declarations contemplate the existence of sub-associations within Aspen Village and this amendment shall also further clarify the authority of sub-associations with respect to the responsibility of payment of assessments and voting by Sub-Associations.

NOW THEREFORE, the Declarant hereby certifies and declares that the Declarations are amended as follows:

1. Amended Exhibit B. Exhibit B of the Master Declaration is hereby deleted and replaced in its entirety with the attached amended "Exhibit B To Master Declaration For Aspen Village."
2. Voting. As required by Section 9.6 of the Master Declarations, the Sub-association Board shall be allocated the vote of a multi-family Lot. The Sub-association shall be responsible for, and the Master Association hereby delegates to the Sub-association, the responsibility for administering and counting the ballots (which have been prepared by the Master Association) of its unit owners/members and for providing the Master Association with the ballot results. The Master Association shall be entitled to rely upon the tally and/or results provided by the Sub-Association Board as constituting a valid and proper vote by its unit owner/members. The Master Association may, at its discretion, review the records of the Sub-Association with respect to any Master Association ballot procedures.

Pagosa Partners I, Inc.
390 Boulder Dr. Suite 200
Pagosa Springs, CO 81147



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June Madrid
Archuleta County

3. Assessments. The Master Association shall bill each Sub-Association directly for any assessments allocated to it. The Master Association hereby delegates to the Sub-Association, the authority to allocate such assessments among its unit owner/members in such proportions as dictated by its Sub-Association governing documents. Failure of a Sub-Association to pay assessments of the Master Association shall be a default under the Master Declaration and shall entitle the Master Association to lien the non-paying unit owners as provided in Section 10.7 of the Master Declaration and take such other action as available under Colorado law and the Master Declaration. The Sub Association shall cooperate with the Master Association in the collection of assessments levied by it.

IN WITNESS WHEREOF, this Second Supplement to Master Declaration for Aspen Village Planned Development has been executed and acknowledged by the undersigned.

Pagosa Partners 1, Inc. a Colorado corporation

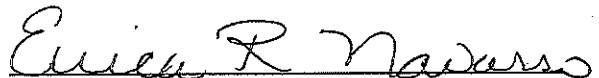

By: Mark Kneedy, President

State of Illinois)
) ss.
County of Cook)

The foregoing instrument was acknowledged before me this 9th day of June 2006, by Mark Kneedy, President Pagosa Partners I, Inc., a Colorado corporation.

WITNESS my hand and official seal.

My commission expires: 10/16/07


Notary Public

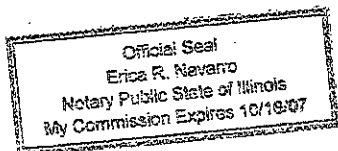




EXHIBIT B
TO
MASTER DECLARATION
FOR ASPEN VILLAGE

LOTS			
BLOCK - LOT		ACREAGE	% ALLOCATED FOR VOTING AND COMMON EXPESNES
1	1	10.29	16.74%
2	1	4.03	6.56 %
3	1	0.88	1.43%
3	2	0.87	1.42%
3	3	5.0	8.14%
3	4	1.02	1.66%
3	5	1.36	2.21%
3	6	0.9	1.46%
4	1	1.37	2.23%
4	2	0.69	1.12%
4	3	0.85	1.38%
4	4	3.0	4.88%
5	1	1.24	2.02%
5	2	0.86	1.40%
5	3	1.72	2.80%
5	4	1.03	1.68%
5	5	0.73	1.19%
6	1	4.52	7.35%
6	2	1.06	1.72%
6	3	0.99	1.61%
7	1	3.36	5.47%
8	1	0.85	1.38%
8	2	1.25	2.03%
8	3	6.48	10.54%
8	4	1.54	2.51%
9	1	0.7	1.14%
9	2	0.65	1.06%
9	3	0.62	1.01%
9	4	0.9	1.46%
9	5	1.51	2.46%
D	1	0.66	1.07%
D	2	0.53	0.86%
TOTALS		61.46	100.00%