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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR 14TH STREET TOWNHOMES
Pagosa Springs, Colorado

This Declaration of Covenants, Conditions and Restrictions for 14th Street Townhomes (hereafter the "Declaration") is made on the date hereinafter set forth, by 14th Street LLC Trustees u/d/t JAN. 17, 2005 (hereafter "Declarant").

RECITALS

(a) Declarant is the owner of certain real estate in the County of Archuleta, State of Colorado, and appurtenant interest in Common Elements, as further described herein. The real estate is more particularly described as follows:

Lots 4 & 5, Pinecrest Subdivision, according to the Plat filed Oct 1, 1981 as Reception Number 107069 and Lots 1, 2 and 3 Western Addition, Wedemeyer Commercial Properties according to the Plat filed Nov 7, 1984 as Reception Number 127284 in the Office of the Clerk and Recorder of Archuleta County, Colorado.

Tract in 14-35-2W, Town of Pagosa Springs, Archuleta County, Colorado, with physical addresses being 178 14th Street and XXX 14th Street, Pagosa Springs, Colorado 81147.

Hereinafter "Project" or "Property"

(b) Declarant desires to create a residential Townhome Common Interest Community pursuant to the Colorado Common Interest Ownership Act as set forth in Colorado Revised Statutes 38-33.3-101 et seq on the Property. The name of which is 14th Street Townhomes. The Property consists of a total of 16 townhomes for the 14th Street PUD which is Phase I, Lot 3X, units 1, 2 & 3, Pinecrest Subdivision and Phase II which is Lot 3X, units 1, 2, 3, 4, 5 & 6, Pinecrest Subdivision and Phase III which is Lot 5X, units 1, 2 & 3, Wedemeyer Subdivision, and Phase IV which is Lot 5X, units 1, 2, 3 & 4, Wedemeyer Subdivision.

(c) The planned community located on the Property will be known as 14th Street Townhomes, in which the Townhomes and lots will be designated for separate ownership and the remainder of which will be designated for General and Limited Common Elements ownership by the Association, for the benefit of the Townhome community. All phases of the planned community shall be governed by these Declarations of Covenants, Conditions and Restrictions, and any subsequent amendments thereto, and by the Homeowner's Association.

**Article 1
DECLARATION AND SUBMISSION**

Declarant intends to develop the Property as a planned community under the Colorado Common Interest Ownership Act, and incorporates all of the terms, conditions, and plat notices of the 14th Street Townhomes Plat for Phase 1 recorded in the office of the Archuleta County, Colorado Clerk and Recorder on 12/12/2006, as Reception No. 20611957. Declarant shall annex to the common interest community from time to time the Property as described above, and develop such Property as part of the planned community. Each phase shall be accomplished by the recording of a Supplemental Declaration, together with a Supplemental Plat,

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if necessary, which describes any new Units and Common Areas thereby added to the Common Interest Community, and which described any Common Elements or Limited Common Elements thereby created. Declarant hereby declares that all of the Property shall be held, or sold and conveyed subject to the following conditions and covenants, restrictions and easements which are set for the purpose of protecting the value and desirability of, and which shall run with, the Property or any part thereof, and be binding on all parties and their heirs, legal representatives, successors and assigns having any interest in all or any part of the Property, and shall inure to the benefit of each Owner thereof. Additionally, Declarant hereby submits the Property 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 the Declaration, shall remain applicable.

ARTICLE 2 DEFINITIONS

The following words when used in this Declaration or and Supplemental or Amended Declaration shall have the following meanings. Each capitalized term not otherwise defined in this Declaration or the plat or map shall have the meanings specified or used in the Act.

Section 2.1. "Allocated Interest" means the common expense liability and votes in the Association allocated to each Unit. The formulas for the Allocated Interests are as follows:

Section 2.1.1. The share of common expense liability for each Unit shall be determined by a fraction, the numerator of which is one (1) and the denominator of which is the total number of Units in the Project as of the date of calculation. Such fraction is then multiplied by the common expenses or the assessment in question to determine that Unit's share thereof. Initial assessments shall be allocated to and based upon the number of completed units (defined by issuance of certificate of occupancy) in the Project. The allocated voting interests shall be one vote per unit. If and when Units are added to the common interest community, the formula shall remain the same, with the total number of Units as the denominator reallocated to reflect the additional Units.

Section 2.2. "Annual Assessment" means the assessment levied against each Unit pursuant to an annual budget.

Section 2.3. "Articles" mean the Articles of Incorporation, and any amendments thereto, for 14th Street Townhomes Owner Association, a Colorado non-profit corporation.

Section 2.4. "Assessments" means the Annual, Special and Default Assessments levied pursuant to Article 8 below.

Section 2.5. "Association" shall mean the 14th Street Townhomes Owners' Association, a Colorado non-profit corporation, its successors and assigns.

Section 2.6. "Association Documents" means this Declaration, The Articles of Incorporation, the Bylaws, the Map and any procedures, rules, regulations or policies adopted under such documents by the Association.

Section 2.7. "Building" means a structure containing (1) or more Townhomes, comprising a part of 14th Street Townhomes.

Section 2.8. "Bylaws" means the Bylaws adopted by the Association, as amended from time to time.

Section 2.9. "Common Elements" means and includes all of the real property, real property improvements, and personal property, excluding the Townhomes, committed by the Declarant to



this Declaration, including but not limited to areas which are designated on a plat or map as such, or designated in this Declaration, or by the Colorado Common Interest Ownership Act, all of which shall be owned or leased by the Association, for the general use of all the Owners. The Common Elements are also sometimes referred to as General Common Elements.

Section 2.10. "Common Expense" means and includes all expenses and costs associated with and incident to the control, management, operation, administration, maintenance, repair and replacement of the Common Elements and Limited Common Elements and Association Properties, together with any allocations to reserves.

Section 2.11.

Declaration means this Declaration of Covenants, Conditions and Restrictions for 14th Street Townhomes as the same may be amended or supplemented from time to time.

Section 2.12. "Limited Common Elements" means those parts of the Common Elements set aside and reserved for use by one or more but fewer than all the Townhome owners, as described, located or shown on the plat by legend, symbols or words, or as designated in this Declaration, or by the Colorado Common Interest Ownership Act.

Section 2.13. "Manager" means the person or entity engaged by the Association to perform certain duties, powers or functions of the Association, as the Executive Board may authorize.

Section 2.14. "Member" means every person or entity that holds membership in the Association.

Section 2.15. "Mortgage" means any mortgage, deed of trust or other document pledging any lot or interest therein as security for payment of a debt or obligation.

Section 2.16. "Mortgagee" means any person named as a mortgagee or beneficiary in any Mortgage, or any successor to the interest of any such person under such Mortgage.

Section 2.17. "Owner(s)" shall mean the record owner of a Townhome, whether one or more persons, of a fee simple interest in a Townhome, including Declarant. The term "Owner" shall not include a Mortgagee holding an interest in a Unit merely as security for the performance of an obligation to pay money; however, if such Mortgagee should realize upon its security and become the Owner of the Townhome, it will then be subject to all of the provisions imposed upon Owners of Townhomes.

Section 2.18. "Plat" means the Plat of the Project recorded with the Archuleta County Clerk and Recorder, depicting a plan of all or a part of the Property subject to this Declaration and any supplements and amendments thereto.

Section 2.19. "Successor Declarant" means any person or entity to whom Declarant assigns any or all of its rights, obligations or interest as Declarant, as evidenced by an assignment or deed of record executed by both Declarant and the transferee or assignee and recorded with the Clerk and Recorder of Archuleta County, Colorado.

Section 2.20. "Supplemental Declaration" means an instrument, which amends or supplements this Declaration.

Section 2.21. "Townhome", also Unit, means a physical dwelling designated for separate ownership or occupancy as a single family residence, and the boundaries of which are described in Section 4.1.1. The term Townhome shall include the land hereunder and the allocated interest in the Common Elements.

Section 2.23. "Utilities" means those utilities, including electricity, gas, cable, telephone, water and sewer services, which are separately metered for each Townhome. Utilities also means



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those underground utilities that are constructed and installed under roads, other utility easements, or common elements, up to Townhome entrances which services the 14th Street Townhomes Project.

**ARTICLE 3
NAME OF PROJECT AND DESCRIPTION OF UNITS**

Section 3.1. Name. The name of the Project is 14th Street Townhomes.

Section 3.2. Description of Units. The project will initially consist of a maximum of sixteen (16) separately designated residential Townhomes as described in the Plat for 14th Street Townhomes, Phase 1, 2, 3 and 4, thereof filed of record on 12/12, 2006, as Reception No. 20611957 in the Office of the Clerk and Recorder of Archuleta County, Colorado. When and if the additional tracts of land are added, the project will likewise consist of a maximum of thirty (30) separately designated residential Townhomes. The identification number of each Townhome will be shown on the Map evidencing the same, and on any amendment to this Declaration.

**ARTICLE 4
DIVISION INTO TOWNHOMES AND UNIT BOUNDARIES**

Section 4.1.1. Each Townhome, the appurtenant use of the Common Elements and the appurtenant use of Limited Common Elements, shall comprise one Townhome, shall be inseparable and may be transferred, leased, devised or encumbered only as a Townhome. The upper horizontal boundary of each Townhome shall be the unfinished upper surfaces of the roof bearing structure surfaces, beams and rafters, excluding the roof; and the interior boundaries of each Townhome are the interior air space and interior walls plus 1 and 1/2" of air space which separate each Townhome. The units do not share a common wall.

Section 4.1.2. Any instrument affecting a Townhome may describe it by its street address or Townhome number, 14th Street Townhomes, County of Archuleta, State of Colorado, according to the map thereof recorded as Reception No. 20611957 and this Declaration recorded in the records of the Clerk and Recorder of the County of Archuleta, State of Colorado, as amended or supplemented from time to time.

Section 4.1.3. A Townhome may be held and owned by more than one person as joint tenants or as tenants in common, or in any real property tenancy relationship recognized under the laws of the State of Colorado. Each Owner shall be entitled to the exclusive ownership and possession of his Townhome.

Section 4.1.4. An Owner shall have the right to lease his Townhome upon such terms and conditions as the Owner may deem advisable; provided, however, that (a) all leases shall be in writing and shall provide that the lease is subject to the terms of this Declaration and the Bylaws, (b) a Townhome may be leased only for the uses provided herein, and (c) any failure of a lessee to comply with the terms of this Declaration, Articles, Bylaws or rules of the Association shall be a default under the lease enforceable by the Association as a third-party beneficiary, whether or not the lease contains such a provision.

Section 4.1.5. Declarant shall notify, as required by law, the appropriate taxing authorities of the sale of these Townhomes so that for each sold Townhome, all taxes, assessments and other charges of the State of Colorado or any political subdivision, or of any special improvement district, or of any other taxing or assessing authority shall be assessed against and collected on



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each Townhome, each of which shall be carried on the tax books as a separate and distinct parcel for that purpose and not on the building or property as a whole.

Section 4.1.6. The lien for taxes assessed to any individual Owner shall be confined to his Townhome. No forfeiture or sale of any Townhome for delinquent taxes, assessments or charges shall divest or in any way affect the title of other Townhomes.

**ARTICLE 5
ASSOCIATION
MEMBERSHIP AND VOTING RIGHTS;
ASSOCIATION OPERATIONS**

Section 5.1. Authority. The business affairs of the Townhomes shall be managed by the Townhomes Owners' Association, a Colorado nonprofit corporation. The Association shall be governed by its Bylaws, as amended from time to time.

Section 5.2. Powers.

Section 5.2.1. The Association shall have all of the powers, authority and duties permitted pursuant to the its Articles, Bylaws, this Declaration, and the Act necessary and proper to manage the business and affairs of the project.

Section 5.2.2. The Association may assign its future income, including its rights to receive Common Expense assessments, only by the affirmative vote of the Owners of Townhomes to which at least 51 percent of the votes in the Association are allocated, at a meeting called for that purpose.

Section 5.3. Declarant Control. The affairs of the Association shall be conducted, governed and managed 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. Declarant, or persons designated by the Declarant, during the period of Declarant control, may appoint and remove officers and members of the Executive Board, and 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 (referred to herein as the "Board of Directors").

Section 5.4. The Members. The Members of the Association shall be all of the Owners of the Townhomes, including Declarant, and each Owner must be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of a Townhome. Membership in the Association shall automatically terminate when a Member ceases to be an Owner of a Townhome. The Bylaws of the Association may also contain restrictions and reference to those Bylaws is suggested.

Section 5.5. Voting. The Association shall have one (1) class of membership consisting of all Owners, including the Declarant, so long as Declarant continues to own an interest in a Townhome. Except as otherwise provided for in this Declaration, each Member shall be entitled to vote in Association matters as set forth in Section 2.1 above. Each Owner, including Declarant while Declarant owns any Townhome, is subject to all the rights and duties assigned to Owners under the Articles, Bylaws, and this Declaration. Except as otherwise provided herein and in the Rules and Regulations, the affirmative vote of a majority of the Owners of Townhomes entitled to vote on any matter shall constitute approval of such matter. Where there are multiple Owners of a Townhome, there shall be only one vote for each Townhome. Lessees of Townhomes shall have no voting rights.

Section 5.6. Relinquishment of Declarant Control. Declarant may voluntarily relinquish any Declarant powers by recording a notice executed by Declarant with the Clerk and Recorder of Archuleta County, Colorado but, in such event, Declarant may, at its option, require that specified action of the Association, during the period Declarant would otherwise be entitled to act, be approved by Declarant before they become effective.

Section 5.7, Manager. The Association may employ or contract for the services of a Manager to whom the Board of Directors of the Association may delegate certain powers, functions or duties of the Association, as provided in the Bylaws of the Association. The Manager shall not have the authority to make expenditures except upon the prior approval and direction of the Board of Directors of the Association.

Section 5.8, Rights of Action. The Association, on behalf of itself and any aggrieved Owner, shall have a right of action against any and all Townhome Owners for failure to comply with the provisions of the Bylaws, Articles and these Declarations and any other rules or regulations as the Board of Directors of the Association may from time to time promulgate. In any action covered by this section, the Association or any Townhome Owner shall have the right but not the obligation to enforce any Association document by any proceeding at law or in equity. The prevailing party in any such action shall be entitled to reimbursement from the non-prevailing party, for all reasonable costs and expenses, including attorneys' fees incurred in any such action. Failure by the Association or by any Owner to enforce compliance with any provision of the Association Documents shall not be deemed a waiver of any right to enforce such provision thereafter.

Section 5.9, Notice. Any notices required or permitted herein shall be in writing and hand delivered to each Townhome Owner or mailed, postage prepaid by registered or certified mail, return receipt requested, and shall be directed to the address of the Townhome or to the owner's last known address. Any such notice shall be deemed given upon delivery on the fourth business day after deposit in the U.S. mail.

Section 5.10, Access. The Association, through the Board, shall have the right of access to each Townhome and its appurtenant Limited Common Elements from time to time during reasonable hours as may be necessary for the maintenance, repair or replacement of Common Elements or Limited Common Elements, or at any time deemed necessary by the Association for the making of emergency repairs to prevent damage to the Property.

ARTICLE 6 COMMON ELEMENTS

Section 6.1, Common Elements. The Common Elements means and includes all of the real property, real property improvements, and personal property, excluding the Townhomes, committed by the Declarant to this Declaration, including but not limited to, areas which are designated on a plat or map as such, all of which shall be owned or leased by the Association, for the general use of all of the Owners. The following portions of the project are designated as Common Elements:

- (a) the access and utility easements identified on the Plat;
- (b) all sidewalks, curbs, gutters, drainage systems, underground irrigation sprinkler system, lighting for common areas and river walkway, retaining walls, fences, common access, roads and driveway entrances, and common parking areas;
- (c) all landscaped areas
- (d) all utilities up to Townhome entrances;
- (e) trash, water and electricity used in connection with the Common Elements;
- (f) the main-line extension for sewer tied in to all of the lots; and
- (g) any other Common Element as designated in this Declaration or on the plat or map, and expenses agreed upon as Common Expenses by the Association.

Section 6.2. Expense Allocation. All General Common Elements (unless necessitated by damage caused by the negligence, misuse or tortious acts of an Owner or Owner's agent) and such maintenance and repairs shall be the common expense of all Owners, and shall be assessed to the Owners according to the percentage as described in Section 2.1.1.

Section 6.3. Use and Enjoyment. Subject to the limitations contained in this Declaration, each Owner shall have the non-exclusive right, together with all of the other Owners, to use and enjoy the General Common Elements in accordance with the purpose for which they are intended without hindering or encroaching upon the lawful rights of the other Owners. There shall be no obstruction or alteration of, construction in or upon, or removal from, the General Common Elements, nor shall anything be kept or stored on any part of the Common Elements, without the prior written consent of the Association. No restriction, impairment or interference with any right of ingress or egress provided for in this Declaration shall be permitted at any time without the prior written consent of the Owner thereof.

Section 6.4. Allocation of Specified Common Elements. The Board of Directors 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 Board of Directors. Any such designation by the Board of Directors shall not be a sale or disposition of such portions of the Common Elements.

ARTICLE 7 LIMITED COMMON ELEMENTS

Section 7.1. Limited Common Elements. The Limited Common Elements means those parts of the Common Elements set aside and reserved for use by one or more but fewer than all the Townhome owners, as described by this Declaration or located or shown on the plat or map by legend, symbols or words. The following portions of the project are designated as Limited Common Elements:

- (a) the balconies, doorsteps, stoops, decks, deck railings, and patios allocated to a Townhome and serving only that Townhome;
- (b) the driveway, sidewalks, yard areas and parking allocated to a Townhome and serving only that Townhome;
- (c) the roofs and exteriors, including doors and siding, allocated to a Townhome and serving only that Townhome;
- (d) the shutters, awnings, windows, window boxes serving a Townhome;
- (e) stairways, the use of which is limited to certain Townhomes as shown on the map;
- (f) any other Limited Common Element as designated in this Declaration or on the plat or map.

Section 7.2. Expense Allocation. Any expense associated with the maintenance, repair or replacement of a Limited Common Element assigned to one Townhome shall be assessed only against that Townhome. Any Common Expense associated with the maintenance, repair, or replacement of a Limited Common Element assigned to more than one Townhome shall be assessed proportionately against the Townhomes to which the Limited Common Element is assigned. For example, the Common Expense for the maintenance, repair, or replacement of the exterior siding of end units may be higher than for interior units, such that end units will pay a higher share of the total cost of maintenance, repair, or replacement.

Section 7.3. Allocation of Reserved Limited Common Elements. Portions of the Common Elements may be marked on the plat or map as "Common Elements which may be allocated as Limited Common Elements." These portions of the Common Elements include, without limitation, vehicle parking areas and other areas.



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Section 7.3.1. The 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 the owners of Townhomes to which these specified areas shall become appurtenant. The Declarant may assign each Common Element as Limited Common Element areas pursuant to the provisions of C.R.S. 38-33.3-208 of the Act (i) by making such an allocation in a recorded instrument or (ii) in the deed to the Townhome to which such Limited Common Element storage area shall be appurtenant or (iii) by recording an appropriate amendment or supplement to this Declaration. Such allocations by the Declarant may be to Townhomes owned by the Declarant. Subsequent to the Declarant control period, the right of allocation pursuant to this Section shall pass from the Declarant to the Board of Directors and Declarant may not thereafter exercise any such right.

ARTICLE 8 ASSESSMENTS

Section 8.1. Purpose of Assessments. The assessments levied by the Association through the Board shall be used generally for the purposes of promoting the health, safety, and welfare of the residents in the Common Interest Community. All members of the Association hereby covenant and agree, and each Owner by acceptance of a deed to a Townhome, including public trustee or sheriff's deed, is deemed to covenant and agree to pay the Association Annual Assessments, Special Assessments, and Default Assessments, all such assessments and charges to be established and collected as hereinafter provided. Without limitation, said assessments may be used for the following purposes:

- (a) maintenance, repair, improvement and replacement of any Common Element defined in Section 6.1;
- (b) maintenance, repair, improvement and replacement of any Limited Common Element defined in Section 7.1;
- (c) snow removal on roads, weed control and maintenance, including cutting, trimming, mowing, fertilizing and general upkeep of any common areas, trees, shrubbery and common landscaped areas;
- (d) common area lighting, underground irrigation sprinkler system for the purpose of watering of common landscaping;
- (e) expenses of administration, legal, accounting and management fees, obtaining and maintaining insurance, establishing and maintaining reserves, taxes, capital improvements, and any other expenses associated with the operation of the Association or declared common expenses by the provisions of this Declaration or by the Bylaws of the Association or Executive Board, or any other purpose approved by a majority vote of all of the members of the Association.

Section 8.2. Assessment of Utilities. Electricity, gas, cable, telephone, water, and sewer services are separately metered for each Unit and the charges for such utilities shall be paid by the Unit Owner directly to the utility company providing such service. Trash services for the Association and all Unit Owners, and water and electricity used in connection with General Common Elements shall be separately metered and billed by the Association as a Common Expense in accordance with each Unit Owner's percentage share as described in Section 2.1.1.

Section 8.3. Budget. Within 30 days after adoption of any proposed budget for the Association, the Townhomes Owner's Association Board of Directors ("Board") shall mail, by ordinary first-class mail, or otherwise deliver, a summary of the budget to all the Townhome Owners, and shall set a date for a meeting of the Owners to consider ratification of the budget not less than 14, nor more than 60 days, after mailing or other delivery of the summary. Unless at that meeting a majority of all Townhome Owners

reject the budget, the budget is ratified, whether or not a quorum is present. In the event that the proposed budget is rejected, the periodic budget last ratified by the lot owners must be continued until such time as the Townhome Owners ratify a subsequent budget proposed by the Board.

Section 8.4. Annual and Special Assessments. Annual Assessments made shall be based upon the estimated cash requirements deemed to be such aggregate sum as the Board shall from time to time determine to be paid by all of the Townhome Owners, and set forth in the budget prepared by the Board. All Owners shall be obligated to pay their proportionate share, either estimated or actual, of the assessments to meet Common Expenses. Unless otherwise determined by the Board, Annual Assessments shall be payable in quarterly installments on a pro-rated basis in advance and shall be due on the fifteenth day after the date of each statement. The Board shall also have the ability to fix and assess special assessments, in addition to the regular assessments. Such special assessment may be for the purpose of, among other things, defraying, in whole or in part, the unbudgeted costs, fees, and expenses of any construction, reconstruction, repair, replacement, or maintenance of a capital improvement, or for other extraordinary expenses, provided that any special assessment in excess of One Thousand Dollars (\$1,000.00) shall (except in the event of an emergency where there shall be no such limit) require a majority approval of those voting in person or by proxy at a meeting duly called for such purpose at which a quorum is present pursuant to the By Laws of the Association. If any common expense is caused by the misconduct of any Townhome Owner, the Association, at its discretion, may assess that expense exclusively against such Owner's Townhome.

Section 8.5. Default Assessments. All monetary fines assessed against an Owner pursuant to this Declaration and the Rules and Regulations, or any expense of the Association which is the obligation of an Owner or which is incurred by the Association on behalf of the Owner pursuant to this Declaration and the Rules and Regulations, shall be a Default Assessment and shall become a lien against such Owner's Townhome which may be foreclosed or otherwise collected as provided in this Declaration or the Rules and Regulations. Notice of the amount and due date of such Default Assessment shall be sent to the Owner subject to such assessment at least ten (10) days prior to the due date.

Section 8.6. Apportionment of Annual Assessments. The Common Expenses shall be allocated among the Townhomes on the basis of the Allocated Interests for Common Expenses in effect on the date of the Assessment, provided, however, that the Association reserves the right to allocate all expenses relating to fewer than all of the Townhomes to the Owners of those affected Townhomes only. The amount of the Common Expenses or Special Assessments assessed against each Townhome shall be the personal and individual debt of the owner thereof. No Owner may exempt himself from liability for his contribution towards the Common Expenses by waiver of the use or enjoyment of any of the Common Elements or by abandonment of his Townhome.

Section 8.7. Collection Actions. Both the Board of Directors and Treasurer of the Association shall have the responsibility to take prompt action to collect any unpaid Assessment which remains unpaid more than fifteen days from the due date for payment thereof. In the event of default in the payment of the Assessment, the Unit Owner shall be obligated to pay interest at the rate set by the Association By-Laws, together with all expenses of collection, including attorney's fees and costs incurred, together with such late charges as may be determined by the Board of Directors, from time to time. Suit to recover a money judgment for unpaid Common Expenses shall be maintainable without foreclosure or waiving the lien securing same.

Any fees, charges, late charges, attorney fees, fines or interest assessed against an owner and all sums assessed but unpaid for the share of common expenses, special assessments, or default assessments chargeable to any Townhome shall constitute a lien on such Townhome superior to all other liens and encumbrances, except only for tax and special assessment liens on the Townhome in favor of any assessing Townhome and the lien of a first mortgage, subject to the priority of the Association's lien, as described in C.R.S. 38-33.3-316(2) (a), and as may be otherwise provided by Colorado statute. To evidence such lien, the Board of Directors or the Treasurer of the Association may prepare a written notice of lien assessment, setting forth the amount of such unpaid indebtedness, the name of the owner of the Townhome and a description of the Townhome, and record such statement of lien with the Clerk and Recorder of Archuleta

County, Colorado. Such lien may be enforced by the foreclosure of the defaulting owner's Townhome by the Association in like manner as a mortgage on real property, with notice to any mortgage holder and all other persons who may have an interest in the property, as provided by law. In any such proceeding to collect past due assessments, the owner shall be required to pay the costs, expenses and attorney's fees incurred in such action. The owner of the Townhome being foreclosed shall be required to pay to the Association the monthly assessment for the Townhome during the period of foreclosure, and the Association shall be entitled to a receiver to collect the same. The Association shall have the power to bid on the Townhome at foreclosure or other legal sale and to acquire and hold, lease, mortgage, vote the vote appurtenant to, convey or otherwise deal with the same. The Association shall report to the mortgagees of a Townhome any unpaid assessments remaining unpaid for longer than twenty-five days after the same are due; provided, however, that a mortgagee shall have furnished to the Managing Agent or to the Board of Directors notice of such encumbrance.

Section 8.8. Capitalization of the Association. The Association shall be authorized to establish a working capital fund equal to two-twelfths (2/12) of the estimated Annual Assessments for Common Expenses for each Townhome. Initial funding of the working capital fund shall be from a Special Assessment of such amount assessed against each Townhome as each Owner acquires record title to such Townhome from Declarant. Such payments shall not be considered advance payments of Annual Assessments. The working capital fund must be maintained by the Association in a segregated account, and may not be used by the Association to make up budget deficits.

Section 8.9. Maintenance of Accounts; Accounting. If the Association delegates powers of the Board of Directors of the Association or its officers relating to collection, deposit, transfer or disbursement of Association funds to other persons or to a manager, then such persons or manager must (a) maintain all funds and accounts of the Association separate from the funds and accounts of other association managed by the other person or manager, (b) maintain all reserve and working capital accounts of the Association separate from the operational accounts of the Association, and (c) provide to the Association an annual accounting and financial statement of Association funds prepared by the manager, a public accountant or a certified public accountant.

ARTICLE 9 MAINTENANCE, REPAIR AND REPLACEMENT

Section 9.1. Maintenance by Owners of Interior of Townhome. Each owner shall have the obligation to maintain and keep in good repair the interior of his Townhome, including all spaces, interior partitions, and other fixtures and improvements within the boundaries of a Townhome. No owner shall alter any Common Area or Limited Common Elements without the prior written consent of the Board of Directors.

Section 9.2. Maintenance by Owners of Limited Common Elements. Each Owner of a Townhome is responsible, at such Owner's expense, for the general and routine upkeep and maintenance of the following: the removal of snow, leaves, and debris from balconies, doorsteps, stoops, decks, patios, and stairs, and for all routine backyard, window cleaning, and windowbox maintenance and upkeep. If any such Limited Common Element is appurtenant to two or more Units, the Owners of those Units will be jointly responsible for such general upkeep and maintenance.

Section 9.3. Owner's Failure to Maintain and Repair. In the event that a Townhome is not properly maintained and repaired, either through negligence or willful acts or omissions of an Owner, and if the maintenance responsibility for the unmaintained portion of the Townhome lies with the Owner of the Townhome, or in the event the Townhome is damaged or destroyed by an event of casualty and the Owner does not take reasonable measures to diligently pursue the repair and reconstruction of those portions of the damaged or destroyed Townhome, then the Association, after notice to the Owners and with the approval of the Board of Directors of the Association, shall have the right to enter upon the Townhome to perform such work as is reasonably required to restore the Townhome to a condition of good order and repair. All costs incurred by the Association in connection with the restoration shall be reimbursed to the Association by the Owner of the Townhome, upon demand. All unreimbursed costs shall be a lien upon the Townhome

until reimbursement is made. The lien may be enforced in the same manner as a lien for unpaid Assessments levied in accordance with Article 8.

Section 9.4. Maintenance by Association. The Association shall maintain, operate and keep in good repair, as a common expense, all of the Common Elements described in Article 6, and Limited Common Elements described in Article 7, except those which are the Unit Owner's responsibility for general routine upkeep and maintenance as described in Section 9.2. The Association shall be responsible for major repairs and replacement of Limited Common Elements, and the exterior of the Townhomes, including roofs, exterior walls and siding, trim and beams, and shall assess Owners' the costs for such repair and replacement as described in Section 7.2.

Section 9.5. Association Power. The Association shall have the right and power to prohibit storage, or other activities, deemed unsafe, unsightly, unreasonably noisy or otherwise offensive to the senses and perceptible from another Unit or the Common Elements. No Owner shall make any addition or other alteration to any portion of the Common Element without the express written consent of the Board of Directors of the Association.

Section 9.6. Right of Access. Any person authorized by the Executive Board shall have the right of access to all portions of the Property for the purpose of performing emergency repairs or to do other work reasonably necessary for the proper maintenance of the Property, for the purpose of performing installations, alterations, or repairs, and for the purpose of reading, repairing, and replacing utility meters and related pipes, valves, wires, and equipment, provided that requests for entry are made in advance and that any entry is at a time reasonably convenient to the affected Unit Owner. In case of an emergency, no request or notice is required, and the right of entry shall be immediate, and with as much force as is reasonably necessary to gain entrance, whether or not the Unit Owner is present at the time.

ARTICLE 10 INSURANCE

Section 10.1. General Insurance Provisions. The Association shall, on behalf of the Owners, (i) keep all Townhome improvements, not including furniture, furnishings or other personal property supplied or installed by Owners, insured against loss or damage by fire, with extended coverage, (including insurance against loss for damage by vandalism or malicious mischief), in approximately the amount of the maximum replacement value thereof; (ii) maintain property insurance on the common elements and limited common elements and property that must become common elements in an amount not less than the full insurable replacement cost of the insured property less applicable deductibles at the time the insurance is purchased and at each renewal date, exclusive of land, excavations, foundations, and other items normally excluded from property policies; and (iii) provide and keep in force, for the protection of the Association, its officers and directors, and all the Owners and First Lienors, commercial general liability insurance against claims and liabilities for bodily injury or death or property damage occurring upon or in the General Common Elements and Limited Common Elements, in an amount not less than \$1 million, or such other reasonable amount as the Board may determine, covering all claims for personal injury and property damage arising out of a single occurrence. The Board may purchase such other insurance, as may be determined necessary, including but not limited to, errors and omissions and fidelity bonds. Such insurance shall be paid out of Assessments levied under Article 8 above. The expense of insurance on the building shall be a common expense, notwithstanding the fact that the Owners may have disproportionate liability or that some Townhomes may have greater risk than others.

Section 10.2. Owner's Insurance Responsibility. An insurance policy issued to the Association does not obviate the need for Owners to obtain insurance for their own benefit. Each Owner shall provide insurance covering loss or damage to his personal property within his Unit and liability for injury, death or damage occurring outside his Townhome. Any such policy shall contain waivers of subrogation and shall be so written that the liability of the carriers issuing insurance obtained by the Association shall not be affected or diminished thereby. Restoration and repair of any damage to the interior of any individual Unit, including without limitation all fixtures, cabinets and improvements therein, together with restoration and repair of all

interior paint, wall coverings and floor coverings, shall be made by and at the individual expense of the Owner of the Unit so damaged. In the event of a determination to rebuild the Project after partial or total destruction, as provided in this Article, such interior repair and restoration shall be completed as promptly as practical and in a lawful and workmanlike manner, in accordance with plans approved by the Board as provided herein.

Section 10.3. Insurance Proceeds. Except as otherwise provided in this Declaration, in the event of any destruction of any portion of the project, the repair or replacement of which is the responsibility of the Association, it shall be the duty of the Association to restore and repair the same to its former condition, as promptly as practical. The proceeds of any insurance maintained pursuant to this section, for reconstruction or repair of the Project, shall be used for such purpose, unless otherwise provided herein. The Board of Directors of the Association shall be authorized to have prepared the necessary documents to effect such reconstruction as promptly practical. The Project shall be reconstructed or rebuilt substantially in accordance with the Map of record and the original construction plans, if they are available, unless changes recommended by the Board of Directors of the Association have been approved in writing by 75% of the Owners and by beneficiaries of 75% of the first Mortgages on the Townhomes. If the amount available from the proceeds of such insurance policies for such restoration and repair is at least 80% of the estimated cost of restoration and repair, a Reconstruction Assessment of the Owners shall be levied by the Board of Directors of the Association to provide the necessary funds for such reconstruction, over and above the amount of any insurance proceeds available for such purpose. If the amount available from the proceeds of such insurance policies for such restoration and repair is less than 80% of the estimated cost of restoration and repair, the Owners by the vote or written consent of not less than 75% of the Owners, together with the approval of the Beneficiaries of at least 75% of the Mortgages on the Townhomes in the Project, shall determine whether the Association shall be authorized to levy a Reconstruction Assessment and proceed with such restoration and repair. If the Owners and their Mortgages, as provided above, determine that the cost of such restoration and repair would be substantial and that it would not be in their best interests to proceed with the same, the Owners may, at their discretion, proceed as provided below.

If the amount available from the proceeds of the insurance policies maintained by the Association is less than eighty percent (80%) of the cost of reconstruction, a certificate of the resolution by the Board of Directors of the Association, evidencing the appropriate approvals, authorizing such reconstruction shall be Recorded within three (3) months from the date of such destruction and, if such certificate is not Recorded within said period, it shall be conclusively presumed that the Owners have determined not to rebuild said Project. In the event of a determination not to rebuild, the Association, acting through a majority of the Board shall be authorized to have prepared, executed and recorded, as promptly as practical, the certificate stating that a majority of the Board may properly exercise an irrevocable power of attorney to sell the Project for the benefit of all of the Owners, and such other documents and instruments as may be necessary for the Association to consummate the sale of the Property at the highest and best price obtainable, either in its damaged condition, or after damaged structures have been razed. The net proceeds of such sale and the proceeds of any insurance carried by the Association shall be divided proportionately among the Owners, such proportions to be determined in accordance with the relative appraised fair market valuation of the Townhomes as of a date immediately prior to such destruction (or condemnation), expressed as percentages, and computed by dividing such appraised valuation of each Townhome by the total of such appraised valuations of all Townhomes in the Project. The Board of Directors of the Association is hereby authorized to hire one or more appraisers for such purpose and the cost of such appraisals shall be a Common Expense of the Association. Notwithstanding the foregoing, the balance then due on any valid encumbrance of Record shall be first paid in order of priority, before the distribution of any proceeds to an Owner whose Townhome is so encumbered.

Section 10.4. Board's Duty to Notify. The Board, immediately upon having knowledge of any damage, or destruction to the Common Elements, or any portion thereof, which damage or destruction is substantial, shall promptly notify all Owners and all institutional holders of first Mortgages on Townhomes in the Project who have filed a written request for such notice with the Board.



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ARTICLE 11 MECHANIC'S LIENS

Section 11.1. No Liability. If any Owner shall cause any material to be furnished to his Townhome or any labor to be performed therein or thereon, no Owner of any other Townhome shall under any circumstance be liable for the payment of any expense incurred or for the value of any work done or material furnished. All such work shall be done at the expense of the Owner causing it to be done, and such Owner shall be solely responsible to contractors, laborers, material men and other persons furnishing labor or materials to his Townhome. If, because of any act or omission of any Owner, a lien is filed against the Common Elements or against any other Townhome, the Owner whose act or omission forms the basis for the lien shall take all action necessary to cause such lien to be released. Such Owner will also indemnify and save the Association and all other Owners harmless from and against any and all costs, expenses, claims, damages, including reasonable attorneys' fees resulting therefrom.

Section 11.2. Association Action. Labor performed or materials furnished for the common elements, if duly authorized by the Association in accordance with this Declaration or its Bylaws, shall be the basis for the filing of a lien pursuant to law against the Common Elements. Any such lien shall be limited to the Common Elements and no lien may be affected against an individual Townhome.

ARTICLE 12 EASEMENTS

Section 12.1. Recorded Easements. This Townhome project may be subject to easements, Restrictive and protective covenants, and rights of way, all as set forth in the Office of the Clerk and Recorder of Archuleta County, Colorado. Reference to those recordings is suggested. The Property shall also be subject to all easements as shown on any Plat of the Property.

Section 12.2. Declarant's Rights Incident to Construction. Declarant, for itself and its successors and assigns, hereby reserves an easement for construction, utilities, drainage, ingress and egress over, in, upon, under and across the Common Elements and Limited Common Elements, together with the right to store materials on the Common Elements, to build and maintain temporary walls, and to make such other use of the Common Elements and Limited Common Elements as may be reasonably necessary or incident to any constructions of the Townhomes or improvements on the Property or other real property owned by the Declarant, or other property abutting and contiguous to the Property; provided however, that no such rights shall be exercised by Declarant in a way which unreasonably interferes with the occupancy, use, enjoyment or access to the Property by the Owners.

Section 12.3. Easement for Ingress and Egress. Each owner is hereby granted an easement in common with each other owner for ingress and egress through the Common Area, subject to such reasonable rules, regulations, and restrictions as may be imposed from time to time by the Association. Each unit is hereby burdened with and subject to an easement for ingress and egress through the Common Area by persons lawfully using or entitled to the same.

ARTICLE 13 ASSOCIATION AS ATTORNEY-IN-FACT

Each Owner hereby irrevocably appoints the Association as the Owner's true and lawful attorney-in-fact for the purpose of purchasing and maintaining insurance pursuant to Article 10 including the collection and appropriate disposition of the proceeds thereof, the negotiation and settlement of losses and execution of releases of liability, the execution of all documents, and the performance of all other acts necessary to purchase and maintain insurance as well as dealing with any improvements covered by insurance written in the name of the Association. Acceptance by a grantee of a deed or other instrument of conveyance or any other instrument conveying any portion of the Property shall constitute appointment of the Association as



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the grantee's attorney-in-fact, and the Association shall have full authorization, right and power to make, execute, and deliver any contract, assignment, deed, waiver or other instrument with respect to the interest of any Owner which may be necessary to exercise the powers granted to the Association as attorney-in-fact.

ARTICLE 14 DESIGN REVIEW

No alteration or additions to the Common Elements or Townhomes shall be made unless first approved in writing by the Board of Directors of the Association. The Board shall exercise reasonable judgment to the end that all modifications to the Common Elements conform to and harmonize with existing surroundings and structures. The Board has the absolute right to deny any requested changes which the Board reasonably determines do not conform to and harmonize with existing surroundings and structures.

ARTICLE 15 DURATION OF COVENANTS AND AMENDMENT

Section 15.1. Term. The covenants and restrictions of this Declaration shall run with and bind the land in perpetuity, subject to the termination provisions contained herein.

Section 15.2. Revocation. This Declaration shall not be revoked unless all the Owners and all the holders of any recorded first mortgage or first deed of trust covering or affecting any or all of the Townhome Units unanimously consent and agree to such revocation by instrument(s) duly recorded.

Section 15.3. Amendment. This Declaration shall not be amended except with the approval of the majority of the votes entitled to be cast by the Members of the Association. Any such amendment shall not adversely affect marketable title to any Lot. During the period of Declarant Control, Declarant may amend this Declaration and the Plat to correct any inadvertent errors or omissions. Consent of Mortgagees shall not be required; provided, however, that no such amendment may substantively and adversely affect such Mortgagee's security interest. Any Amendment must be executed by the President of the Association and recorded, and approval of such amendment may be shown by attaching a certificate of the Secretary of the Association to the recorded instrument certifying the approval of a sufficient number of Owners of the amendment.

ARTICLE 16 DEVELOPMENT RIGHTS AND OTHER SPECIAL DECLARANT RIGHTS

Section 16.1. 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. Special Declarant Rights means rights as defined in C.R.S. Section 38-33.3-103 (29), and include:

- (a) the right by amendment to exercise development rights with respect to different parcels of real estate subsequent to the development of 14th Street Townhomes, Phase 1, 2, 3 and 4, and specifically to create Townhomes, Common Elements, and Limited Common Elements with respect to the future phases of development;
- (b) the right by amendment to allocate as Limited Common Elements not more than two of the parking spaces as shown on the map and to assign them to particular units. No assurance is given that such spaces will be allocated;
- (c) the right to complete or make improvements indicated on the plats or maps;
- (d) the right to maintain sales offices, management offices and models in Townhomes or on the Common Elements;
- (e) the right to maintain signs on the Property to advertise the Townhomes;

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- (f) the right to construct underground utility lines, pipes, wires, ducts, conduits, and other facilities across any portion of the Property for the purpose of furnishing utility and other services to buildings and Improvements to be constructed on the Property. The Declarant also reserves the right to withdraw and grant easements and licenses, and to use, and to permit others to use, easements and licenses through the Common Elements and Units as may be reasonably necessary for the purpose of discharging the Declarant's obligations under the Act and this Declaration, and
- (g) the right to appoint or remove any officer of the Association or any Director or any Executive Board member during the Declarant Control Period consistent with the Act.

Section 16.2. Limitations on Development Rights and Special Declarant Rights. Unless sooner terminated by a recorded instrument signed by the Declarant, any Development Right or Special Declarant Right may be exercised by the Declarant at any time, but not more than ten (10) years after the recording of the initial Declaration, or as specified by the Act.

Section 16.3. Phasing of Development Rights. Development rights are being exercised with respect to different parcels of real estate at different times. No assurances are made by the Declarant as to whether the Declarant will exercise its Development Rights or the order in which such Development Rights will be developed. The exercise of Development Rights as to some portions of the Property will not obligate the Declarant to exercise them as to other portions.

Section 16.4. Amendments to the Declaration. Except in cases of amendments that may be executed by the Declarant in the exercise of its Development rights or by the Association under C.R.S. 38-33.3-107 or under C.R.S. 38-33.3-218, this Declaration and the Map may be amended only by vote or agreement of Unit Owners of Units to which at least 67 percent of the votes in the Association are allocated. The procedure for amendment must follow the procedures of C.R.S. 38-33.3-217.

Section 16.5. Interference on Special Declarant Rights. Neither the Association nor any Unit Owner may take any action or adopt any rule that will interfere with or diminish any Special Declarant Right without the prior written consent of the Declarant.

ARTICLE 17 RESTRICTIONS ON USE, ALIENATION AND OCCUPANCY

Section 17.1. Use and Occupancy Restrictions. Subject to the Development Rights and Special Declarant Rights reserved by the Declarant, the following use restrictions apply to all Units and to the Common Elements:

- (a) Residential Use. All Units shall be used exclusively for single family residential purposes.
- (b) Improvements. No improvements shall be constructed on any Townhome except only as approved by the Board of Directors, or other entity to whom review responsibilities have been assigned as provided herein. For purposes of this Declaration, improvements shall mean any changes, alterations, modifications or improvements to buildings, structures, parking areas, fences, walls, hedges, plantings, driveways, walkways, signs, decks, patios, enclosures, change in exterior color or shape, excavation, and all other site work, including without limitation grading, utility improvements, removal of trees or plantings, and any new exterior construction or exterior improvements. All window coverings, shades, blinds, curtains or drapes shall appear neutral or have the color of white to the extent visible from the exterior. No flags, banners, posters, signs, electric string lights or any other material shall be hung in front of windows in a manner that is visible from the exterior except during holiday season. No window air conditioners or coolers shall be permitted within the Project.
- (c) No commercial Use. No commercial or business enterprise of any nature shall be

allowed or permitted in any Townhome; provided, however, that the Owner of the Townhome may be permitted to rent or lease a residence and to conduct a home occupation, artistic or literary activity on any Townhome upon the prior approval of the Board of Directors as to such occupation. Regardless of any lease of a Townhome, the Unit Owner shall remain directly liable for all obligations imposed by this Declaration.

- (d) **Antennae.** No exterior radio, television, microwave or other antennae or antennae dish or signal capture or distribution device in excess of 3 feet high or 24 inches in diameter shall be permitted or installed on any Townhome.
- (e) **Woodburning Devices.** There shall be no woodburning devices.
- (f) **Fences.** All fences enclosing the yard areas assigned as a Limited Common Element to a Townhome shall comply with design regulations to be adopted from time to time by the Board of Directors.
- (g) **Signs.** Except for reasonable and appropriate house number identifications, no sign of any kind shall be displayed for public view on any portion of any Townhome, except upon application to and written permission from the Board of Directors.
- (h) **Drainage.** No owner shall do or permit any work, construction of improvements or do any landscaping which shall alter or interfere with the natural drainage for the property except to the extent the same, is approved by the Board of Directors.
- (i) **Structures Prohibited.** No occupied temporary structure, modular home, mobile home, trailer house, travel trailer or RV vehicle, shall be permitted on any Lot or on the Property.
- (j) **Trash.** No trash, ashes, garbage or other refuse shall be allowed to accumulate or be placed upon any Lot or area within the Property. A receptacle will be provided by the Association for garbage and trash removal which shall be a common expense of the Association, and each Owner shall abide by the rules and regulations promulgated by the Association for garbage and trash removal, if any. There shall be no burning or other disposal of refuse outdoors.
- (k) **Completion of construction.** All construction, reconstruction alterations, or improvements, approved by the Board of Directors, shall be pursued diligently through the completion and shall be completed within six months of the commencement thereof.
- (l) **Abandoned or Inoperable Vehicles.** Abandoned or inoperable automobiles or motor vehicles of any kind, shall not be stored or parked on any driveway, road or Common Element with the proper. Abandoned or inoperable vehicles shall be defined as any vehicle which either is incapable of legal operation upon a public highway or has not been driven under its own propulsion for a period of thirty days or longer. Provided, however, this shall not include vehicles parked by Owners while temporarily away from the Units. A written notice describing the abandoned or inoperable vehicle and requesting the removal thereof may be personally served upon the Owner or Owner's tenant or posted on the unused vehicle, and if such vehicle has not been removed within 72 hours thereafter, the Board acting on behalf of the Association shall have the right to remove the same without liability to it, and the expenses thereof shall be charged against the Owner or Owner's tenant.
- (m) **Parking.** There shall be no obstruction of any driveway and no parking shall be permitted on roads. Garages are to be limited in use so that a single motor vehicle is required to be parked inside furthermore the second vehicle is to be parked in front of the garage. The Association shall have the right to remove or tow away any vehicle which is parked within or on the drive aisles within the Project, with such costs

be charged to the responsible Owner. All vehicles parked on the premises shall be in good repair so as to not leak fluids and soil the parking area. For any vehicle found to be leaking fluids, the Owner will be given a warning, and if not repaired, said Owner shall be fined and charged for the cost of cleanup.

- (n) No exterior horns, whistles, bells or other sound devices, except security devices used exclusively to protect the security of the improvements on any Lot, shall be placed or used on any Lot.
- (o) Nuisance. No obnoxious or offensive activity shall be carried on within the property, nor shall anything be done or permitted which shall constitute a public nuisance. No noise or other nuisance shall be permitted to exist or operate upon the property so as to be offensive or detrimental to any other part of the property or its Owners or occupants.
- (p) Hazardous Activities. No activities shall be allowed or conducted on the property which are or might be unsafe or hazardous to any person or property. Such hazardous activities include, but are not limited to fireworks, firearms, bow and arrows, explosives, air pellet guns or any similar type devices.
- (q) Maintenance and Repair. All Lots, together with Townhome improvements constructed thereon, shall be kept at all times in a sanitary, healthful, safe and attractive condition and the Owner or occupants shall not use any Lot, including decks and patios, for storage of materials and equipment except for normal residential requirements or incidental to the construction improvements thereon as herein permitted. Residents must ensure that smoke detectors in their Townhomes are in working order at all times. If any Owner fails to maintain his or her Townhome, or any part thereof or improvement thereon, in good repair, the Board of Directors may give the Owner written notice of the needed maintenance or repair. If said maintenance or repair is not completed by Owner within 45 days of the mailing of such notice, the Board of Directors, at its option, may obtain an injunction against the Owner to force completion of the needed work. In the alternative, the Board of Directors may contract with a third party for the needed work and assess the cost of same against the Owner pursuant to the assessment provisions contained herein.
- (r) Animals. No livestock or exotic animals of any kind may be kept on the property. Common household pets, including but not limited to dogs and cats, shall be kept confined to the Townhome. In no event will more than three household pets be kept per Townhome. No excessive barking is permitted, nor shall animals be allowed to run free or to otherwise constitute a nuisance to any other Townhome Owners. Owners shall clean up after their pets. The Owner of any animal shall at all times be personally liable and responsible for all actions of such animals and any damage to person or property caused by such animal.
- (s) Decks and patios. Decks and patios shall not be used for storage of any kind, including but not limited to bicycles, kayaks, rafts and firewood. No use of charcoal grills shall be allowed on decks or patios; however, use of natural gas or propane gas grills is permitted. No laundry, flags, banners, or other items shall be allowed to hang from or set upon decks or patios. Hot tubs, jacuzzi's, soaking tubs, or large scale water features of any type shall be allowed on or upon the decks subject to local applicable building codes. It shall be permissible to maintain patio furniture and planters on decks or patios so long as the same are maintained in a neat and orderly condition.
- (t) Tenant Violations. In the event that tenants in a Townhome violate the Declaration or the Rules and Regulations adopted by the Association from time to time, they will be provided with written notice of the violation with a copy to the Owner of record. In the event the violation is not corrected or does not cease within five (5) days of receipt of written notice or if the violation reoccurs within twelve (12) months of the date of the

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first notice, The Association shall have the authority to terminate the tenant's lease and to, if necessary, remove the tenant from the premises through an unlawful detainer action in accordance with Colorado law.

Section 17.2. Restrictions on Alienation. A Unit may not be conveyed pursuant to a time-sharing arrangement described in Sections 39-33-1 10 to 113, Colorado Revised Statutes. All leases and rental agreements shall be in writing and subject to the reasonable requirements of the Board of Directors.

IN WITNESS WHEREOF, the Declarant has caused this Declaration to be executed by 14th Street LLC
w/d/ ~~Jan. 7-2005~~, 2006, this 12th day of December, 2006.


James C Goodenberger, President
14th Street LLC

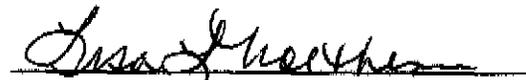
STATE OF COLORADO)
)ss.
COUNTY OF ARCHULETA)

The foregoing instrument was acknowledged before me this 12th day of December, 2006, by James C. Goodenberger.



WITNESS my hand and official seal.

MY COMMISSION EXPIRES: 7-18-09


Notary Public