



630204

Page: 1 of 42

12/07/2005 04:00

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**DECLARATION
OF
COVENANTS, CONDITIONS,
RESTRICTIONS AND EASEMENTS
FOR
CIMARRON AT STEAMBOAT**

THIS DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS FOR CIMARRON TOWNHOMES (this "Declaration") dated as of November 30, 2005, shall be effective upon recordation and is made by Cimarron Development Group, LLC, a Colorado limited liability company ("Declarant"). Declarant is the owner of that certain real property located in Routt County, Colorado, more particularly described on the attached Exhibit A (the "Property") and that certain real property located in Routt County, Colorado, more particularly described on attached Exhibit B (the "Expansion Property"). Declarant hereby makes the following grants, submissions, and declarations:

**ARTICLE 1
IMPOSITION OF COVENANTS**

Section 1.1 Purpose. The purpose of this Declaration is to create a residential planned community (the "Project") pursuant to the Colorado Common Interest Ownership Act as set forth in Article 33.3, Title 38, Colorado Revised Statutes, upon the Property (as hereinafter defined).

Section 1.2 Intention of Declarant. Declarant desires to protect the value and desirability of the Project, further a plan for the improvement, sale and planned community ownership of the project, create a harmonious and attractive development within the Project, and promote and safeguard the health, comfort, safety, convenience, and welfare of the Owners of Units in the Project.

Section 1.3 Development and Use. The Declarant hereby submits two (2) Units (hereinafter defined) to this Declaration. The maximum number of Units in the Project is twenty-three (23). No additional Units exceeding the maximum number set forth above may be established on the Property by subdivision of existing Units, conversion of space, or otherwise

Section 1.4 Declaration. To accomplish the purposes and intentions recited above, Declarant hereby submits the Property, together with all improvements, appurtenances, and facilities relating to or located on the Property now and in the future, to the provisions of the Act, and hereby imposes upon all of the Property the covenants, conditions, restrictions, easements, reservations, rights-of-way, and other provisions of this Declaration, and Declarant hereby declares that all of the Property shall be held, sold, conveyed, encumbered, leased, rented, occupied, and improved subject to the provisions of this Declaration.

Section 1.5 Covenants Running With the Land. All provisions of this Declaration shall be deemed to be covenants running with the land or equitable servitudes, as the case may be. The benefits, burdens, and other provisions contained in this Declaration shall be binding



630204

Page: 2 of 42
12/07/2005 04:00
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Key Weinland Routt County CO DECL COV R 211.00

upon and shall inure to the benefit of Declarant, all Owners, and their respective heirs, executors, administrators, personal representatives, successors, and assigns.

ARTICLE 2 DEFINITIONS

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

Section 2.1 "Act" means the Colorado Common Interest Ownership Act as set forth in Article 33.3, Title 38, Colorado Revised Statutes, as such act exists on the date hereof, except to the extent that the applicability of future amendments to the Act are mandatory.

Section 2.2 "Annual Assessment" means the Assessment levied annually

Section 2.3 "Articles" mean the Articles of Incorporation for the Association, currently on file with the Colorado Secretary of State, and any amendments which may be made to those Articles from time to time.

Section 2.4 "Assessments" means the Annual, Special, and Default Assessments levied pursuant to Article 10 below. Assessments are also referred to as a Common Expense Liability as defined under the Act

Section 2.5 "Association" means Cimarron at Steamboat Owners Association, a Colorado nonprofit corporation, and its successors and assigns. The Association acts through its Executive Board unless a vote of the Owners is otherwise specifically required by this Declaration or by the Articles or Bylaws

Section 2.6 "Association Access Easement" means any access easement granted to the Association in a Deed recorded in the Routt County records.

Section 2.7 "Association Control Period" means the time period from the initial recording of this Declaration in the real property records of Routt County to the date of recording of an instrument executed and acknowledged by Declarant voluntarily surrendering the Declarant Rights reserved to Declarant described in Section 4.4, but in all events such Association Control Period will expire no later than the earlier of sixty (60) days after conveyance of seventy-five percent (75%) of the Units that may be created under this Declaration to Owners other than Declarant or two (2) years after the last conveyance of a Unit by the Declarant in the ordinary course of business.

Section 2.8 "Association Documents" means this Declaration, the Articles and the Bylaws, and any procedures, rules, regulations, or policies adopted under such documents by the Association.

Section 2.9 "Building" means any building structure containing or including Units and located on the Property and made subject to this Declaration.



630204

Page: 3 of 42
12/07/2005 04:00
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Kay Mainland Routt County, CO DECL COV R 211.00

Section 2.10 "Bylaws" means the Bylaws adopted by the Association, as amended from time to time.

Section 2.11 "Common Area" means to the extent of the Association's interest in such real property or improvements, if any, any real property or improvements for the common use and enjoyment of all of the Owners on a non-exclusive basis (i) that are owned by the Association, including the property defined as "Common Area" on the Plat; (ii) all portions of the Project, together with all improvements from time to time constructed or located thereon, other than within the boundaries of the Units (provided that certain common areas described herein may be located wholly or partially within the boundaries of the Units); (iii) the easements for access to and the maintenance and repair of the Buildings and other improvements on or within Units provided for in this Declaration or the Act, including all access, ingress and egress easements appurtenant to this Project or any part thereof; and (iv) all utility easements, utility lines and appurtenances, including, but not limited to, electricity, gas, telephone, water and sewer, and cable television, which service a separate Unit within the Project, situated within, under or over a Unit or within any common wall in any Building; and (v) all recreational facilities, including, but not limited to, pools, hot tubs or amenities buildings, if any, constructed upon any portion of the Project.

Section 2.12 "Common Expenses" means (i) all expenses expressly declared to be common expenses by this Declaration or the Bylaws; (ii) all other expenses of administering, servicing, conserving, managing, maintaining, operating, improving, repairing, or replacing the Common Area and the Exterior Maintenance Area; (iii) insurance premiums for the insurance carried under Article 9; and (iv) all expenses lawfully determined to be common expenses by the Executive Board.

Section 2.13 "Declarant" means Cimarron Development Group, LLC, a Colorado limited liability company, and its successors and assigns. No party other than Cimarron Development Group, LLC shall exercise the rights and privileges reserved herein to Declarant unless such party shall receive and record in the Office of the Clerk and Recorder of Routt County, Colorado, a written assignment from Cimarron Development Group, LLC of all or a portion of such rights and privileges.

Section 2.14 "Declaration" means and refers to this Declaration of Covenants, Conditions, Restrictions and Easements for Cimarron at Steamboat, together with any supplement or amendment to this Declaration, recorded in the Office of the Clerk and Recorder of Routt County, Colorado.

Section 2.15 "Default Assessment" means the Assessments levied by the Association pursuant to Section 10.8 below.

Section 2.16 "Director" means a member of the Executive Board.

Section 2.17 "Executive Board" means the governing body of the Association elected to perform the obligations of the Association relative to the operation, maintenance, and management of the Project and all improvements on the Property.



630204

Page: 4 of 42
12/07/2005 04:00
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Section 2.18 "Expansion Property" means the real property located in Routt County, Colorado, more particularly described on Exhibit B attached hereto and incorporated herein, which Declarant may subject to this Declaration by one or more duly recorded Supplemental Declarations and, if necessary, Supplemental Plats.

Section 2.19 "Exterior Maintenance Area" means the exterior of any townhome and that part of the land upon the Unit surrounding the townhome, as more fully described in Section 5.1 below, but specifically excluding (1) repair or replacement of doors and window panes, (2) maintenance, repair or replacement of the snowmelt systems (including the boiler and pipes) in, on or upon the driveways and walkways of a Unit or the Common Area.

Section 2.20 "First Mortgage" means an unpaid and outstanding first Mortgage which secures financing for the construction and development of the Project or which encumbers a Unit, and which, in any case, has priority of record over all other recorded liens except those governmental liens made superior by statute (such as general ad valorem tax liens and special assessments).

Section 2.21 "First Mortgagee" means any person named as a mortgagee or beneficiary in any First Mortgage, or any successor to the interest of any such person under such First Mortgage.

Section 2.22 "Management Agreement" means any contract or arrangement entered into for purposes of discharging the responsibilities of the Executive Board relative to the operation, maintenance, and management of the Project.

Section 2.23 "Managing Agent" means a person, firm, corporation, or other entity employed or engaged as an independent contractor pursuant to a Management Agreement to perform management services for the Project.

Section 2.24 "Member" shall mean every person or entity who holds membership in the Association.

Section 2.25 "Mortgage" shall mean any mortgage, deed of trust, or other document pledging any Unit or interest therein as security for payment of a debt or obligation.

Section 2.26 "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 2.27 "Owner" means any record owner (including Declarant, and including a contract seller, but excluding a contract purchaser), whether a natural person or persons, or an entity, of a fee simple title interest in and to any Unit; excluding, however, any record owner with an interest therein merely as a Mortgagee (unless such Mortgagee has acquired fee simple title interest in the Unit pursuant to foreclosure or any proceedings in lieu of foreclosure).

Section 2.28 "Party Wall" means any common wall adjoining two Units and shall be deemed to include the footings underlying, the portion of the roof over and the utility lines within, a common wall.



630204

Page: 5 of 42
12/07/2005 04:00

Kay Weinland Routt County, CO DECL. COV R 211.00 D 0 00

Section 2.29 "Person" means a natural person, a corporation, a partnership, a trustee or any other legal entity.

Section 2.30 "Plat" means the subdivision plat of Cimarron at Steamboat recorded in the Office of the Clerk and Recorder of Routt County, Colorado, at Reception No. 630203, File No. 13562, and all supplements and amendments thereto.

Section 2.31 "Project" shall mean the planned community created by this Declaration, the Units, and any other improvements constructed on the Property and as shown on the Plat.

Section 2.32 "Property" means and refers to that certain real property described on Exhibit A attached to this Declaration.

Section 2.33 "Sharing Ratio" means the percentage allocation of Assessments to which an Owner's Unit is subject as set forth in Exhibit C attached hereto and made a part hereof.

Section 2.34 "Special Assessment" means an assessment levied pursuant to Section 10.7 below on an irregular basis.

Section 2.35 "Successor Declarant" means any party or entity to whom Declarant assigns any or all of its rights, obligations, or interest as Declarant, as evidenced by an assignment or deed of record executed by both Declarant and the transferee or assignee and recorded in the Office of the Clerk and Recorder of Routt County, Colorado, designating such party as a Successor Declarant.

Section 2.36 "Supplemental Declaration" means an instrument which subjects any part of the Expansion Property to this Declaration, as more fully provided in Article 14 below.

Section 2.37 "Supplemental Plat" means a supplemental plat of the Project which may depict a part of the Expansion Property becoming subject to this Declaration through a Supplemental Declaration, as more fully provided in Article 14 below.

Section 2.38 "Unit" means a plot of land subject to this declaration and designated as a "Unit" on any subdivision plat of the Property recorded by Declarant in the Office of the Clerk and Recorder of Routt County, Colorado and the townhome and other improvements constructed thereon, together with the Allocated Interest in the Common Expenses and votes in the Association allocated to such Unit.

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

ARTICLE 3 UNITS

Section 3.1 Name. The name of the Project is Cimarron at Steamboat. The Project is a Planned Community pursuant to the Act.



Section 3.2 Association. The name of the Association is Cimarron at Steamboat Owners Association. Declarant has caused the Association to be incorporated under the laws of the State of Colorado as a nonprofit corporation with the purpose of exercising the functions as herein set forth.

Section 3.3 Number of Units. The number of Units initially submitted to this Declaration is two (2). Declarant reserves the right for itself and any Successor Declarant to expand the Property to include up to a maximum of twenty-three (23) Units, and to expand the Common Area.

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

Section 3.5 Description of Units.

3.5.1 Each Unit shall be inseparable and may be leased, devised, or encumbered only as a Unit

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

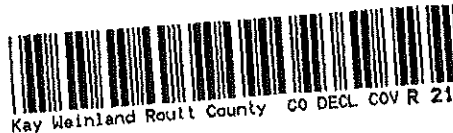
3.5.3 Any contract of sale, deed, lease, Mortgage, will or other instrument affecting a Unit may describe it by its Unit number, Cimarron at Steamboat, County of Routt, State of Colorado, according to the Plat thereof recorded DEC. 7, 2005 at Reception No. 630203, File No. 13562, and the Declaration recorded 630204 12/7/05 2005, under reception No. 630204, in the Office of the Clerk and Recorder of Routt County, Colorado (with applicable recording information inserted therein)

3.5.4 Each Unit shall be considered a separate parcel of real property and shall be separately assessed and taxed. Accordingly, the Common Area shall not be assessed separately but shall be assessed with the Units as provided pursuant to Colorado Revised Statutes Subsections 39-1-103(10) and 38-33.3-105(2).

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

Section 3.6 Permitted Uses

3.6.1 All Units shall be used solely for lawful residential purposes only in conformity with all zoning laws, ordinances, and regulations and restrictions of record. Owners will be subject to the rules and regulations of the Association



630204
Page: 7 of 42
12/07/2005 04:00
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3.6.2 Notwithstanding Section 3.6.1 above, Declarant, for itself and its successors and assigns, hereby retains a right to maintain any one or more Units as sales offices, management offices, rental management offices, storage facilities, model residences and such other uses as may be permitted under the Act. The use by Declarant of any Unit as a model residence, office or other use shall not affect the Unit's designation on the Plat as a separate Unit.

3.6.3 An Owner shall have the right to lease his Unit upon such terms and conditions as the Owner may deem advisable; provided, however, that (i) any such lease exceeding three (3) months in duration shall be in writing and shall provide that the lease is subject to the terms of this Declaration, (ii) a Unit may be leased only for the uses provided hereinabove, and (iii) any failure of a lessee to comply with the terms of this Declaration, the Articles, the Bylaws or the rules and regulations of the Association shall be a default under the lease enforceable by the Association.

ARTICLE 4 MEMBERSHIP AND VOTING RIGHTS

Section 4.1 The Association Every Owner of a Unit shall be a Member of the Association. All of the persons owning a Unit shall be entitled to rights of membership and of use and enjoyment appurtenant to ownership of a Unit. Membership shall be appurtenant to and may not be separated from ownership of any Unit.

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

Section 4.3 Membership; Voting The Association shall have one (1) category of membership consisting of all Owners, including the Declarant so long as Declarant continues to own an interest in a Unit. Each Unit shall be allocated one (1) vote on Association matters. The Association shall not have a vote with respect to any Unit which may be owned by it. Declarant shall be entitled to vote with respect to Units owned by it. Members of the Association may exercise such voting rights subject to and in accordance with the provisions of the Bylaws.

Section 4.4 Declarant Control Notwithstanding anything to the contrary provided for herein or in the Bylaws, Declarant shall be entitled to appoint and remove the members of the Association's Executive Board and officers of the Association to the fullest extent permitted under the Act. The specific restrictions and procedures governing the exercise of Declarant's right to so appoint and remove Directors and officers shall be set out in the Bylaws. Declarant may voluntarily relinquish such power evidenced by a notice executed by Declarant and recorded in the Office of the Clerk and Recorder for Routt County, Colorado but, in such event, Declarant may at its option require that specified actions of the Association or the Executive Board as described in the recorded notice, during the period Declarant would otherwise be entitled to appoint and remove Directors and officers, be approved by Declarant before they become effective

Section 4.5 Compliance with Association Documents. Each Owner shall abide by and benefit from each provision, covenant, condition, restriction and easement contained in the Association Documents. The obligations, burdens and benefits of membership in the Association concern the land and shall be covenants running with each Owner's Unit for the benefit of all other Units.

Section 4.6 Owner's and Association's Address for Notices. All Owners of each Unit shall have one and the same mailing address to be registered with the Association and used by the Association or other Owners for notices, demands, and all other communications regarding Association matters. The Owner or Owners of a Unit shall furnish such address to the Secretary of the Association within five (5) days after transfer of title to the Unit to such Owner or Owners. Such registration shall be in written form and signed by all of the Owners of the Unit or by such persons as are authorized by law to represent the interests of all Owners of the Unit. Notwithstanding the foregoing, the Association shall be entitled to rely upon any such registration or other notice of a change in address of the Owners of the Unit which is signed by less than all of the Owners of such Unit.

If no address is registered or if all of the Owners cannot agree, then the address set forth in the deed to the Unit shall be deemed their registered address until another registered address is furnished as required under this Section. Any notice delivered to a First Mortgagee in accordance with the terms of this Declaration shall be sent to the address for such party specified in the First Mortgage unless the First Mortgagee notifies the Association in writing of a different address. All notices and demands intended to be served upon the Executive Board shall be sent to the following address or such other address as the Executive Board may designate from time to time by notice to all of the Owners:

Executive Board
Cimarron at Steamboat Owners Association
c/o Steamboat Resorts
P.O. Box 772995
Steamboat Springs, Colorado 80477

All notices given in accordance with this Section shall be sent by personal delivery, which shall be effective upon receipt; by overnight courier service, which shall be effective one (1) business day following timely deposit with the courier service; or regular, registered or certified mail, postage prepaid, which shall be effective three (3) days after deposit in the U.S. mail.

ARTICLE 5 MAINTENANCE, PARTY WALLS, LANDSCAPING AND SPECIAL EASEMENT

Section 5.1 Maintenance. In order to maintain a uniform appearance and a high standard of maintenance within the Project, the Association shall maintain the Exterior Maintenance Area, as more fully set forth below.

5.1.1 Unit Exteriors. The Association shall maintain the Exterior Maintenance Area, which shall include but shall not be limited to, all repair and maintenance



630204

Page: 9 of 42

12/07/2005 04:00

Kay Weinland Routt County, CO DECL COV R 211 00 D 0 00

of the exterior surfaces (including the balconies, patio or decks), painting or staining of the exterior (including balconies, patio or decks) and roof repair. Notwithstanding the foregoing, the cost to repair, maintain or replace each Unit's back deck shall not be deemed part of the Annual Assessments but instead will be billed directly to the Owner. In addition, certain areas of the roof of the Units may need to be cleared of snow at times, and the Association shall be responsible for such snow removal. The Association shall have the sole discretion to determine the time and manner in which such maintenance shall be performed as well as the color or type of materials used to maintain the Units.

5.1.2 Landscaping, Sidewalks, Association Access Easement and Driveway.

The Association shall maintain landscaping of the Units within the Exterior Maintenance Area and landscaping within the Common Area and Association Access Easement, including, but not limited to, lawns, trees and shrubs, and the Association shall also maintain all walls, gates, sidewalks and driveways (and the maintenance provided under this Section shall include snow removal services for all roads and sidewalks not serviced by an exterior snowmelt system). The Association shall provide all irrigation to landscaping within the Exterior Maintenance Area, Common Area and, if applicable, the Association Access Easement, and shall provide all other utilities necessary for the maintenance and upkeep of such landscaping. Landscape irrigation may be provided by a common system, and the Association shall have the right to locate facilities related to any irrigation system for the Common Area and the Exterior Maintenance Area on any Unit. The maintenance provided under this Section shall be performed at such time and in such a manner as the Association shall determine.

5.1.3 Association's Right to Grant Owner's Maintenance Area.

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

Section 5.2 Party Walls

5.2.1 The cost of reasonable repair and maintenance of a Party Wall shall be a joint expense of the Owners of the two Units sharing such Party Wall and each such Owner shall have a perpetual easement in and to that part of the Property on which the Party Wall is located, for Party Wall purposes, including maintenance, repair and inspection. No Owner shall alter or change the Party Wall in any manner, interior decorations excepted, and the Party Wall shall always remain in the same location as when erected.

5.2.2 In the event of damage or destruction of a Party Wall from any cause, other than the negligence or willful misconduct of an Owner, the then Owners of the two Units sharing such Party Wall shall bear equally the expense to repair or rebuild said wall to its previous condition, which specifically includes the previous sound transmission coefficient, and such Owners, their successors and assigns, shall have the right to the full use of said wall so repaired and rebuilt. If an Owner's negligence or willful misconduct shall cause damage to or destruction of said wall, such negligent party shall bear the cost of repair and reconstruction to the extent such Owner's negligence caused such damage.



630204

Page: 10 of 42
12/07/2005 04:00
D 0 00

Kay Weinland Routt County CO DECL COV R 211.00

5.2.3 The Association and each of the Owners sharing a Party Wall shall have the right to break through the Party Wall for the purpose of repairing or restoring sewage, water, utilities and structural components, subject to the obligation to restore said wall to its previous structural condition, which specifically includes the previous sound transmission coefficient; and the payment to the adjoining Owner of any damage caused thereby. Adjoining Owners shall have the right to make use of the Party Wall provided such use shall not impair the structural support or the sound transmission coefficient of the Party Wall.

5.2.4 Declarant hereby grants to the Association and the Executive Board and their respective representatives a nonexclusive easement to enter upon and use the Property on which a Party Wall is located as may be necessary or appropriate to perform the duties and functions which they may be obligated or permitted to perform under this Declaration.

Section 5.3 Special Easement. The Association and the Executive Board and their respective representatives are hereby granted a nonexclusive easement to enter upon and use the Exterior Maintenance Area as may be necessary or appropriate to perform the duties and functions which they may be obligated or permitted to perform pursuant to this Article 5.

Section 5.4 Maintenance Contract. The Association or Executive Board may employ or contract for the services of an individual or maintenance company to perform certain delegated powers, functions, or duties of the Association to maintain the Common Area and Exterior Maintenance Area. The employed individual or maintenance company shall have the authority to make expenditures upon prior approval and direction of the Executive Board. The Executive Board shall not be liable for any omission or improper exercise by the employed individual or management company of any duty, power, or function so delegated by written instrument executed by or on behalf of the Executive Board.

Section 5.5 Owner's Responsibility. The Owner shall be responsible for maintaining all portions of the Owner's Unit other than the portion of the Exterior Maintenance Area maintained by the Association. The Owner's responsibility includes, but is not limited to the cost, maintenance, repair and replacement of the interiors of all Units, all utilities metered to the Owner's Unit, trash removal, repair or replacement of broken window panes and doors and all other maintenance and repairs not the responsibility of the Association, including the operation, maintenance, repair, replacement and metered utility costs for the boiler and snow melt system installed upon or appurtenant to an Owner's Unit.

The cost of reasonable repair and maintenance of (1) all sewer services facilities from the main sewer system up to and including the sewer service stub, and (2) all water service lines from the tap at the main to the master curb stop, shall be the joint expense of the Owners of the Units within a Building. Those portions of the above water and sewer lines that are not upon the Common Area shall be owned jointly by all Owners of Units in the Building for which the services are being provided. The ownership of the water and sewer lines and cost of reasonable repair and maintenance of the sewer line from the sewer service stub to a Unit and the water line from the master curb stop to each Unit, shall be the sole responsibility of the Owner of the Unit that these facilities benefit.



630204

Page: 11 of 42
12/07/2005 04:00

Kay Weinland Routt County CO DECL COV R 211 00 D 0.00

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 Area. No Owner shall make any addition or other alteration to any portion of the Exterior Maintenance Area without the express consent of the Executive Board, as more fully discussed in Section 16.3.

Section 5.6 Owner's Failure to Maintain or Repair. In the event that a Unit and the improvements thereupon are not properly maintained and repaired, and if the maintenance responsibility for the unmaintained portion of the Unit lies with the Owner of the Unit, or in the event that the improvements on the Unit that are insured by the Owner are damaged or destroyed by an event of casualty and the Owner does not take reasonable measures to diligently pursue the repair and reconstruction of the damaged or destroyed improvements to substantially the same condition in which they existed prior to the damage or destruction, then the Association, after notice to the Owner and with the approval of the Executive Board, shall have the right to enter upon the Unit to perform such work as is reasonably required to restore the Unit and the buildings and other improvements thereon to a condition of good order and repair. All costs incurred by the Association in connection with the restoration shall be reimbursed to the Association by the Owner of the Unit, upon demand. All unreimbursed costs shall be a lien upon the Unit until reimbursement is made. The lien may be enforced in the same manner as a lien for an unpaid Assessment levied in accordance with Article 10 of this Declaration.

ARTICLE 6 ASSOCIATION DUTIES

Section 6.1 Association Management Duties. Subject to the rights and obligations of Declarant and other Owners as set forth in this Declaration, the Association shall be responsible for the administration and operation of the Project and for the exclusive management, control, maintenance, repair, replacement, and improvement of the Common Area and the Exterior Maintenance Area as described in Section 5.1 hereinabove, and shall keep the same in good, clean, attractive, and sanitary condition, order, and repair. The expenses, costs, and fees of such management, operation, maintenance, and repair by the Association shall be part of the Assessments, and, subject to the budget approval procedures of Section 10.3 below, prior approval of the Owners shall not be required in order for the Association to pay any such expenses, costs, and fees.

Section 6.2 Reserve Account. The Association shall establish and maintain, as part of its budget and out of the installments of the annual Assessments, adequate reserve accounts for maintenance, repair, or replacement of any portion of the Common Area or the Exterior Maintenance Area that must be maintained, repaired or replaced on a periodic basis.

Section 6.3 Owner's Negligence. In the event that the need for maintenance, repair, or replacement of all or any portion of the Common Area, the Exterior Maintenance Area or the Party Walls is caused through or by the negligent or willful act or omission of an Owner or by any member of an Owner's family, or by an Owner's guests, invitees, or tenants, then the expenses incurred by the Association for such maintenance, repair, or replacement shall be a



630204

Page: 12 of 42

12/07/2005 04:00

Kay Weinland Routt County, CO DECL COV R 211.00 D 0 00

personal obligation of such Owner. If the Owner fails to repay the expenses incurred by the Association within seven (7) days after notice to the Owner of the amount owed, then the failure to so repay shall be a default by the Owner or under the provisions of this Section, and such expenses shall automatically become a Default Assessment determined and levied against such Unit, enforceable by the Association in accordance with Sections 10.8, 10.9, and 10.10 below.

Section 6.4 Delegation of Management and Maintenance Duties. The Executive Board may delegate all or any part of its powers and duties to a Managing Agent, including Declarant; however, the Executive Board, when so delegating, shall not be relieved of its responsibilities under this Declaration. The Managing Agent shall not have the authority to make expenditures except upon prior approval and direction by the Executive Board. The Executive Board shall not be liable for any omission or improper exercise by a Managing Agent of any duty, power or function so delegated by written instrument executed by or on behalf of the Executive Board.

Section 6.5 Acquiring and Disposing of Personal Property. The Association may acquire, own, and hold for the use and benefit of all Owners tangible and intangible personal property, and may dispose of the same by sale or otherwise. Each Owner may use such personal property in accordance with the purposes for which it is intended, without hindering or encroaching upon the lawful rights of other Owners.

Section 6.6 Issuance of Rules and Regulations. The Executive Board may make and amend reasonable rules and regulations governing the use and rental of the Units and the use of the Common Area, which rules and regulations shall be consistent with the rights and duties established in this Declaration. Except for the initial rules and regulations, the Executive Board shall provide thirty (30) days' written notice prior to the adoption or amendment of any rules and regulations and provide for a reasonable opportunity for Owners to comment at a meeting of the Executive Board on the proposed adoption or amendment of any rules and regulations.

Section 6.7 Enforcement of Association Documents. The Association may take judicial action against any Owner to enforce compliance with such rules and regulations and with the other provisions of the Association Documents to obtain damages for noncompliance or for injunctive relief, or both, all to the extent permitted by law. Subject to Section 6.12, any Owner may take appropriate legal action against the Association in the event that the Association shall fail to adequately perform its responsibilities pursuant to this Declaration and applicable law.

Section 6.8 Identity of Executive Board and Managing Agent. From time to time, but no less than annually, the Association shall mail to each Owner a notice containing the names and addresses of the members of the Executive Board and the Managing Agent, if any.

Section 6.9 Payments to Working Capital Account. In order to provide the Association with adequate working capital funds, the Association shall collect, at the time of the initial sale and each resale of a Unit, an amount equal to three (3) months' installments of Annual Assessments with respect to such Unit at the rate in effect at the time of the sale. The Association shall maintain the working capital funds to meet unforeseen expenditures or to acquire additional equipment or services in connection with the Common Area and the Exterior Maintenance Area for the benefit of the members of the Association, subject to the budget

**630204**Page: 13 of 42
12/07/2005 04:00

Kay Weinland Routt County, CO DECL COV R 211 00 D 0.00

approval procedures of Section 10.3 below. Such payments to this fund shall not be considered advance payments of Annual Assessments. Upon each resale, the amount so deposited shall be retained by the Association, except the amount paid by the transferor of such Unit at the time of the transferor's purchase shall be refunded to the transferor at closing.

Section 6.10 Implied Rights. The Association may exercise any and all other rights or privileges given to it by this Declaration, or by the other Association Documents, or as may otherwise be given to it by law, and every other right or privilege reasonably to be implied from the existence of any right or privilege given to the Association in the Association Documents or reasonably necessary to effectuate any such right or privilege.

Section 6.11 Books and Records of the Association. The Executive Board or the Managing Agent, as the case may be, shall keep detailed, accurate records of the receipts and expenditures affecting the Common Area and the Exterior Maintenance Area and shall maintain such other books and records as may be required under the Act. Owners and Mortgagees may inspect the records of receipts and expenditures of the Managing Agent or the Executive Board at convenient weekday business hours. In addition, the other books, records, and papers of the Association, including this Declaration, the Articles and Bylaws, as well as any Management Agreement and any rules and regulations of the Association, shall be available for inspection by any Owner or Mortgagee at all times during convenient weekday business hours.

Section 6.12 LIMITATION OF LIABILITY OF ASSOCIATION. NOTWITHSTANDING THE DUTY OF THE ASSOCIATION TO MAINTAIN AND REPAIR THE COMMON AREA AND THE EXTERIOR MAINTENANCE AREA, AND EXCEPT TO THE EXTENT COVERED BY ASSOCIATION INSURANCE AS DESCRIBED IN ARTICLE 9, THE ASSOCIATION SHALL NOT BE LIABLE TO OWNERS FOR INJURY OR DAMAGE, OTHER THAN FOR THE COST OF MAINTENANCE AND REPAIR, CAUSED BY ANY LATENT CONDITION OF THE COMMON AREA OR THE EXTERIOR MAINTENANCE AREA TO BE MAINTAINED AND REPAIRED BY THE ASSOCIATION OR CAUSED BY THE ELEMENTS OR OTHER OWNERS OR PERSONS.

ARTICLE 7 MECHANIC'S LIENS

Section 7.1 No Liability. If any Owner shall cause any material to be furnished to his Unit or any labor to be performed therein or thereon, no Owner of any other Unit shall under any circumstances be liable for the payment of any expense incurred or for the value of any work done or material furnished. All such work shall be at the expense of the Owner causing it to be done, and such Owner shall be solely responsible to contractors, laborers, materialmen and other persons furnishing labor or materials to his Unit. Nothing herein contained shall authorize any Owner or any person dealing through, with or under any Owner to charge the Common Area or any Unit other than such Owner's Unit with any mechanic's lien or other lien or encumbrance whatever. On the contrary (and notice is hereby given) the right and power to charge any lien or encumbrance of any kind against the Common Area or against any Owner or any Owner's Unit for work done or materials furnished to any other Owner's Unit is hereby expressly denied.

**630204**Page: 14 of 42
12/07/2005 04:00
D 0.00

Kay Weinland Routt County CO DECL COV R 211.00

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

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

ARTICLE 8 PROPERTY RIGHTS OF OWNERS AND RESERVATIONS BY DECLARANT

Section 8.1 Owners' Easements Every Owner has a right and easement of use, access and enjoyment in and to the Common Area, which shall be appurtenant to and shall pass with the title to every Unit subject to the provisions contained herein. Every Owner shall have a right of access to and from such Owner's Unit over and across the driveway appurtenant to the Owner's Unit, over and across any part of Cimarron Circle designated as a Common Area, and, if a easement has been recorded, over and across the Association Access Easement. Any common driveway easement areas may, but shall not be required to, be designated on the Plat. No Owner shall hinder nor permit such Owner's guest to hinder reasonable access by any other Owner and such Owner's guest to the Units. Each Owner's easement of use, access, and enjoyment in and to the Common Area is and shall be subject to:

8.1.1 This Declaration, any other applicable covenants, and other matters of record;

8.1.2 Any restrictions or limitations contained in any deed, or other conveyance, conveying such property to the Association;

8.1.3 The right of the Executive Board to adopt rules regulating the use and enjoyment of the Common Area, including rules limiting the number of guests who may use the Common Area;

8.1.4 The right of the Executive Board to suspend the right of an Owner to use facilities within the Common Area (i) for any period during which any charge or Assessment against such Owner's remains delinquent, and (ii) for a period not to exceed ninety (90) days for a single violation or for a longer period in the case of any continuing



630204

Page: 15 of 42

12/07/2005 04:00

Key Weinland Routt County, CO DECL COV R 211 00 D 0.00

violation of the Declaration, any applicable Supplemental Declaration, the Bylaws or the rules and regulations of the Association;

8.1.5 The right of the Executive Board to impose reasonable membership requirements and charge reasonable membership, admission, use or other fees for the use of any facility situated upon the Common Area;

8.1.6 The right of the Executive Board to permit the use of any facilities situated on the Common Area by persons other than Owners, their families, lessees and guests;

8.1.7 Any governmental or quasi-governmental rules, regulations or statutes.

Any Owner may extend his or her right to use and enjoyment to the members of his or her immediate family, lessees, and social invitees, as applicable, subject to reasonable regulation by the Executive Board. An Owner who leases his or her Unit shall be deemed to assign all such rights to the lessee of such Unit

Section 8.2 Recorded Easements. The Property shall be subject to all easements as shown on any recorded plat affecting the Property, as heretofore or hereafter modified or vacated, and to any other easements and licenses of record or of use as of the date of recordation of this Declaration, which easements and licenses of record are set forth on the attached Exhibit D. In addition, the Property is subject to those easements set forth in this Article 8.

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

Section 8.4 Other Easements.

8.4.1 Each Unit, the Common Area and any Association Access Easement shall be subject to an easement for encroachments created by construction, settling and overhang, previously existing or as designed and constructed by Declarant or as a result of any addition or improvement pursuant to this Declaration. A valid easement for such encroachments and for the maintenance of same, so long as they exist, shall and does exist. In the event any improvement is partially or totally destroyed, and then rebuilt, the Owners agree that minor encroachments of parts of the adjacent Unit or the Common area due to construction shall be permitted and that a valid easement for said encroachment and the maintenance thereof shall exist so long as the improvements shall stand.

**630204**Page: 16 of 42
12/07/2005 04:00
D 0.00

Kay Weinland Routt County CO DECL COV R 211.00

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

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

8.4.4 The Units may have common access roads and/or driveways upon the Property serving more than one Unit, and there is granted hereby a non-exclusive easement to the Owners of Units served by any such driveway for ingress and egress purposes over and across such driveway. There may also be portions of the Common Area on which parking areas may be constructed and there is granted hereby a non-exclusive easement to the Owners for parking purposes over such area, subject to the rules and regulation of the Association governing such use. No Owner shall hinder nor permit his lessee or guests to hinder reasonable access by any other Owner and his lessee or guests to the Units and parking areas

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

Section 8.6 General Maintenance. An easement is hereby reserved to Declarant, and granted to the Association, and any member of the Executive Board or the Managing Agent, and their respective officers, agents, employees, and assigns, upon, across, over, in, and under the Property and a right to make such use of the Property as may be necessary or appropriate to make emergency repairs, to perform the duties and functions which the Association is obligated or permitted to perform pursuant to the Association Documents, or to exercise its rights under Article 5 and Article 6 above, including the right to enter upon any Unit for the purpose of performing maintenance to the Exterior Maintenance Area or the Party Walls, as set forth in Article 5 and Article 6 above

**630204**Page: 17 of 42
12/07/2005 04:00
D 0.00

Kay Weinland Routt County, CO DECL COV R 211.00

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

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

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

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

Section 8.11 Governmental Requirements. Declarant hereby reserves the right to grant such easements, from time to time, as may be required by any government agency. Such easements shall specifically include, but not be limited to, any public rights-of-way, for so long as the Declarant holds an interest in any Unit subject to this Declaration or the Expansion Property.

Section 8.12 Drainage Easement. An easement is hereby reserved to Declarant and its successors and assigns and granted to the Association and its officers, agents, employees, successors, and assigns to enter upon, across, over, in, and under any portion of the Project for the purpose of changing, correcting, or otherwise modifying the grade or drainage channels of the Property so as to improve the drainage of water on the Property.

Section 8.13 Declarant Easements. Declarant reserves unto itself, its successors, assigns, lessees, guests, licensees and invitees, for so long as it holds any interest in any Unit or the Expansion Property, the same easement rights granted to Owners under this Declaration and specific easement rights over and across the Property as it may deem necessary for its use from time to time.



630204

Page: 18 of 42

12/07/2005 04:00

Kay Weinland Routt County, CO DECL COV R 211.00 D 0 00

ARTICLE 9 INSURANCE AND FIDELITY BONDS

Section 9.1 General Insurance Provisions. The Association shall maintain, to the extent reasonably available:

9.1.1 Property insurance on the Common Area for broad form covered causes of loss; except that the total amount of insurance must be not less than the full insurable replacement costs of the insured property less applicable deductibles at the time the insurance is purchased and at each renewal date, exclusive of land, excavations, foundations, paving areas, landscaping and other items normally excluded from property policies. Such insurance shall cover all insurable improvements located on or constituting part of the Common Area, if any.

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

9.1.3 Physical damage insurance for all Units and all other insurable improvements on each Unit, except that each Owner may be required to obtain and maintain such insurance pursuant to Section 9.12 below. Such insurance shall cover the full replacement value of the Units, less applicable deductibles, at the time the insurance is purchased and at each renewal date, exclusive of those items normally excluded from property policies. The insurance coverage shall include, unless the Executive Board directs otherwise, fixtures initially installed in the Units and replacements thereof up to the value of those initially installed by Declarant, but not including furniture, wall coverings, improvements, additions or other personal property supplied or installed by an Owner, all such insurance covering the interests of the Owners and their Mortgagees as their respective interests may appear. The Executive Board may obtain this insurance upon such terms and conditions as it deems advisable. Prior to obtaining any policy of physical damage insurance or any renewal thereof, and at such other intervals as the Executive Board may deem advisable, the Executive Board may, but shall not be obligated to, obtain an appraisal from an insurance company, or such other source as the Executive Board may determine, of the then-current replacement cost of the Units (exclusive of the land, excavations, foundations and other items normally excluded from such coverage) subject to insurance carried by the Association, without deduction for depreciation, for the purpose of determining the amount of physical damage insurance to be secured.



630204

Page: 19 of 42

12/07/2005 04:00

Kay Weinland Routt County, CO DECL COV R 211.00 D 0.00

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

Section 9.2 Cancellation. If the insurance described in Section 9.1 is not reasonably available, or if any policy of such insurance is cancelled or not renewed without a replacement policy therefore having been obtained, the Association promptly shall cause notice of that fact to be given to all Owners.

Section 9.3 Policy Provisions. Insurance policies carried pursuant to Section 9.1 must provide that:

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

9.3.2 The insurer waives its rights to subrogation under the policy against any Owner or member of his household, including Declarant, if Declarant is the Owner of any Unit;

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

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

Section 9.4 Insurance Proceeds. Any loss covered by the property insurance policy described in Section 9.1 must be adjusted with the Association, but the insurance proceeds for that loss shall be payable to any insurance trustee designated for that purpose, or otherwise to the Association, and not to any holder of a security interest. The insurance trustee or the Association shall hold any insurance proceeds in trust for the Owners and Mortgagees as their interests may appear. Subject to the provisions of Section 9.7 below, the proceeds must be disbursed first for the repair or restoration of the damaged property, and the Association, Owners and Mortgagees are not entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the damaged property has been completely repaired or restored or the regime created by this Declaration is terminated.

Section 9.5 Association Policies. The Association may adopt and establish written nondiscriminatory policies and procedures relating to the submittal of claims, responsibility for deductibles, and any other matters of claims adjustment. To the extent the Association settles claims for damages to property, it shall have the authority to assess negligent Owners causing such loss or benefiting from such repair or restoration all or any equitable portion of the deductibles paid by the Association.

Section 9.6 Insurer Obligation. An insurer that has issued an insurance policy for the insurance described in Section 9.1 shall issue certificates or memoranda of insurance to the Association and, upon request, to any Owner or Mortgagee. Unless otherwise provided by



630204

Page: 20 of 42
12/07/2005 04:00
D 0.00

Kay Weinland Routt County, CO DECL GOV R 211.00

statute, the insurer issuing the policy may not cancel or refuse to renew it until thirty (30) days after notice of the proposed cancellation or nonrenewal has been mailed to the Association and to each Owner and Mortgagee to whom a certificate or memorandum of insurance has been issued at their respective last-known addresses.

Section 9.7 Repair and Replacement.

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

9.7.1.1 The regime created by this Declaration is terminated;

9.7.1.2 Repair or replacement would be illegal under any state or local statute or ordinance governing health or safety;

9.7.1.3 Sixty-seven percent (67%) of the Owners and all directly adversely affected Owners agree in writing not to rebuild; or

9.7.1.4 Prior to the conveyance of any Unit to a person other than Declarant, the Mortgagee holding a deed of trust or mortgage on the damaged portion of the Common Area rightfully demands all or a substantial part of the insurance proceeds.

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

Section 9.8 Common Expenses. Premiums for insurance that the Association acquires and other expenses connected with acquiring such insurance are Common Expenses.

Section 9.9 Fidelity Insurance. Fidelity bonds may be maintained by the Association to protect against dishonest acts on the part of its officers, directors, trustees, and employees and on the part of all others who handle or are responsible for handling the funds belonging to or administered by the Association in an amount not less than two (2) months' current Assessments plus reserves as calculated from the then-current budget of the Association. The Association must also secure and maintain, or require to be secured or maintained by any parties handling the collection, deposit, transfer, or disbursement of Association funds, fidelity insurance with aggregate coverage of not less than two (2) months' assessments plus reserves as calculated from the then-current budget of the Association; provided, however, in no event shall the coverage for third parties handling the collection, deposit, transfer, or disbursement of Association funds be less than \$50,000. In addition all funds and accounts of the Association being held by a Managing Agent or other third persons shall be kept in an account separate from the funds of other parties held by such Managing Agent or third party, and all reserves of the Association shall be kept in an account separate from the operational account of the Association. Any such

**630204**

Page: 21 of 42

12/07/2005 04:00

Kay Weinland Routt County, CO DECL COV R 211.00 D 0.00

fidelity coverage shall name the Association as an obligee and such bonds shall contain waivers by the issuers of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees," or similar terms or expressions.

Section 9.10 Workers' Compensation Insurance. The Executive Board shall obtain workers' compensation or similar insurance with respect to its employees, if applicable, in the amounts and forms as may now or hereafter be required by law.

Section 9.11 Other Insurance. The Association shall also maintain insurance to the extent reasonably available and in such amounts as the Executive Board may deem appropriate on behalf of Directors against any liability asserted against a Director or incurred by a Director in his or her capacity of or arising out of his or her status as a Director. The Executive Board may obtain insurance against such other risks of a similar or dissimilar nature as it shall deem appropriate with respect to the Association's responsibilities and duties.

Section 9.12 Insurance Obtained by Owners. In the event that the Association is unable to obtain or maintain physical damage insurance for the Units as set out in Section 9.1.3 upon terms deemed reasonable to the Executive Board, each Owner shall obtain and at all times maintain physical damage insurance as described in Section 9.1.3 at such Owner's expense, covering the full replacement value of the Unit owned or managed by such Owner. The beneficiaries under such policy shall be that Owner, the Association and any and all other Owners within the same Building as the Owner obtaining such physical damage insurance. Any insurance obtained by an Owner shall include a provision waiving the particular insurance company's right of subrogation against the Association and other Owners, including Declarant, should Declarant be the Owner of any Unit.

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

All policies obtained by Owners shall, to the extent possible, name the Association as an additional insured and shall, to the extent possible, provide that the insurer issuing the policy may not cancel or refuse to renew such policy until thirty (30) days after notice of the proposed cancellation or nonrenewal has been mailed to the Association. All Owners are required to

**630204**Page: 22 of 42
12/07/2005 04:00
D 0.00

Kay Weinland Routt County, CO DECL COV R 211.00

maintain on file copies of all such current policies with the Association to evidence their obligations hereunder and to facilitate recovery of all appropriate awards or proceeds by the Association

ARTICLE 10 ASSESSMENTS

Section 10.1 Obligation. Each Owner, including Declarant, by accepting a deed for a Unit, is deemed to covenant to pay to the Association (1) the Annual Assessments imposed by the Executive Board as necessary to meet the Common Expenses of maintenance, operation, and management of the Common Area and the Exterior Maintenance Area and to perform the functions of the Association; (2) Special Assessments for capital improvements and other purposes as stated in this Declaration; and (3) Default Assessments which may be assessed against a Unit for the Owner's failure to perform an obligation under the Association Documents or because the Association has incurred an expense on behalf of the Owner under the Association Documents. No Owner may waive or otherwise escape personal liability for the payment of the Assessments provided for in this Declaration by not using the Common Area or the facilities contained in the Common Area or by abandoning or leasing such Owner's Unit

Section 10.2 Purpose of Assessments. The Assessments shall be used exclusively to promote the health, safety and welfare of the Owners and occupants of the Project, and for the improvement, maintenance, repair and replacement of the Common Area and the Exterior Maintenance Area, and other areas of Association responsibility referred to herein, as more fully set forth in this Article 10

Section 10.3 Budget. Within thirty (30) days after the adoption of any proposed budget for the Association, the Executive Board shall mail, by ordinary first-class mail, or otherwise deliver a summary of the budget to all the Owners and shall set a date for a meeting of the Owners to consider ratification of the budget not less than fourteen (14) nor more than sixty (60) days after mailing or other delivery of the summary. Unless at that meeting sixty-seven percent (67%) or more of all Owners reject the budget, the budget is ratified, whether or not a quorum is present. In the event that the proposed budget is rejected, the periodic budget last ratified by the Owners must be continued until such time as the Owners ratify a subsequent budget proposed by the Executive Board. The Executive Board shall adopt a budget and submit the budget to a vote of the Owners as provided herein no less frequently than annually. The Executive Board shall levy and assess the Annual Assessments in accordance with the annual budget.

Section 10.4 Annual Assessments. Annual Assessments for Common Expenses made shall be based upon the estimated cash requirements as the Executive Board shall from time to time determine to be paid by all of the Owners, subject to Section 10.3 above. Estimated Common Expenses shall include, but shall not be limited to, the cost of routine maintenance and operation of the Common Area and Exterior Maintenance Area; expenses of management; insurance premiums for insurance coverage as deemed desirable or necessary by the Association; landscaping of the Common Area and the Exterior Maintenance Area; care of grounds within the Common Area and Exterior Maintenance Area; routine repairs and renovations within the Common Area and Exterior Maintenance Area; wages; common water and utility charges for the Common Area and Exterior Maintenance Area; legal and accounting fees; management fees;

**630204**Page: 23 of 42
12/07/2005 04:00

Kay Weinland Routt County, CO DECL COV R 211.00 D 0 00

expenses and liabilities incurred by the Association under or by reason of this Declaration; payment of any default remaining from a previous assessment period; and the creation of a reasonable contingency or other reserve or surplus fund for general, routine maintenance, repairs, and replacement of improvements within the Common Area and Exterior Maintenance Area on a periodic basis, as needed.

Section 10.5 Due Dates for Assessment Payments. Unless otherwise determined by the Executive Board, the Annual Assessments and any Special Assessments which are to be paid in installments shall be paid quarterly in advance and shall be due and payable to the Association at its office or as the Executive Board may otherwise direct in any Management Agreement, without notice (except for the notices required by this Article 10), on the first day of each quarter. If any such installment shall not be paid within fifteen (15) days after it shall have become due and payable, then the Executive Board may assess a "late charge" on the installment in an amount of fifteen percent (15%) of the amount outstanding or such other charge as the Executive Board may fix by rule from time to time as provided in the Bylaws to cover the extra expenses involved in handling such delinquent Assessment installment. An Owner's Assessment shall be prorated if the ownership of a Unit commences or terminates on a day other than the first day or last day, respectively, of a quarter or other applicable payment period.

Section 10.6 Apportionment of Annual Assessments. Each Owner shall be responsible for that Owner's share of the Common Expenses, which shall be divided among the Units on the basis of the Sharing Ratios in effect on the date of assessment, subject to the following provisions. All expenses (including, but not limited to, costs of maintenance, repair, and replacement) relating to fewer than all of the Units, to the extent not covered by insurance, shall be borne by the Owners of those affected Units only. The formula for the Sharing is determined on the basis that all Units submitted to the Project are responsible for an equal share

Section 10.7 Special Assessments. In addition to the Annual Assessments authorized by this Article, the Association, subject to the requirements of Section 10.3 above, may levy in any fiscal year one or more Special Assessments, payable over such a period as the Association may determine, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of improvements within the Common Area or Exterior Maintenance Area or for any other expense incurred or to be incurred as provided in this Declaration. This Section 10.7 shall not be construed as an independent source of authority for the Association to incur expense, but shall be construed to prescribe the manner of assessing expenses authorized by other sections of this Declaration, and in acting under this Section, the Association shall make specific references to this Section. Any amounts assessed pursuant to this Section shall be assessed to Owners in the same proportion as provided for Annual Assessments in Section 10.6, subject to the requirements that any extraordinary maintenance, repair or restoration work on fewer than all of the Units shall be borne by the Owners of those affected Units only; and any extraordinary insurance costs incurred as a result of the value of a particular Owner's Unit or the actions of a particular Owner (or his agents, servants, guests, tenants, or invitees) shall be borne by that Owner. Special Assessments shall be based on a budget adopted in accordance with Section 10.3 above provided that, if necessary, the Association may adopt a new budget pursuant to Section 10.3 prior to levying a Special

**630204**

Page: 24 of 42

12/07/2005 04:00

Kay Weinland Routt County, CO DECL COV R 211.00 D 0.00

Assessment. Notice in writing of the amount of such Special Assessments and the time for payment of the Special Assessments shall be given promptly to the Owners, and no payment shall be due less than thirty (30) days after such notice shall have been given.

Section 10.8 Default Assessments. All monetary fines assessed against an Owner pursuant to the Association Documents, or any expense of the Association which is the obligation of an Owner or which is incurred by the Association on behalf of the Owner pursuant to the Association Documents, shall be a Default Assessment and shall become a lien against such Owner's Unit which may be foreclosed or otherwise collected as provided in this Declaration. Notice of the amount and due date of such Default Assessment shall be sent to the Owner subject to such Assessment at least thirty (30) days prior to the due date.

Section 10.9 Lien for Assessments. The Annual, Special, and Default Assessments (including installments of the Assessments) arising under the provisions of this Declaration (together with any and all interest, costs, late charges, expenses, and reasonable attorneys' fees, including legal assistants' fees, which may arise under the provisions of Section 10.10 below) shall be burdens running with, and a perpetual lien in favor of the Association upon, the specific Unit to which such Assessments apply. To further evidence such lien upon a specific Unit, the Association may, but shall not be obligated to, prepare a written lien notice setting forth the description of the Unit, the amount of Assessments on the Unit unpaid as of the date of such lien notice, the rate of default interest as set by the Bylaws and Section 10.10 below, the name of the Owner or Owners of the Unit, and any and all other information that the Association may deem proper. Any such lien notice shall be signed by a member of the Executive Board, an officer of the Association, or a Managing Agent and shall be recorded in the Office of the Clerk and Recorder of Routt County, Colorado. Any such lien notice shall not constitute a condition precedent or delay the attachment of the lien, but such lien is a perpetual lien upon the Unit and attaches without notice at the beginning of the first day of any period for which any Assessment is levied.

Section 10.10 Effect of Nonpayment of Assessments. If any Annual, Special, or Default Assessment (or any installment of the Assessment) is not fully paid within thirty (30) days after the same becomes due and payable, then as often as the same may happen, (i) interest shall accrue at the yearly rate of six points above the prime rate charged by the Association's bank or such other lawful rate as the Executive Board may establish, on any amount of the Assessment which was not paid within such 30-day period or on the amount of Assessment in default, whichever shall be applicable, accruing from the due date until date of payment, (ii) the Association may declare due and payable all unpaid quarterly or other installments of the Annual Assessment or any Special Assessment otherwise due during the fiscal year during which such default occurred, (iii) the Association may thereafter bring an action at law or in equity, or both, against any Owner personally obligated to pay the same, and (iv) the Association may proceed to foreclose its lien against the particular Unit in the manner and form provided by Colorado law for foreclosure of real estate mortgages.

An action at law or in equity by the Association against an Owner to recover a money judgment for unpaid Assessments (or any installment thereof) may be commenced and pursued by the Association without foreclosing or in any way waiving the Association's lien for the Assessments. If any such Assessment (or installment thereof) is not fully paid when due and if

**630204**Page: 25 of 42
12/07/2005 04:00

Key Weiland Routt County, CO DECL COV R Z11.00 D 0 00

the Association commences such an action (or counterclaims or cross-claims for such relief in any action) against any Owner personally obligated to pay the same, or proceeds to foreclose its lien against the particular Unit, then all unpaid installments of Annual and Special Assessments and all Default Assessments (including any such installments or Assessments arising during the proceedings of such action or foreclosure proceedings), any late charges under Section 10.5 above, any accrued interest under this Section 10.10, and the Association's costs, expenses, and reasonable attorneys' fees (including legal assistants' fees) incurred for any such action or foreclosure proceedings shall be taxed by the court as part of the costs of any such action or foreclosure proceedings and shall be recoverable by the Association from any Owner personally obligated to pay the same and from the proceeds from the foreclosure sale of the particular Unit in satisfaction of the Association's lien.

Foreclosure or attempted foreclosure by the Association of its lien shall not be deemed to estop or otherwise preclude the Association from foreclosing or attempting to foreclose its lien for any subsequent Assessments (or installments thereof) which are not fully paid when due or for any subsequent Default Assessments. The Association shall have the power and right to bid in or purchase any Unit at foreclosure or other legal sale and to acquire and hold, lease, or mortgage the Unit, and to convey or otherwise deal with the Unit acquired in such proceedings.

First Mortgagees shall be entitled to cure any delinquency of the Owner of a Unit encumbered by the First Mortgage in the payment of Assessments. In that event, the First Mortgagee shall be entitled to obtain a release from the lien imposed or perfected by reason of such delinquency.

Section 10.11 Successor's Liability for Assessments. Notwithstanding the personal obligation of each Owner of a Unit to pay all Assessments on the Unit, and notwithstanding the Association's perpetual lien upon a Unit for such Assessments, all successors in interest to the fee simple title of a Unit, except as provided in Section 10.12 and Section 10.13 below, shall be jointly and severally liable with the prior Owner or Owners of the Unit for any and all unpaid Assessments, interest, late charges, costs, expenses, and attorneys' fees against such Unit, without prejudice to any such successor's right to recover from any prior Owner any amounts paid thereon by such successor. However, such successor in interest shall be entitled to rely upon the existence and status of unpaid Assessments, interest, late charges, costs, expenses, and attorneys' fees as shown upon any certificate issued by or on behalf of the Association to such named successor in interest pursuant to the provisions of Section 10.13 below.

Section 10.12 Waiver of Homestead Exemption; Subordination of Association's Lien for Assessments. By acceptance of the deed or other instrument of transfer of a Unit, each Owner irrevocably waives the homestead exemption provided by Part 2, Article 41, Title 38, Colorado Revised Statutes, as amended. The Association's perpetual lien on a Unit for Assessments shall be superior to all other liens and encumbrances except the following:

10.12.1 Real property ad valorem taxes and special assessment liens duly imposed by a Colorado governmental or political subdivision or special taxing district, or any other liens made superior by statute; and



630204

Page: 26 of 42

12/07/2005 04:00

Kay Mainland Routt County, CO DECL COV R 211 00 D 0 00

10.12.2 To the extent permitted under the Act, the lien of any First Mortgage, including any and all advances made by the First Mortgagee and notwithstanding that any of such advances may have been made subsequent to the date of the attachment of the Association's liens. With respect to this subpart 10.12.2, to the extent permitted under the Act, any First Mortgagee who acquires title to a Unit by virtue of foreclosing the First Mortgage or by virtue of a deed or assignment in lieu of such a foreclosure, or any purchaser at a foreclosure sale of the First Mortgage, will take the Unit free of any claims for unpaid Association Assessments, interest, late charges, costs, expenses, and attorneys' fees against the Unit which accrue prior to the time such First Mortgagee or purchaser acquires title to the Unit, and the amount of the extinguished lien may be reallocated and assessed to all Units as a Common Expense at the direction of the Executive Board.

All other persons not holding liens described in this Section 10.12 above and obtaining a lien or encumbrance on any Unit after the recording of this Declaration shall be deemed to consent that any such lien or encumbrance shall be subordinate and inferior to the Association's future liens for Assessments, interest, late charges, costs, expenses, and attorneys' fees as provided in this Article 10, whether or not such consent is specifically set forth in the instrument creating any such lien or encumbrance.

A sale or other transfer of any Unit, including but not limited to a foreclosure sale, except as provided in Section 10.11 above and except as provided in Section 10.13 below, shall not affect the Association's lien on such Unit for Assessments, interest, late charges, costs, expenses, and attorneys' fees due and owing prior to the time such purchaser acquires title and shall not affect the personal liability of each Owner who shall have been responsible for the payment thereof. Further, no such sale or transfer shall relieve the purchaser or transferee of a Unit from liability for, or the Unit from the lien of, any Assessments made after the sale or transfer.

Section 10.13 Statement of Status of Assessments Upon fourteen (14) calendar days written request (furnished in the manner described below for the response to such request) to a Managing Agent, the Executive Board, or the Association's registered agent and payment of a reasonable fee set from time to time by the Executive Board, any Owner, prospective purchaser of a Unit or Mortgagee shall be furnished, by personal delivery or by certified mail, first class postage prepaid, return receipt requested, to the inquiring party (in which event the date of posting shall be deemed the date of delivery) a statement of the Owner's account setting forth:

10.13.1 The amount of any unpaid Assessments, interest, late charges, costs, expenses, and attorneys' fees then existing against a particular Unit;

10.13.2 The amount of the current installments of the Annual Assessment and the date that the next installment is due and payable;

10.13.3 The date of the payment of any installments of any Special Assessments then existing against the Unit; and

10.13.4 Any other information deemed proper by the Association.

**630204**Page: 27 of 42
12/07/2005 04:00

Kay Weinland Routt County, CO DECL COV R 211.00 D 0.00

Upon the issuance of such a certificate signed by a member of the Executive Board, by an officer of the Association, or by a Managing Agent, the information contained therein shall be conclusive upon the Association as to the person or persons to whom such certificate is addressed and who rely on the certificate in good faith. Unless such a statement of status of Assessments is delivered as described above within said fourteen (14) calendar day period, the Association shall have no right to assert a priority lien upon the over the inquiring party's interest for unpaid Assessments which were due as of the date of the request.

ARTICLE 11

ASSOCIATION AS ATTORNEY-IN-FACT

Each Owner hereby irrevocably appoints the Association as the Owner's true and lawful attorney-in-fact for the purposes of dealing with any improvements covered by insurance written in the name of the Association pursuant to Article 9 upon their damage or destruction as provided in Article 12, or a complete or partial taking as provided in Article 13 below. Acceptance by a grantee of a deed or other instrument of conveyance or any other instrument conveying any portion of the Property shall constitute appointment of the Association as the grantee's attorney-in-fact, and the Association shall have full authorization, right, and power to make, execute, and deliver any contract, assignment, deed, waiver, or other instrument with respect to the interest of any Owner which may be necessary to exercise the powers granted to the Association as attorney-in-fact

ARTICLE 12

DAMAGE OR DESTRUCTION

Section 12.1 The Role of the Executive Board Except as provided in Section 12.6, in the event of damage to or destruction of all or part of any Common Area improvement, or other property covered by insurance written in the name of the Association under Article 9, the Executive Board shall arrange for and supervise the prompt repair and restoration of the damaged property (the property insured by the Association pursuant to Article 9 is sometimes referred to as the "Association-Insured Property").

Section 12.2 Estimate of Damages or Destruction As soon as practicable after an event causing damage to or destruction of any part of the Association-Insured Property, the Executive Board shall, unless such damage or destruction shall be minor, obtain an estimate or estimates that it deems reliable and complete of the costs of repair and reconstruction. "Repair and reconstruction" as used in this Article shall mean restoring the damaged or destroyed improvements to substantially the same condition in which they existed prior to the damage or destruction. Such costs may also include professional fees and premiums for such bonds as the Executive Board or the Insurance Trustee, if any, determines to be necessary.

Section 12.3 Repair and Reconstruction As soon as practical after the damage occurs and any required estimates have been obtained, the Association shall diligently pursue to completion the repair and reconstruction of the damaged or destroyed Association-Insured Property. As attorney-in-fact for the Owners, the Association may take any and all necessary or appropriate action to effect repair and reconstruction of any damage to the Association-Insured Property, and no consent or other action by any Owner shall be necessary. Assessments of the



630204

Page: 28 of 42

12/07/2005 04:00

Kay Weinland Routt County CO DECL COV R 211.00 D 0.00

Association shall not be abated during the period of insurance adjustments and repair and reconstruction.

Section 12.4 Funds for Repair and Reconstruction. The proceeds received by the Association from any hazard insurance carried by the Association shall be used for the purpose of repair, replacement, and reconstruction of the Association-Insured Property.

If the proceeds of the Association's insurance are insufficient to pay the estimated or actual cost of such repair, replacement, or reconstruction, or if upon completion of such work the insurance proceeds for the payment of such work are insufficient, the Association may, pursuant to Section 10.7, levy, assess, and collect in advance from the Owners, without the necessity of a special vote of the Owners, a Special Assessment sufficient to provide funds to pay such estimated or actual costs of repair and reconstruction. Further levies may be made in like manner if the amounts collected prove insufficient to complete the repair, replacement, or reconstruction.

Section 12.5 Disbursement of Funds for Repair and Reconstruction. The insurance proceeds held by the Association and the amounts received from the Special Assessments provided for above constitute a fund for the payment of the costs of repair and reconstruction after casualty. It shall be deemed that the first money disbursed in payment for the costs of repair and reconstruction shall be made from insurance proceeds, and the balance from the Special Assessments. If there is a balance remaining after payment of all costs of such repair and reconstruction, such balance shall be distributed to the Owners in proportion to the contributions each Owner made as Special Assessments, then in accordance with the Sharing Ratios of each Unit, first to the Mortgagees and then to the Owners, as their interests appear.

Section 12.6 Decision Not to Rebuild Common Area. If Owners representing at least sixty-seven percent (67%) of the total allocated votes in the Association and all directly adversely affected Owners agree in writing not to repair and reconstruct improvements within the Common Area and if no alternative improvements are authorized, then and in that event the damaged property shall be restored to its natural state and maintained as an undeveloped portion of the Common Area by the Association in a neat and attractive condition. Any remaining insurance proceeds shall be distributed in accordance with the Act.

Section 12.7 Repairs. All repairs and reconstruction contemplated by this Article shall be performed substantially in accordance with this Declaration, the Plat and the original plans and specifications for the Project, unless other action is approved by the Association in accordance with the requirements of this Declaration and the other Association Documents.

Section 12.8 Notice of Damage or Destruction. In the event that any portion of the Project encompassing more than one Unit is substantially damaged or destroyed by fire or other casualty, then written notice of the damage or destruction shall be given by the Association to each Owner and First Mortgagee of the affected Units within a reasonable time following the event of casualty damage.



630204

Page: 29 of 42

12/07/2005 04:00

Kay Weinland Routt County, CO DECL COV R 211 00 D 0 00

ARTICLE 13 CONDEMNATION

Section 13.1 Rights of Owners. Whenever all or any part of the Common Area shall be taken by any authority having power of condemnation or eminent domain or whenever all or any part of the Common Area is conveyed in lieu of a taking under threat of condemnation by the Executive Board acting as attorney-in-fact for all Owners under instructions from any authority having the power of condemnation or eminent domain, each Owner shall be entitled to notice of the taking or conveying. The Association shall act as attorney-in-fact for all Owners in the proceedings incident to the condemnation proceeding, unless otherwise prohibited by law.

Section 13.2 Partial Condemnation; Distribution of Award; Reconstruction. The award made for such taking shall be payable to the Association as trustee for those Owners for whom use of the Common Area was conveyed and, unless otherwise required under the Act, the award shall be disbursed as follows:

If the taking involves a portion of the Common Area on which improvements have been constructed, then, unless within sixty (60) days after such taking Declarant and Owners who represent at least sixty-seven percent (67%) of the votes of all of the Owners shall otherwise agree, the Association shall restore or replace such improvements so taken on the remaining land included in the Common Area to the extent lands are available for such restoration or replacement in accordance with plans approved by the Executive Board. If such improvements are to be repaired or restored, the provisions in Article 12 above regarding the disbursement of funds in respect to casualty damage or destruction which is to be repaired shall apply. If the taking does not involve any improvements on the Common Area, or if there is a decision made not to repair or restore, or if there are net funds remaining after any such restoration or replacement is completed, then such award or net funds shall be distributed in equal shares per Unit among the Owners, first to the Mortgagees and then to the Owners, as their interests appear.

Section 13.3 Complete Condemnation. If all of the Property is taken, condemned, sold, or otherwise disposed of in lieu of or in avoidance of condemnation, then the regime created by this Declaration shall terminate, and the portion of the condemnation award attributable to the Common Area shall be distributed as provided in Section 12.5 above.

Section 13.4 Notice of Condemnation. In the event that any portion of the Project shall be made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, then timely written notice of such condemnation shall be given by the Association to each Owner and First Mortgagee

ARTICLE 14 EXPANSION AND WITHDRAWAL

Section 14.1 Reservation of Expansion and Withdrawal Rights.

14.1.1 Declarant reserves the right for itself and any Successor Declarant to subject all or any part of the Expansion Property to the provisions of this Declaration and thereby



630204

Page: 30 of 42
12/07/2005 04:00
D 0.00

Kay Weinland Routt County, CO DECL COV R 211 00

expand the Property to include up to a maximum of twenty-three (23) Units and to expand the Common Area.

14.1.2 Subject to those restrictions set forth in Section 38-33.3-222 of the Act, Declarant reserves the right for itself and any Successor Declarant at any time and from time to time to subject unspecified real property to the Project and the provisions of this Declaration.

14.1.3 Declarant reserves the right for itself and any Successor Declarant at any time and from time to time to withdraw from the Project and from the provisions of this Declaration any real property subjected to this Declaration by a duly recorded Supplemental Declaration and, if necessary, Supplemental Plat prior to the time of a sale of a Unit comprising a portion of the real property described in said Supplemental Declaration and, if necessary, Supplemental Plat.

14.1.4 Supplemental Declarations and Supplemental Plats. Such expansion may be accomplished by the filing for record by Declarant in the Office of the Clerk and Recorder of Routt County, Colorado, of one or more Supplemental Declarations and, if the real property being subject to this Declaration by such Supplemental Declaration has not been previously platted in a plat recorded in the Office of the Clerk and Recorder of Routt County, Colorado, of a Supplemental Plat depicting such Expansion Property recorded concurrently with the applicable Supplemental Declaration. The Supplemental Declaration shall set forth the Units and other real property, if any, to be included in the expansion, together with any covenants, conditions, restrictions and easements particular to such property. The expansion may be accomplished in stages by successive supplements or in one supplemental expansion. Declarant may exercise such rights for expansion on all or any portion of the Expansion Property in whatever order of development Declarant in its sole discretion determines. Declarant shall not be obligated to expand the Project beyond the number of Units initially submitted to this Declaration.

Section 14.2 Expansion of Definitions. In the event of such expansion, the definitions used in this Declaration shall be expanded automatically to encompass and refer to the Property subject to this Declaration as so expanded. For example, "Unit" shall mean the Units comprising part of the Property plus any additional Units added by a Supplemental Declaration or Declarations and, if necessary, Supplemental Plat or Plats, and reference to this Declaration shall mean this Declaration as supplemented. All conveyances of Units shall be effective to transfer rights in the Property as expanded.

Section 14.3 Declaration Operative on New Units.

14.3.1 The new Units shall be subject to all of the terms and conditions of this Declaration and of any Supplemental Declaration, upon placing the Supplemental Declaration(s) describing the Expansion Property and, if necessary, Supplemental Plat(s) of public record in the Office of the Clerk and Recorder of Routt County, Colorado.

14.3.2 It is contemplated that additional Units on the Property will be committed to this Declaration, but Declarant and any Successor Declarant shall have no affirmative obligation to construct any additional Units. In the event that a portion of the Expansion Property is submitted to the provisions of this Declaration, Declarant shall retain the right to, but



630204

Page: 31 of 42
12/07/2005 04:00
D 0.00

Kay Mainland Routt County, CO DECL COV R 211.00

shall not be obligated to, submit any additional portion of the Expansion Property to the provisions of this Declaration. The rights of Declarant and any Successor Declarant, as described herein, shall apply to all Units which are added to this Declaration in accordance with these provisions relating to enlargement thereof.

14.3.3 No rights of any character of any Owner in units in the Expansion Property shall attach until a Supplemental Declaration and, if necessary, Supplemental Plat is filed of record annexing the units constructed in such area to the Project. Upon the recording of such Supplemental Declaration and, if necessary, Supplemental Plat, the Units located in the area shall be deemed to be governed in all respects by the provisions of this Declaration

Section 14.4 Effect of Expansion.

14.4.1 Upon the construction of additional Units and their inclusion under this Declaration and the filing of the Supplemental Declaration(s) and, if necessary, Supplemental Plat(s) thereof, the Sharing Ratio applicable to a Unit shall automatically be reallocated to reflect that all Units previously submitted to this Declaration and all Units submitted by filing of the Supplemental Declaration shall be responsible for an equal share. Such reduction in the Sharing Ratio appurtenant to a Unit shall be reflected and set forth in the Supplemental Declaration.

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

Section 14.5 Termination of Expansion and Development Rights The rights reserved to the Declarant for itself, its successors and assigns for the expansion and development of the Expansion Property ("Expansion and Development Rights") shall expire twenty-nine (29) years from the date of recording this Declaration, unless the Expansion and Development Rights are (i) extended as allowed by law or (ii) reinstated or extended by the Association, subject to whatever terms, conditions, and limitations the Executive Board may impose on the subsequent exercise of the Expansion and Development Rights by Declarant.

ARTICLE 15 USE RESTRICTIONS

Section 15.1 Conveyance of Units. All Units, whether or not the instrument of conveyance or assignment shall refer to this Declaration, shall be subject to the covenants, conditions, restrictions, easements, reservations, rights-of-way, and other provisions contained in this Declaration, as the same may be amended from time to time.

Section 15.2 Use of Common Area. There shall be no obstruction of the Common Area, nor shall anything be kept or stored on any part of the Common Area by any Owner without the prior written approval of the Association. Nothing shall be altered on, constructed



630204

Page: 32 of 42
12/07/2005 04:00
D 0.00

Kay Weinland Routt County CO DECL COV R 211.00

in, or removed from the Common Area by any Owner without the prior written approval of the Association.

Section 15.3 Prohibition of Increases in Insurable Risks and Certain Activities

Nothing shall be done or kept in any Unit or in or on the Common Area, or any part thereof, which would result in the cancellation of the insurance on all or any part of the Project or in an increase in the rate of the insurance on all or any part of the Project over what the Association, but for such activity, would pay, without the prior written approval of the Association. Nothing shall be done or kept in any Unit or in or on the Common Area which would be in violation of any statute, rule, ordinance, regulation, permit, or other imposed requirement of any governmental body having jurisdiction over the Property. No damage to or waste of the Common Area shall be committed by any Owner, or by any member of the Owner's family, or by any guest, lessee, invitee, or contract purchaser of any Owner, and each Owner shall indemnify and hold the Association and the other Owners harmless against all loss resulting from any such damage or waste caused by him, the members of his family, or his guests, lessees, invitees, or contract purchasers. Failure to so indemnify shall be a default by such Owner under this Section, and such amount to be indemnified shall automatically become a Default Assessment determined and levied against such Owner's Unit. At its own initiative or upon the written request of any Owner (and if the Association determines that further action by the Association is proper), the Association shall enforce the foregoing indemnity as a Default Assessment as provided in Sections 10.8, 10.9, and 10.10 above.

**ARTICLE 16
OTHER ASSOCIATION MATTERS**

Section 16.1 Architectural Control

16.1.1 No exterior or structural addition to or change or alteration to any Unit, the Common Area, or the Exterior Maintenance Area (including the construction of any additional skylight, window, awning, or door) shall be made until the plans and specifications showing the nature, kind, shape, height, color, materials, and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Executive Board. The alterations and changes described in this Section shall also be in compliance with and have received all approvals required by any applicable zoning and other laws, rules, and regulations, including the rules and regulations promulgated by the Association.

16.1.2 All window coverings or treatments shall, in their exterior appearance, be in keeping with the first class nature and architecture of the Units, as reasonably determined by the Executive Board. If the Executive Board determines that any window coverings or treatments do not conform to the standard set forth in this subsection, it may, upon at least thirty (30) days prior written notice to the Owner, require the Owner to remove such non-conforming window coverings or treatments and may impose reasonable fines for the failure of such Owner to remove same. Any such fine that is not paid when due shall be deemed a Default Assessment enforceable by the Association in accordance with Article 10 hereof.



630204

Page: 33 of 42

12/07/2005 04:00

Kay Weinland Routt County, CO DECL COV R 211.00 D 0.00

16.1.3 After receiving the approval of the Executive Board, the Owner required to obtain such approval shall thereafter obtain all other approvals as may be required by any governmental or quasi-governmental body having jurisdiction over the Property.

Section 16.2 General Reservation. Subject to any applicable restrictions under the Act, Declarant reserves the right to dedicate any access roads and streets serving the Project, including but not limited to any portion of Cimarron Circle located within the Common Area as shown on the Plat, for and to public use and to allow such street or road to be used by owners of adjacent land.

Section 16.3 Limit on Timesharing. No Owner of any Unit shall offer or sell any interest in such Unit under a "timesharing" or "interval ownership" plan, or any similar plan

Section 16.4 Use of the Words "Cimarron at Steamboat" or Logo. No Owner shall use the words "Cimarron at Steamboat" or "Cimarron," or any derivative of any of them, or any other name given to the Property by the Declarant, or the logo of the development in any printed or promotional material without Declarant's prior written consent. Any breach of this agreement by an Owner shall entitle the Declarant to immediate injunctive relief and reasonable attorneys' fees as determined by the court. However, Owners may use the terms "Cimarron at Steamboat" or "Cimarron" in printed or promotional matter where such term is used solely to specify that particular property is located within the Project, and the Association shall be entitled to use the words "Cimarron at Steamboat" in its name.

Section 16.5 Acknowledgments. Each Owner is hereby advised of the following matters affecting the Project and the Owners' use and enjoyment thereof:

16.5.1 Substantial construction-related activities relating to the development of the Project may cause considerable noise, dust and other inconveniences to the Owners.

16.5.2 Ownership of real property in mountain areas involves certain inherent inconveniences. These include, but are not limited to, (a) dripping water onto decks and porches from snow melt, (b) snow and ice build-up and discharge on decks and porches during winter months, and (c) other inconveniences arising from the sometimes variable weather conditions in the Rocky Mountains.

ARTICLE 17 DECLARANT'S RIGHTS REGARDING TRANSFER

Any right or any interest reserved or contained in this Declaration for the benefit of Declarant may be transferred or assigned by Declarant, either separately or with one or more other such rights or interests, to any person, corporation, partnership, association or other entity, by written instrument executed by both Declarant and the transferee or assignee and recorded in the Office of the Clerk and Recorder of Routt County, Colorado. Upon such recording, the assignor Declarant's rights and obligations under this Declaration shall cease and terminate to the extent provided in such instrument.



630204

Page: 34 of 42

12/07/2005 04:00

Kay Weinland Routt County, CO DECL COV R 211.00 D 0.00

ARTICLE 18 MISCELLANEOUS

Section 18.1 Restriction on Declarant Powers. Notwithstanding anything to the contrary herein, no rights or powers reserved to Declarant hereunder shall exceed the time limitations or permissible extent of such rights or powers as restricted under the Act. Any provision in this Declaration in conflict with the requirements of the Act shall not be deemed to invalidate such provision as a whole but shall be adjusted as is necessary to comply with the Act.

Section 18.2 Term. The covenants and restrictions of this Declaration shall run with and bind the land in perpetuity, subject to the termination provisions of the Act.

Section 18.3 Amendment. The provisions of this Declaration may be amended or terminated, in whole or in part, from time to time, upon approval of Owners representing sixty-seven percent (67%) or more of the total voting interest in the Association at a meeting of the Owners called for that purpose or by written consent; provided, however, that any provision of this Declaration requiring a vote of more than sixty-seven percent (67%) of the total voting interest in the Association to be effective may only be amended by a vote of the applicable aggregate voting interest stated in such provision. In addition, (a) a majority of the voting Directors of the Executive Board may make, without the approval of the Owners, changes to any Association Documents to the extent necessary to correct a factual error, and (b) any proposed amendment to this Declaration which affects any right of Declarant shall require the prior written approval of Declarant, in addition to the approval requirements otherwise set forth herein.

Section 18.4 Unilateral Amendment Rights Reserved by Declarant. Notwithstanding any provision in this Declaration to the contrary, Declarant, acting alone, reserves to itself the right and power to modify and amend this Declaration to the fullest extent permitted under the Act including, without limitation, to correct clerical, typographical or technical errors, or to comply with the requirements, standards, or guidelines of recognized secondary mortgage markets, the Department of Housing and Urban Development, the Federal Housing Administration, the Veterans Administration, the Federal Home Loan Mortgage Corporation, the Government National Mortgage Association, or the Federal National Mortgage Association.

Section 18.5 Recording of Amendments. Any amendment to this Declaration must be executed by the President of the Association and recorded in the Office of the Clerk and Recorder of Routt County, Colorado, 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 or that no approval of the Owners was necessary.

Section 18.6 Enforcement. Enforcement of the covenants, conditions, restrictions, easements, reservations, rights-of-way, liens, charges, and other provisions contained in this Declaration, the articles of incorporation, the bylaws, and the rules and regulations of the Association, all as amended, shall be by any proceeding at law or in equity against any person or persons, including the Association, violating or attempting to violate any such provision. Subject to the terms and conditions of this Declaration, the Association and any aggrieved Owner shall have the right to institute, maintain, and prosecute any such proceedings, and the Association



630204

Page: 35 of 42
12/07/2005 04:00
D 0 00

Kay Weinland Routt County CO DECL COV R 211 00

shall further have the right (after notice and an opportunity to be heard) to levy and collect fines for the violation of any provision of the aforesaid documents. In any action instituted or maintained under this Section, the prevailing party shall recover its costs and reasonable attorneys' fees incurred pursuant thereto, as well as any and all other sums awarded by the Court.

Section 18.7 Severability. Invalidation of any of the covenants, restrictions or other provisions contained in this Declaration by judgment or court order shall in no way affect or limit any other provisions which shall remain in full force and effect.

Section 18.8 Conflict of Provisions. In case of any conflict between this Declaration and the Articles or the Bylaws, this Declaration shall control. In case of any conflict between the Articles and the Bylaws, the Articles shall control.

Section 18.9 Nonwaiver. Failure by Declarant, the Association, or any Owner or First Mortgagee to enforce any covenant, condition, restriction, easement, reservation, right-of-way, or other provision contained in this Declaration shall in no way or event be deemed to be a waiver of the right to do so thereafter.

Section 18.10 Number and Gender. Unless the context provides or requires to the contrary, the use of the singular herein shall include the plural, the use of the plural shall include the singular and the use of any gender shall include all genders.

Section 18.11 Captions. The captions to the Articles and Sections of this Declaration are inserted only as a matter of convenience and for reference, and are in no way to be construed to define, limit or otherwise describe the scope of this Declaration or the intent of any provision of this Declaration.

Section 18.12 Exhibits. All the Exhibits attached to and described in this Declaration are incorporated in this Declaration by this reference.

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630204

Page: 35 of 42

12/07/2005 04:00

Kay Weinland Routt County CO DECL COV R 211 00 D 0.00

Executed as of the 23 day of NOVEMBER, 2005.

CIMMARON DEVELOPMENT GROUP, LLC., a
Colorado limited liability Company

By: [Signature]
Jonathan Peddie, Manager

By: [Signature]
Kenneth J. Gold, Manager

STATE OF COLORADO)
ss
COUNTY OF ROUTT)

The foregoing instrument was acknowledged before me this 23rd day of November, 2005 by Kenneth J. Gold, as Manager of Cimarron Development Group, LLC, a Colorado limited liability company.

STATE OF COLORADO)
ss
COUNTY OF Routt)

[Signature]
Notary Public **JANE DENNING**
NOTARY PUBLIC
STATE OF COLORADO

My Commission Expires August 15, 2007

The foregoing instrument was acknowledged before me this 23rd day of November, 2005, by Jonathan Peddie as Manager of Cimarron Development Group, LLC a Colorado limited liability Company.

Witness my hand and official seal.

My commission expires: 8/15/07

[Signature]
Notary Public

JANE DENNING
NOTARY PUBLIC
STATE OF COLORADO

My Commission Expires August 15, 2007



630204

Page: 37 of 42
12/07/2005 04:00
D 0.00

Kay Weinland Routt County CO DECL. COV R 211 00

**CONSENT AND SUBORDINATION
BY DEED OF TRUST BENEFICIARIES**

Vectra Bank Colorado, National Association, as beneficiary under that certain Deed of Trust recorded at Reception No. 619301 of the Routt County records ("Deed of Trust"), hereby approves and consents to the foregoing Declaration of Covenants, Conditions, Restrictions and Easements for Cimarron at Steamboat ("Declaration") and the plat of Cimarron at Steamboat filed for record in File No. _____ of the Routt County records, and each of the provisions thereof, and for good and valuable consideration, the receipt of which is acknowledged, hereby agrees that any and all of its rights and interests under said Deed of Trust shall be and are hereby declared to be junior and subordinate to the provisions of this Declaration and the Plat.

Cheryl M. Antalek
By: Name: *Cheryl M. Antalek*
Title: *Senior Vice President*

STATE OF COLORADO)

SS.

County of Routt)

ACKNOWLEDGED before me this 23rd day of Nov 2005 by Cheryl M. Antalek
as Sr. V. P. of Vectra Bank Colorado n/a

WITNESS my hand and official seal.

(SEAL)

JANE DENNING
NOTARY PUBLIC
STATE OF COLORADO

My Commission Expires August 15, 2007

Jane Denning
Notary PublicMy commission expires: 8/15/07

**630204**Page: 38 of 42
12/07/2005 04:00
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Key Weinland Routt County CO DECL COV R 211.00

EXHIBIT A**Property Description**

A PARCEL OF LAND MORE PARTICULARLY DESCRIBED AS FOLLOWS: A PART OF THE EAST ½ OF LOT 1, BASE MEADOWS SOUTH ACCORDING TO THE FINAL PLAT OF BASE MEADOWS SOUTH AS RECORDED IN ROUTT COUNTY RECORDS FILE 9187 RECORDED AUGUST 4, 1982 LOCATED IN NORTHWEST ¼ OF SECTION 27, TOWNSHIP 6 NORTH, RANGE 84 WEST, 6TH P.M., CITY OF STEAMBOAT SPRINGS, ROUTT COUNTY, COLORADO, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF LOT 1, BASE MEADOWS SOUTH AS MONUMENTED BY A FOUND 1 ½" ALUMINUM CAP ON #5 REBAR, PLS 30093, THENCE S31°08'46"E, 8.57 FEET TO A POINT ON THE WEST RIGHT OF WAY OF MEDICINE SPRINGS ROAD; THENCE ALONG THE RIGHT OF WAY OF SAID MEDICINE SPRINGS ROAD THE FOLLOWING FIVE COURSES;

1. 66.08 FEET ALONG A NON-TANGENT CURVE TO THE RIGHT, HAVING A RADIUS OF 139.20 FEET, A DELTA ANGLE OF 27°11'55" AND A CHORD WHICH BEARS S41°06'39"W, 65.46 FEET TO A POINT OF CURVATURE;
2. THENCE S27°30'43"W, 23.36 FEET TO A POINT OF CURVATURE;
3. THENCE 238.94 FEET ALONG A CURVE TO THE RIGHT, HAVING A RADIUS OF 412.07 FEET, A DELTA ANGLE OF 33°13'25" AND A CHORD WHICH BEARS S10°54'03"W, 235.61 FEET;
4. THENCE N84°17'22"E, 10.00 FEET;
5. THENCE S05°42'38"E, 13.41 FEET;

THENCE DEPARTING SAID RIGHT OF WAY S85°06'47"W, 4.11 FEET TO A POINT OF CURVATURE;

THENCE 66.48 FEET ALONG A CURVE TO THE RIGHT HAVING A RADIUS OF 45.00 FEET, A DELTA ANGLE OF 84°38'50" AND A CHORD WHICH BEARS N52°33'48"W, 60.60 FEET TO A POINT OF TANGENCY;

THENCE N10°14'23"W, 28.01 FEET TO A POINT OF CURVATURE;

THENCE 16.20 FEET ALONG A CURVE TO THE LEFT, HAVING A RADIUS OF 35.00 FEET, A DELTA ANGLE OF 26°31'23" AND A CHORD WHICH BEARS N23°30'05"W, 16.06 FEET;

THENCE N22°14'38"W, 30.00 FEET

THENCE 45.67 FEET ALONG A CURVE TO THE RIGHT, HAVING A RADIUS OF 37.00 FEET, A DELTA ANGLE OF 70°42'54" AND A CHORD WHICH BEARS N32°23'54"E, 42.82 FEET TO A POINT OF TANGENCY;

THENCE N02°57'33"W, 14.00 FEET TO A POINT OF CURVATURE;

THENCE 40.36 FEET ALONG A CURVE TO THE RIGHT, HAVING A RADIUS OF 37.00 FEET, A DELTA ANGLE OF 62°29'56" AND A CHORD WHICH BEARS N34°12'31"W, 38.39 FEET;

THENCE N24°32'31"E, 43.31 FEET;

THENCE N00°58'33"E, 23.60 FEET;



630204

Page: 39 of 42

12/07/2005 04:00

Key Weinland Routt County, CO DECL COV R 211.00 D 0 00

THENCE N15°08'32"E, 63.27 FEET TO A POINT OF INTERSECTION WITH THE NORTH
LINE OF LOT 1, BASE MEADOWS SOUTH;
THENCE N85°58'33"E, 122.37 FEET ALONG SAID NORTH LINE TO THE POINT OF
BEGINNING.

CONTAINING 0.49 ACRES MORE OR LESS



630204

Page: 40 of 42

12/07/2005 04:00

Kay Weinland Routt County CO DECL COV R 211.00 D 0 00

EXHIBIT B

Expansion Property

Lot 1 Base Meadows South according to the Plat filed August 4, 1982 at File Number 9187, excluding that portion of the property described in Exhibit A, "Property Description," of this Declaration of Covenants, Conditions, Restrictions and Easements for Cimarron at Steamboat.



630204

Page: 41 of 42

12/07/2005 04:00

Key Mainland Routt County CO DECL COV R 211.00 D 0 00

EXHIBIT C

Sharing Ratios and Formula

<u>Unit#</u>	<u>Sharing Ratio</u>
Unit #1	50%
Unit #2	50%
Total:	<u>100%</u>

The formula for the Sharing Ratio is determined on the basis that all Units submitted to the Project are responsible for an equal share.



630204

Page: 42 of 42

12/07/2005 04:00

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EXHIBIT D

Easements and Licenses of Record

1. Unpatented mining claims, reservations or exceptions in patents or in Acts authorizing the issuance thereof; water rights and claims or title to water.
2. Rights or claims of parties in possession not shown by the public records
3. Easements, or claims of easements, not shown by the public records
4. Reservation of (1) right of proprietor of any penetrating vein or lode to extract his ore; and (2) right of way for any ditches or canals constructed by authority of the United States, in U.S. Patent recorded in Book 28 at Page 387 and in Book 49 at Page 261.
5. All the notes, provisions and easements as shown on the Plat of Base Meadows South filed August 4, 1982 at File Number 9187.
6. Terms, agreements, provisions, conditions and obligations as contained in Public Access Agreement recorded August 4, 1982 in Book 568 at Page 409.
7. Terms, agreements, provisions, conditions and obligations as contained in Public Access Agreement recorded August 4, 1982 in Book 568 at Page 412.
8. Encroachment of an asphalt trail onto Property as shown on Improvement Location Certificate, File #ILCL1BMS, dated December 5, 2000 and prepared by Dowling Land Surveyors.
9. Terms, agreements, provisions, conditions and obligations as contained in the Request for Water and Sewer Service and Waiver and Acknowledgment recorded October 26, 2004 at Reception No. 609858
10. Terms and Provisions of Improvements Agreement Between the City of Steamboat Springs and Cimarron Development Group, LLC for Cimarron at Steamboat recorded at Reception No. 630206 of the Routt County records.
11. Easements, Conditions, Covenants, Restrictions, Reservations and Notes on the recorded Plat of Cimarron at Steamboat recorded 12/7/05, 2005 at File Number 13562
12. Restrictive Covenants as contained in the Declaration of Covenants, Conditions, Restrictions and Easements for Cimarron at Steamboat, recorded 12/7, 2005 at Reception No. 630204