

**CONDOMINIUM DECLARATION
FOR
ULLR COMMONS CONDOMINIUMS**

This Condominium Declaration dated the 21st day of July, 2000, is made by Ullr Commons Development Company, a Colorado corporation (the "Declarant").

RECITALS

Declarant is the owner of that certain real property situated in the County of Pitkin, State of Colorado, being more particularly described on Exhibit A attached hereto and incorporated herein by this reference ("Real Estate").

Declarant intends to remodel and restore an existing building and other improvements which exist on the Real Estate which Declarant desires to subject to condominium ownership under this Declaration pursuant to the provisions of the Colorado Common Interest Ownership Act (the "Act"); and

Declarant desires to subject the Real Estate and improvements to the covenants, conditions, restrictions, easements, reservations, rights-of-way and other charges set forth herein for the purpose of protecting the value and desirability of said Real Estate and for the purpose of furthering a plan for the improvement, sale and condominium ownership of the Real Estate for residential, to the end that a harmonious and attractive development of the designated portions of said Real Estate may be accomplished and the health, comfort, safety, convenience and general welfare of Declarant, its successors and assigns in the designated portions of said Real Estate, or any parts thereof, promoted and safeguarded.

Declarant hereby submits the above-described Real Estate together with all improvements, appurtenances and facilities hereto and now or hereafter thereon, to condominium ownership under the Act, as the same may be amended from time to time, and hereby imposes upon all of the Real Estate the following terms, provisions, covenants, conditions, restrictions, easements, reservations, uses, limitations and obligations, which shall be deemed to run with the above-described Real Estate and shall be a burden and a benefit to Declarant, its successors, assigns, and any person acquiring or owning an interest in the above-described Real Estate, their grantees, successors, heirs, personal representatives, executors, administrators, devisees or assigns.

**ARTICLE 1
DEFINITIONS**

Section 1.01 Agencies. "Agencies" shall mean and collectively refer to, the Federal National Mortgage Association (FNMA), the Government National Mortgage Association (GNMA), the Federal Home Loan Mortgage Corporation (FHLMC), the Department of Housing and Urban Development (HUD), the Veterans Administration (VA), the Colorado Housing and Finance Authority (CHFA) or any other governmental or quasi-governmental agency or any other public,



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quasi-public or private entity which performs (or may perform in the future) functions similar to those currently performed by any of such entities.

Section 1.02 Allocated Interests. "Allocated Interests" shall mean, with respect to each Condominium Unit, a fraction or percentage of the undivided interests in the Common Elements and in the common expenses of the Association allocated to such Condominium Unit and a portion of the votes in the Association allocated to such Condominium Unit.

Section 1.03 Approval Resolutions. "Approval Resolutions" shall mean those ordinances and resolutions of the Aspen City Council ("City Council") related to Declarant's land use application for conversion of the Ullr Lodge to an affordable housing project. Specifically, "Approval Resolutions" shall mean the City Council's Ordinance 99-__, Ordinance 00-__ and Resolution 00-__.

Section 1.04 Association. "Association" shall mean and refer to Ullr Commons Condominium Association, Inc., a Colorado nonprofit corporation, its successors and assigns. The Association shall act by and through its Executive Board and officers unless the Articles of Incorporation or Bylaws of the Association or this Declaration specifically require otherwise.

Section 1.05 Building. "Building" shall mean and refer to any building (including all fixtures and improvements therein contained) located on the Real Estate and within which one or more Units or Common Elements are located.

Section 1.06 Common Elements. "Common Elements" shall mean the Real Estate and all improvements constructed thereon, except the Units, and shall include, without limitation, the following:

1.06.01 The Building (including, but not by way of limitation, the foundation, columns, girders, beams, supports, perimeter and supporting walls, flues, hallways, roofs, elevators, stairs, stairways, mechanical rooms, maintenance/storage rooms, and entrances and exits, and the mechanical installations of the Building consisting of the equipment and materials making up any services such as power, light, gas, hot and cold water, heating, refrigeration, air conditioning and incinerating, which exist for common uses, including the pipes, vents, ducts, flues, chutes, conduits, wires, and other similar utility installations used in connection therewith), except for the Units; and

1.06.02 Any sidewalks, walkways, paths, grass, shrubbery, trees, driveways, private streets, parking areas and parking structures, signs and supporting structures for signs, landscaping and gardens, if any, located on the Real Estate and any such areas situated on real estate owned by others as to which the owners or any of them have a right of use by easement or license; and

1.06.03 The tanks, pumps, motors, fans, compressors, ducts and, in general, all apparatus, installations and equipment of the Building existing for the common use of some or all of the Owners; and

1.06.04 The Kitchen and Laundry identified on the Condominium Map, which shall be subject to use restrictions established from time to time by the Executive Board; and

1.06.05 In general, all other parts of the Project existing for the common uses of some or all of the Owners and all other parts of the Project necessary or convenient to its existence, maintenance or safety or normally in common use.

Section 1.07 Condominium Map. "Condominium Map" shall mean and refer to the condominium map of the Real Estate and improvements that are subject to this Declaration and which are designated as the Condominium Map for Ullr Commons Condominiums, recorded or to be recorded in the records of the office of the Clerk and Recorder of the County of Pitkin, Colorado. More than one Condominium Map or supplement thereto may be recorded, and if so, then the term "Condominium Map" shall collectively mean and refer to all of such condominium maps and supplements thereto.

Section 1.08 Condominium Unit. "Condominium Unit" shall mean and refer to a Unit, together with all fixtures and improvements therein contained and together with the undivided interest in the Common Elements appurtenant to the Unit as shown on Exhibit B attached hereto and incorporated herein by this reference.

Section 1.09 Declarant. "Declarant" shall mean and refer to Ullr Commons Development Company, a Colorado corporation, its successors and assigns, if such successors and assigns are designated by the then-Declarant to serve as a Declarant for any specified purposes or for all purposes under this Declaration, in a written instrument duly executed by the then-Declarant and the designated successor or assignee and recorded in the real property records of County of Pitkin, Colorado.

Section 1.10 Declaration. "Declaration" shall mean and refer to this Condominium Declaration, as it may be amended from time to time.

Section 1.11 Deed Restricted Units. "Deed Restricted Units (or Unit)" shall mean and refer to any of the Units other than the Free Market Unit.

Section 1.12 First Mortgage. "First Mortgage" shall mean a Security Interest on a Condominium Unit which has priority over all other Security Interests on the Condominium Unit.

Section 1.13 First Mortgagee. "First Mortgagee" shall mean and refer to any person named as a mortgagee or beneficiary under any First Mortgage, or any successor to the interest of any such person under such First Mortgage.

Section 1.14 Free Market Unit. "Free Market Unit" shall mean and refer to Unit __, as identified on the Condominium Map.

Section 1.15 Free Market Unit Matter. "Free Market Unit Matter" shall have the meaning set forth in Section 5.04, below.

Section 1.16 General Common Elements. "General Common Elements" shall mean and refer to all of the Common Elements except the Limited Common Elements. The General Common Elements may not be conveyed or encumbered except as permitted under the Act; provided, however, that the granting of permits, licenses and easements for public utilities or other purposes consistent with the intended use of the Common Elements or reasonably necessary or useful for the proper maintenance or operation of the Project will not be deemed to be a conveyance.

Section 1.17 Limited Common Elements. "Limited Common Elements" shall mean and refer to those parts of the Common Elements which are either limited to and reserved for the exclusive use of the Owner or Owners of a particular Condominium Unit or are limited to and reserved for the common use of the Owners of more than one, but fewer than all, of the Condominium Units. Without limiting the foregoing, the Limited Common Elements shall include:

- 1.17.01 the balconies appurtenant to each.
- 1.17.02 the utility, heating, air conditioning and domestic hot water equipment associated with or providing service to a condominium Unit;
- 1.17.03 Parking Spaces assigned to a Unit in accordance with Section 4.04;
- and
- 1.17.04 Storage Bins assigned to a Unit in accordance with Section 4.05.

All Limited Common Elements shall be used in connection with the applicable Unit to the exclusion of the use thereof by the other Owners, except by invitation.

Section 1.18 Master Deed Restriction. "Master Deed Restriction" shall mean that certain Master Master Deed Restriction Agreement for the Occupancy and Resale of Ullr Commons Condominiums, dated July 26th, 2000, and recorded in the real property records of Pitkin County, Colorado, at Reception No. 445479.

Section 1.19 Member. "Member" shall mean and refer to each owner of a Condominium Unit; membership in the Association shall be appurtenant to, and may not be separated from, ownership of a Condominium Unit.


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Section 1.20 Owner. "Owner" shall mean and refer to any record owner (including Declarant and including a contract vendor), whether one or more persons or entities, of a fee simple title interest to any Condominium Unit; but excluding, however, any such record owner having such an interest merely as security for the performance of an obligation (unless such person has acquired fee simple title interest therein pursuant to foreclosure or any proceedings in lieu thereof). No person holding a Small Interest shall be deemed an Owner for purposes of this Declaration due solely to the ownership of a Small Interest.

Section 1.21 Project. "Project" shall mean and refer to the totality of all the Real Estate, Building, Condominium Units and Common Elements.

Section 1.22 Real Estate. "Real Estate" shall mean and refer to that certain property described on Exhibit A attached hereto and incorporated herein by this reference.

Section 1.23 Security Interest. "Security Interest" shall mean an interest in real estate or personal property created by contract or conveyance which secures payment or performance of an obligation. The term includes a lien created by a mortgage, deed of trust, trust deed, security deed, contract for deed, land sales contract, lease intended as security, assignment of lease or rents intended as security, pledge of an ownership interest in an association and any other consensual lien or title retention contract intended as security for an obligation.

Section 1.24 Small Interest. "Small Interest" shall refer to the quantum of ownership held by a person who has record title to less than one percent (1.0%) of the Common Elements and no record title to any Unit within the Project. It is anticipated that the Aspen / Pitkin County Housing Authority shall be granted such an interest by the Declarant.

Section 1.25 Unit. "Unit" shall be defined as the air space contained within the enclosed rooms occupying part of a floor or floors in the Building, and bounded by the unfinished interior surfaces of the perimeter walls (or the demising walls, if two or more Units adjoin each other), unfinished interior surfaces of floors (or the lowermost floor in respect of the Units containing more than one level), unfinished interior surfaces of ceilings (or the uppermost ceilings, in respect of the Units containing more than one level), and the unfinished interior surfaces of windows and window frames, doors and door frames of the Building, and which is separately identified on the Condominium Map. The term "Unit" does not include any utility facility running through the Unit that serves more than one Unit or any other Common Element or part thereof located within the Unit. In the case of walls, floors and ceilings that are designated as boundaries of a Unit, all lath, furring, wallboard, plasterboard, plaster, paneling, tiles, wallboard paint and finished flooring and any other materials constituting any part of the finished surfaces thereof are a part of the Unit, and all other portions of the walls, floors or ceilings are a part of the Common Elements.

ARTICLE 2 DIVISION OF PROJECT INTO CONDOMINIUM OWNERSHIP

Section 2.01 Division Into Condominium Units. The Project is hereby divided into twenty-seven (27) separate Condominium Units, each of which shall have an undivided interest in the Common Elements appurtenant thereto as identified on Exhibit B attached hereto, which undivided interest in the Common Elements has been computed for each unit by dividing the number of bedrooms anticipated in each Unit by the total number of bedrooms anticipated within the Project, and excluding the interest held by any holder of a Small Interest. For purposes of this calculation, Lodge Units are treated as having one-half of one bedroom.

Section 2.02 Inseparability. Except as provided in Sections 2.04, 4.04, and 4.05, hereof, each Condominium Unit, appurtenances, rights and burdens connected therewith, shall be inseparable and may be transferred, conveyed, leased, devised, encumbered or otherwise disposed of only as a Condominium Unit. Every conveyance, transfer, devise, lease, encumbrance or other disposition of a Condominium Unit shall be deemed to be a conveyance, transfer, devise, lease, encumbrance or other disposition, as the case may be, of the entire Condominium Unit, together with all appurtenant rights, interests, duties, and obligations created by law or by this Declaration.

Section 2.03 Non-Partitionability. The Common Elements shall be owned in common by all of the Owners and shall remain undivided. By the acceptance of a deed or other instrument of conveyance or assignment of the Condominium Unit, each Owner specifically waives his right to institute and/or maintain a partition action or any other action designed to cause a division of the Common Elements. Furthermore, each Owner agrees that this Section 2.03 may be pleaded as a bar to the maintenance of such an action. Any violation of this Section shall entitle the Association to collect, jointly and severally, from the parties violating the same, the actual attorney's fees, costs, expenses and all damages which the Association incurs in connection therewith.

Section 2.04 Right to Combine or Divide Condominium Units.

2.04.01 Each Owner shall have the right to combine two contiguous Units or to divide two Units which have previously been combined in accordance with the provisions of this Section 2.04. No Free Market Unit may be combined with any Deed Restricted Unit. No Deed Restricted Unit may be combined with any other Deed Restricted Unit if the resulting Unit is not capable of housing as many tenants as the total of the tenants who could be housed in each of the combined Units. There may be no other division, or combination of Units or relocation of boundaries between adjoining Units, other than as stated in subsection 2.04.03, below. A combination or division of Units shall require the consent of the Association and shall be done in accordance with the procedures set forth in the Act. All costs incurred in connection with the combination or division shall be borne by the Owner or Owners of the affected Units, including all costs incurred by the Association in connection therewith. In connection with any such combination or division, the Owners of the Units being so combined or divided shall have the right, with the prior written approval of the Executive Board of the Association, to redesignate, as part of a Unit or as a Limited Common Element, any portion of the Common Elements or any walls, floors or other separations between the affected Units, which may be necessary or appropriate to accomplish such

combination or division; provided however, that the exercise of the rights granted herein shall be subject to the prior written consent of any First Mortgagee having an interest in any such combined or divided Units. Any previously combined Units which are subsequently divided, shall be divided on the same boundaries that originally existed between such Units. If Units are combined, the undivided interest in the Common Elements appurtenant to the combined Unit shall be the sum of the undivided interests in the Units that were combined. Any previously-combined Units which are later divided shall be reinstated to the undivided interests in the Common Elements which they had prior to the combination. An amendment to the Declaration and Map implementing a combination or division under this Section shall be executed and filed in accordance with the Act.

2.04.02 Notwithstanding any other provision of this Section 2.04, Declarant shall have, as part of its development rights, the right to combine and divide Units in the manner provided for in this Section, except that no consent will be required from the Association, the Executive Board or any other person for Declarant to exercise such rights and any amendment to this Declaration or the Map that is required to implement such combination or division may be executed solely by Declarant. Declarant's development rights set forth above shall terminate on the first to occur of (1) the tenth (10th) anniversary of the date this Declaration is recorded or (2) the date of the conveyance by Declarant of the last Unit to the first purchaser thereof (other than Declarant).

2.04.03 Notwithstanding the provisions of Section 2.04.01, above, the Free Market Unit may be subdivided into as many as four Units pursuant to the provisions set forth in subsection 2.04.01, above.

ARTICLE 3 CONDOMINIUM MAP

Section 3.01 Recording. The Condominium Map shall be recorded in the office of the Clerk and Recorder of the County of Pitkin, State of Colorado, prior to conveyance of the first Condominium Unit shown on such Condominium Map.

Section 3.02 Content. The Condominium Map shall depict and show all items required under the Act, including but not limited to: the legal description of the land and a survey thereof; the location of the Building with reference to the exterior boundaries of the land; the floor and elevation plans; the location of the Units within the Building, the location of the Common Elements, both horizontally and vertically; and the Condominium Unit designations. The Condominium Map shall contain the certificate of a registered professional engineer, licensed architect or registered land surveyor certifying that the Condominium Map substantially depicts the location and the horizontal and vertical measurements of the aforesaid information, and an affirmation that the Condominium Map was prepared subsequent to substantial completion of the improvements shown thereon. When interpreting the Condominium Map, the existing physical boundaries of each Unit, as constructed, shall be conclusively presumed to be its boundaries.

Section 3.03 Amendments. Declarant hereby reserves unto itself the right, from time to time, without obtaining the consent or approval of any Owner or First Mortgagee, to amend any Condominium Map in order to conform such Condominium Map to the actual location of any improvement(s) constructed, installed or erected on the Real Estate, or to establish and designate any General Common Elements as Limited Common Elements. The rights accorded to Declarant in this Section 3.03 shall expire on the date of conveyance of the last Condominium Unit by Declarant to the first purchaser thereof (other than Declarant), or ten (10) years after this Declaration is recorded, whichever occurs first. The Condominium Map may also be amended, from time to time, as provided in Section 2.04 hereof or in accordance with the provisions of this Agreement or the Act relating to amendments to the Declaration. Notwithstanding the other provisions of this Section, Declarant may not amend the Condominium Map in any manner which is inconsistent with the Development Approval or the Master Deed Restriction, as such documents may be amended from time to time pursuant to the requirements stated therein.

ARTICLE 4 OWNER'S PROPERTY RIGHTS IN COMMON ELEMENTS

Section 4.01 Rights of Ingress and Egress. Every Owner, tenant and their respective family members, guests, invitees and licensees shall have a right and easement of enjoyment in and to the General Common Elements and those Limited Common Elements appurtenant to such Owner's Condominium Unit, plus a right and easement of ingress and egress over, across and upon the General Common Elements and those Limited Common Elements appurtenant to such Owner's Condominium Unit, for the purpose of entering and exiting such Owner's Condominium Unit, parking areas, any recreational facilities and public ways, for both pedestrian and vehicular travel, which rights and easements shall be appurtenant to and pass with the transfer of title to the Owner's Condominium Unit; provided, however, that such rights and easements shall be subject to the following:

4.01.01 The terms, provisions, covenants, conditions, restrictions, easements, reservations, uses, limitations and obligations contained in this Declaration and the Condominium Map; and

4.01.02 The right of the Association to suspend the voting rights and any and all rights of any Member to the use of any recreational or other facilities for any period during which any Association assessment against such Member or against such Member's Condominium Unit remains unpaid and, for any period of time which the Association may deem to be appropriate, for such Member's infraction, or the infraction by any Owner's tenant, any member of such Member's or tenant's family or such Member's or tenant's guests, licensees or invitees, of any rule or regulation of the Association; and

4.01.03 The right of the Association to adopt, from time to time, rules and regulations concerning the Condominium Units, Common Elements, and/or any property

owned by the Association, and any facilities located thereon, as the Association may determine is necessary or prudent; and

4.01.04 The right of the Association to grant permits, licenses and easements over the Common Elements for utilities and other purposes reasonably necessary or useful for the proper maintenance or operation of the Project.

Section 4.02 Limited Common Elements. Subject to the terms and provisions of this Declaration, every Owner shall have the exclusive right to use and enjoy the Limited Common Elements appurtenant to that Owner's Condominium Unit.

Section 4.03 Major Recreational Facilities. No major recreational facilities are planned to be built by Declarant on the Real Estate.

Section 4.04 Parking Spaces. The parking spaces for the Project ("Parking Spaces" or "Spaces") shall be as provided in the Approval Resolutions and shall be General Common Elements, subject to policies and procedures established from time to time by the Association.

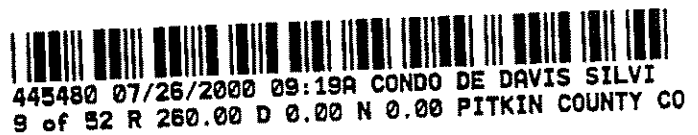
Section 4.05 Storage Bins. The Association shall designate any storage bin ("Storage Bin") assigned to a Unit by a number to be determined by the Association, for the exclusive use of such Owner as an appurtenance to the Unit. Storage Bins may be reallocated among the Condominium Units by the Association with the consent of the affected Owners. Although no specific storage bin shall be assigned to the Lodge Units (as identified on the Condominium Map), tenants of Lodge Units shall be permitted to use a designated portion of the communal storage bin which exists for the benefit of all tenants of Lodge Units.

ARTICLE 5 MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION

Section 5.01 Membership. Every Owner of a Condominium Unit shall be a Member of the Association and shall remain a Member throughout the period of his ownership of a Condominium Unit. As part of the Allocated Interests appurtenant thereto, each Unit shall be entitled to one vote, which shall be exercised by the Owner or Owners thereof. In the event of any modification resulting from the combination or division of any Unit, the votes appurtenant to a Unit shall be determined by reference to the number of Units which made up the space then constituting the Unit. No holder of a Small Interest shall be entitled to vote or otherwise participate in the affairs of the Association due to its ownership of a Small Interest.

Section 5.02 Executive Board. The affairs of the Association shall be managed by an Executive Board.

Section 5.03 Control of Executive Board. The Executive Board shall consist of the number of members stated herein, or which is set forth in the Association's Articles of Incorporation



("Articles"), or Bylaws ("Bylaws"), as each may be amended from time to time. From the date of formation of the Association until the termination of Declarant's control as provided below, Declarant shall have the right to appoint and remove all members of the Executive Board and all officers of the Association. The period of Declarant's control of the Association shall terminate upon the first to occur of sixty (60) days after conveyance of 75% of the Condominium Units in the Project to Owners other than Declarant, two (2) years after the last conveyance of a Condominium Unit by Declarant in the ordinary course of business, or three years after the first sale of a Condominium Unit to an Owner other than Declarant. Declarant may voluntarily surrender the right to appoint and remove officers and members of the Executive Board before termination of the period of Declarant's control, but in that event, Declarant may require, for the duration of the period of Declarant's control, that specified actions of the Association or Executive Board, as described in a recorded instrument executed by Declarant, be approved by Declarant before they become effective. Not later than sixty (60) days after conveyance of 25% of the Condominium Units in the Project to Owners other than Declarant, at least one member and not less than 25% of the members of the Executive Board will be elected by Owners other than Declarant. Not later than sixty (60) days after the conveyance of 50% of the Condominium Units in the Project to Owners other than Declarant, not less than 33 1/3% of the members of the Executive Board will be elected by Owners other than Declarant. Not later than the termination of Declarant's control as provided above, the Owners (including Declarant) shall elect the Executive Board of at least three (3) members, at least a majority of whom must be Owners other than Declarant or designated representatives of Owners other than Declarant and the Executive Board shall elect the officers, with such Board members and officers to take office upon termination of the period of Declarant's control.

Section 5.04 Notwithstanding anything in this Declaration to the contrary, the Owner or Owners of the Free Market Unit shall constitute a class, pursuant to the Act, having the exclusive right to vote on any matter which pertains exclusively or primarily to the Free Market Unit (a "Free Market Matter" and to vote on the selection of a "Free Market Unit Observer" as stated in this subsection 5.04. If immediately after any election of the Executive Board, none of the members of the Executive Board is an Owner of the Free Market Unit, the Owner or Owners of the Free Market Unit or Units shall elect a "Free Market Unit Observer" who shall be entitled to all of the rights held by other members of the Executive Board, except that the Free Market Unit Observer shall not be entitled to vote on any issue which is not a Free Market Unit Matter. No member of the Executive Board other than the Free Market Unit Observer or an Owner of a Free Market Unit shall have the right to vote on any Free Market Unit Matter coming before the Executive Board. Except as stated here, the office of Free Market Unit Observer shall be treated as that of a director, subject without limitation to Article 4 of the Bylaws of the Association, except that only the Free Market Unit Owners shall be entitled to vote on any matter concerning the Free Market Unit Observer, including his election or removal.

Section 5.05 In no event shall any Owner of a Unit or group of Owners of Units have the right to decide any Free Market Unit Matter. In the event of any dispute between any person or persons (including, without limitation, members of the Executive Board) and the Owner or Owners of the Free Market Unit or the Free Market Unit Observer concerning the characterization of any

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matter as a Free Market Unit Matter, such dispute shall be settled in the County of Pitkin. The reasonable costs of resolving any dispute, including the costs and reasonable attorney fee of the Owner or Owners of the Free Market Unit, shall be borne by the person or persons challenging the position of the Owner or Owners of the Free Market Unit, unless said conflict is decided against the Owner or Owner of the Free Market Unit, in which case the cost of deciding any conflict, including the costs and reasonable attorney's fee of the prevailing party, shall be borne by the Owner or Owners of the Free Market Unit. In the event more than one issue is resolved in a proceeding pursuant to this section, the costs incurred in bringing and prosecuting or defending each issue will be separately allocated and paid to the prevailing party by the non-prevailing party or parties as to that issue.

ARTICLE 6 THE ASSOCIATION

Section 6.01 Management and Maintenance Duties.

6.01.01 Subject to the rights of Owners as set forth in this Declaration, the Association shall:

- 6.01.01.01 be responsible for the management, control, maintenance, repair, replacement and improvement of the Common Elements and any property owned by the Association, including facilities, furnishings and equipment related thereto, and shall keep the same in good, clean, attractive and sanitary condition, order and repair; provided, however, that each Owner shall be responsible for exclusive maintenance, repair and replacement of all fixtures, equipment and utilities installed or located within such Owner's Unit, and all other equipment providing exclusive service thereto or therefor and any service lines from such equipment to the condominium unit, including without limitation all utility, heating, plumbing, air conditioning, and domestic hot water equipment and appurtenances, but only to the extent such fixtures, equipment and utilities are owned by said Owner; and
- 6.01.01.02 maintain all grass, trees, shrubbery, flowers and other landscaping, if any, constituting part of the Common Elements.
- 6.01.01.03 The expenses, costs and fees of such management, operation, maintenance, repair, replacement and improvement by the Association, as provided in this Section 6.01 shall be part of the monthly common expense assessment levied by the Association; provided that the Association may levy the

expenses associated with any of the following, as an individual purpose assessment pursuant to Section 7.08 against the Owner of the Unit involved: expenses for operating, maintaining, repairing, replacing or improving Limited Common Elements set forth in Section 1.18, expenses of maintaining, repairing, and replacing all fixtures, equipment and utilities which are Common Elements but provide exclusive service to such owner's Unit and any service lines from such equipment to the Unit, including without limitation all utility, heating, plumbing, air conditioning and domestic hot water equipment and appurtenances. Except for the Owner's right to reject a budget as described in Section 7.03, the prior approval of the Owners shall not be required in order for the Association to pay any such expenses, costs and fees.

Section 6.02 Owner Negligence: Prohibition of Certain Activities.

6.02.01 Notwithstanding anything to the contrary contained in this Declaration, in the event that the need for maintenance, repair or replacement of the Common Elements, or any portion thereof, is caused through or by the negligent or willful act or omission of an Owner, an Owner's tenant or by any member of an Owner's or tenant's family or by an Owner's or tenant's guests, invitees or licensees or concessionaires, or as a result of any improvement constructed by an Owner in or upon the Limited Common Elements then the expenses, costs and fees incurred by the Association for such maintenance, repair or replacement shall be the personal obligation of such Owner; and, if not repaid to the Association within ten (10) days after the Association shall have given notice to the Owner of the total amount of such expenses, costs and fees, or any portions thereof, from time to time, then the failure to so repay shall automatically become a default assessment determined and levied against such Condominium Unit.

6.02.02 Nothing shall be done or kept in any Condominium Unit or in or on the Common Elements, or any part thereof, which would be in violation of any statute, rule, ordinance, regulation, permit or other imposed requirement of any governmental body having jurisdiction over the same. No damage to, or waste of, the Common Elements, or any part thereof shall be committed by any Owner or Owner's tenant, or by any member of an Owner's or tenant's family, or by a guest, invitee, licensee or concessionaire or contract purchaser of any Owner or Owner's tenant. Each Owner shall indemnify and hold the Association and the other Owners harmless from and against all loss and damage resulting from any action or activity committed by him, his tenant or the members of his or his tenant's family, his or his tenant's guests, invitees, licensees or contract purchasers, which is in violation of this Section 6.02 including but not limited to any improvements constructed by an Owner in or upon the Limited Common Elements. At its own initiative or upon the written request of any Owner

(and if the Association determines that further action by it is proper), then the amounts to be indemnified shall be and constitute a default assessment determined and levied against the Owner's Condominium Unit.

Section 6.03 Management Agreements and Other Contracts. The Association may have professional management of its business affairs. Any agreement for professional management of the Association's business shall provide for termination by either party thereto, with or without cause and without payment of a termination fee, upon not more than ninety (90) days' prior written notice.

Section 6.04 Acquiring and Disposing of Real and Personal Property. The Association may acquire, own and hold for the use and benefit of all Owners and related to the Project, tangible and intangible personal property and real property for such uses and purposes as the Executive Board of the Association may in its discretion deem appropriate from time to time, and may dispose of the same by sale or otherwise. The beneficial interest in any such property shall be deemed to be owned by the Owners in the same undivided proportion as their respective undivided interests in the Common Elements. Such beneficial interest of an Owner shall not be transferable except with the transfer of that Owner's Condominium Unit. Transfer of a Condominium Unit, including transfer pursuant to foreclosure, shall transfer to the transferee ownership of the transferor's beneficial interest in such personal and/or real property without any reference thereto. Each owner may use such personal and/or real property in accordance with the purposes for which such property is intended and in accordance with such conditions, limitations, restrictions, and rules and regulations as may be placed on any such property by the Executive Board of the Association in its sole discretion from time to time, provided that such use of any Owner shall not hinder or encroach upon the lawful rights of other Owners. The Association shall have the right to grant permits, licenses and easements over the common elements for utilities, roads and other purposes necessary for the proper operation of the Project.

Section 6.05 Promulgation of Rules and Regulations.

6.05.01 The Executive Board and the Association may promulgate and enforce, including, without limitation, enforcement by levying and collecting charges or fines for the violation thereof, reasonable rules and regulations governing the use of the Units, Common Elements, and any property owned by the Association, which rules and regulations shall be consistent with the rights and duties established in this Declaration.

6.05.02 New Additions to Common Elements. The Association shall have the right to construct new additions to the Common Elements. Ownership of any such additions to the Common Elements shall be apportioned among all Condominium Units in proportion to the respective undivided interest in the Common Elements appurtenant thereto, as shown on Exhibit B attached hereto, and shall be governed by this Declaration. The Common expenses of any such additions to the Common Elements shall be apportioned among all Condominium Units as provided in Section 7.02 hereof.

6.05.03 Construction Activity Restricted to Certain Times of the Year.

Excluding any construction required to satisfy an emergency or quasi-emergency faced by the Association or any owner, the Association shall use its best efforts to undertake and complete all material construction activities in the time period between April 15 and June 15 or between September 15 and December 15 of each year. In granting approval to any Owner wishing to modify or improve the exterior of the Building or any common element or part thereof, the Executive Board of the Association shall condition any approval of such a request on the Owner's compliance with the limitation set forth in this subsection 6.05.03.

Section 6.06 Enforcement of Master Deed Restriction. The Association shall establish and enforce policies and procedures to competently administer its obligations under the Master Deed Restriction.

ARTICLE 7
ASSESSMENTS

Section 7.01 Personal Obligation for Assessments. All Owners covenant and agree, and shall be personally obligated, to pay to the Association: (a) monthly common expense assessments imposed by the Association to meet the common expense and reserve requirements of the Association; (b) special assessments, pursuant to Section 7.07 of this Declaration; (c) individual purpose assessments, pursuant to Section 7.08 of this Declaration; and (d) other charges costs, interest, fees and assessments, including without limitation default assessments, as provided in this Declaration. All Owners of each Condominium Unit shall be jointly and severally liable to the Association for the payment of all assessments, charges, costs, interest and fees attributable to their Unit. The payment of any and all assessments is an independent covenant, with all assessments payable in full, when due, without notice (except as otherwise expressly provided in this Declaration) or demand, and without set off or deduction. The personal obligation for delinquent assessments shall not pass to an Owner's successors in title or interest unless expressly assumed by them. No Owner may waive or otherwise escape personal liability for the payment of the assessments, charges and fees provided for herein by non-use of the Common Elements or the facilities contained therein or by abandonment or leasing of his Unit. In addition to the foregoing assessments, charges and fees, each Owner shall have the obligation to pay real property ad valorem taxes and special assessments imposed by Colorado governmental subdivisions against his Condominium Unit, as well as all charges for separately metered utilities servicing his Condominium Unit. The charges for utilities which are not separately metered to an individual Condominium Unit by the applicable utility company may be collected by the Association as part of the common expense assessments; however, the charges for such utilities shall be allocated among the Condominium Units based on actual usage, if such is measured, and if not so measured, pro rata according to the square footage of each the Unit as a percentage of all such Units.

Section 7.02 Allocation of Expense. All assessments of common expenses (other than individual purpose assessments and default assessments) will be allocated among the Condominium Units in the fractional proportions set forth in Exhibit B; provided that any combined Condominium

Unit will be treated as two Condominium Units for the purpose of calculating its share of the assessments. A holder of a Small Interest shall not be responsible for payment of any expenses or for any assessments of the Association due to its ownership of a Small Interest.

Section 7.03 Assessments for Common Expenses; Budgets.

7.03.01 Until the Association makes a common expense assessment, Declarant shall pay all common expenses. After any assessment has been made by the Association, assessments shall be payable monthly with the amount of the assessments to be determined by the Executive Board from time-to-time (but no less frequently than annually) based on the budget adopted by the Association. The Executive Board of the Association shall prepare each proposed budget to provide for the payment of all estimated expenses, costs and fees for the duties described in Section 6.01 of this Declaration and for other costs, fees and expenses, related to or connected with the administration, maintenance, ownership, repair, operation, addition, alteration and improvement of the Project, the Common Elements real or personal property owned by the Association, and any other obligations which may be undertaken by the Association. The amount of said advance budget may include, but shall not be limited to: expenses of management; premiums for insurance; landscaping and care of the common grounds; common lighting and heating maintenance, repair, replacement and renovation of the Common Elements; wages; charges for utilities; taxes, legal and accounting fees; management fees; costs, expenses and liabilities incurred by the Association's Executive Board on behalf of the Owners or otherwise arising under or by reason of this Declaration, the Articles of Incorporation or Bylaws of the Association; the creation of reasonable reserves, working capital and/or sinking funds; reimbursement for or payment of any operating deficit, loss, or unbudgeted expense incurred by the Association; and any and all other costs and expenses relating to the Common Elements, real or personal property owned by the Association, and/or any other obligations undertaken by the Association.

7.03.02 Within 30 days after adoption of any proposed budget, the Executive Board shall mail, by ordinary first class mail or otherwise deliver a summary of the budget to all Owners and shall set a date for a meeting of Owners to consider ratification of the budget not less than 14 nor more than 60 days after mailing or other delivery of the summary. Unless at that meeting a majority of all Owners reject the budget, the budget is ratified, whether or not a quorum is present. In the event 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.

7.03.03 The full amount of the assessments due against each Unit, whether sold or not, shall be allocated against each Unit no later than sixty (60) days after the first Unit is conveyed from the Declarant to any third party.

Section 7.04 Reserve. The Association shall establish an adequate reserve fund for the maintenance, repair and replacement of those Common Elements that must be periodically

maintained, repaired or replaced, and for payment of insurance deductibles. Such reserves shall be included in the budget and funded through the monthly common expense assessments.

Section 7.05 Date of Payment of Monthly Common Expense Assessment. The monthly common expense assessment shall be due and payable on the first day of each month, in advance, or on such other dates, and with such frequency (but no less frequently than annually), as may be set by the Executive Board of the Association from time to time. Any person purchasing a Unit between monthly assessment due dates shall pay a pro rata share of the last assessment due.

Section 7.06 Rate of Assessment. Both monthly common expense and special assessments shall be fixed at such rates as will be sufficient to meet the advance budget of the Association, as provided in Sections 7.03 and 7.07 hereof.

Section 7.07 Special Assessments. In addition to the monthly common expense assessments authorized above, the Executive Board of the Association may, at any time, and from time to time, determine, levy and assess a special assessment for the purpose of defraying, in whole or in part, payments for any operating deficit, loss or unbudgeted expense, and/or unbudgeted costs, fees and expenses of any construction, reconstruction, repair, demolition, replacement, management, administration, or maintenance of the Common Elements including without limitation any fixtures and personal property related thereto. Special assessments shall be based on a budget adopted in accordance with Section 7.03; provided that if necessary, the Association may adopt a new budget pursuant to Section 7.03 prior to levying a special assessment. Such special assessment(s) shall be due and payable as determined by the Association's Executive Board.

Section 7.08 Individual Purpose Assessments.

7.08.01 In addition to the common expense and special assessments as hereinabove provided, the Executive Board of the Association may, at any time, and from time to time, determine, levy and collect assessments against any one or more, but fewer than all, of the Condominium Units, for any matters of maintenance of repair, replacement or improvement reasonably applicable only to such Condominium Units and not all the Condominium Units. Such individual purpose assessments may be levied against individual Condominium Units to pay or reimburse the Association for any costs, expenses, fees, and other charges, incurred or reasonably anticipated to be incurred by the Association, for maintenance, repair, replacement and improvement, or any other purpose, of or with respect to the Condominium Unit against which such individual purpose assessment is levied which are not applicable to all the Condominium Units.

7.08.02 The amounts determined, levied and assessed pursuant to this Section 7.08 shall be due and payable as determined by the Executive Board of the Association provided that written notice setting forth the amount of such individual purpose assessment for each Condominium Unit and the due date(s) for payment thereof shall be given to the

Owners of their affected Condominium Units not less than thirty (30) days prior to the due date.

Section 7.09 Lien for Assessments.

7.09.01 Under the Act, the Association has a statutory lien on a Condominium Unit for assessments and for fines imposed against its Owner from the time each assessment or fine becomes due. In addition, fees, charges, late charges, attorneys fees, fines and interest charged pursuant to this Declaration or the Act are enforceable as assessments. If an assessment is payable in installments, the full amount of the assessment is a lien from the time the first installment thereof becomes due.

7.09.02 The statutory lien for assessments is prior to all other liens and encumbrances on a Condominium Unit except: (i) liens and encumbrances recorded before the recordation of this Declaration; (ii) a lien of a First Mortgage which was recorded before the date on which the assessment sought to be enforced become delinquent; and (iii) liens for real estate taxes and other governmental assessments or charges against the Condominium Unit. Notwithstanding the foregoing, the statutory lien for assessments is also prior to the lien of a First Mortgage to the extent of an amount equal to the common expense assessments based on a periodic budget adopted by the Association pursuant to Section 7.03 which would have become due, in the absence of any acceleration, during the six months immediately preceding institution of an action to enforce the statutory lien.

7.09.03 The recording of this declaration constitutes record notice and perfection of the statutory lien. No further recordation of any claim of lien or assessment is required; however, a claim may be recorded at the Association's option, in which event costs and attorneys' fees incurred in connection with the preparation and filing of such claim shall be assessed against the Owner and his Condominium Unit as a default assessment.

Section 7.10 Effect of Non-Payment of Assessments. Any assessments, charges, costs or fees provided for in this Declaration, including, without limitation, any default assessment arising under any provision of this Declaration, which are not fully paid within ten (10) days after the due date thereof, will bear interest from the due date at twenty-one percent (21%) per annum, or at such other rate as may be set by the Association from time to time (subject to any limits imposed by law), and the Association may assess a monthly late charge thereon. Further, the Association may bring an action at law or in equity, or both, against any Owner personally obligated to pay such overdue assessments, charges, costs or fees, and may also proceed to foreclose its lien against such Owner's Unit in the manner of a mortgage upon such property. An action at law or in equity by the Association against an Owner to recover a money judgment for unpaid assessments, charges costs or fees, may be commenced and pursued by the Association without foreclosing or in any way in waiving the Association's lien therefor. In the event that any such assessment, charge, cost or fee, is not fully paid when due and the Association shall commence such an action (or shall counterclaim or cross claim for such relief in any action) against an Owner personally obligated to pay the same,

or shall proceed to foreclose its lien against the particular Unit, then all unpaid assessments, charges and fees, any and all late charges and accrued interest under this Section 7.10, the Association's costs, expenses and reasonable attorney or attorneys fees incurred in collection efforts, and the Association's costs of suit, expenses and reasonable attorney or attorneys fees and other professional fees incurred for any such action and/or foreclosure proceedings, and any other costs which may be authorized by a court of competent jurisdiction shall be taxed by the court as part of the costs of any such action or foreclosure proceeding and shall be recoverable by the Association from any Owner personally obligated to pay the same and from the proceeds of the foreclosure sale of such Owner's Unit. Foreclosure or attempted foreclosure by the Association of its lien shall not be deemed to estop or otherwise preclude the Association from thereafter again foreclosing or attempting to foreclose its lien for any subsequent assessments, charges, costs or fees, which are not fully paid when due. The Association shall have the power and right to bid on or purchase any Unit at foreclosure or other legal sale, and to acquire and hold, lease, mortgage, vote the Association votes appurtenant to ownership thereof, convey or otherwise deal with the same. In any action brought by the Association (or counterclaim or cross claim brought by the Association) to collect assessments or to foreclose a lien for unpaid assessments, the Association shall be entitled to have a receiver of the Owner to collect all sums alleged to be due from the Owner prior to or during the pending of the action. The Court may order the receiver to pay any sums held by the receiver to the Association during the pending of the action to the extent of the Association's common expense assessments.

Section 7.11 Successor's Liability for Assessments. Notwithstanding any terms and provisions of this Declaration to the contrary, the sale or transfer of any Condominium Unit shall not affect the personal obligation of the Owner for the payment of assessments, charges, costs or fees levied hereunder, or the lien for assessments, charges costs or fees levied hereunder, except that sale or transfer of a Condominium Unit pursuant to foreclosure of a First Mortgage or any proceeding in lieu thereof, shall extinguish the lien of Association assessments, charges, fees and costs, which become due after the recording of the First Mortgage and prior to any such sale or transfer or foreclosure, or any proceeding in lieu thereof, except to the extent the lien of the Association has priority over the First Mortgagee under Section 7.09; provided, however, that any such assessments, charges, costs or fees which are extinguished as provided herein may be reallocated and assessed to all Units as a common expense. Further, no First Mortgagee shall be personally liable for any unpaid assessments, charges, costs or fees, or portion thereof, accruing against a Unit prior to the time such First Mortgage takes title to such Unit pursuant to any remedy provided in its First Mortgage or by law. The sale, transfer, foreclosure or any proceeding in lieu of a foreclosure of a Condominium Unit, shall not relieve the person or entity who becomes an Owner by reason of such sale, transfer, foreclosure or any proceeding in lieu thereof, from liability for any assessments, charges, costs or fees, or any portion thereof, becoming due after such sale, transfer, foreclosure, or any proceeding in lieu thereof, and such Condominium Unit shall be subject to the lien for such subsequent assessments, charges, costs and fees.

Section 7.12 Homestead Waiver. The Association's lien on a Condominium Unit for assessments, charges, costs and fees, provided for herein, shall be superior to any homestead exemption as is now or may hereafter be provided by state or federal law. The acceptance of a deed

to a Condominium Unit shall constitute a waiver of the homestead exemption against all such assessments, charges, costs and fees.

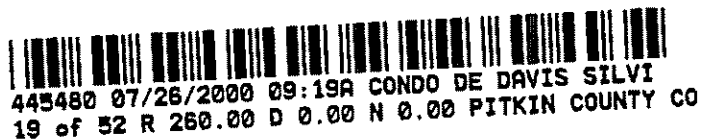
Section 7.13 Working Capital Fund. The Declarant shall initially establish a working capital fund in an amount equal to two (2) times the estimated monthly common expense assessment against each Unit. At the time Declarant's control of the Association terminates, Declarant shall transfer control of the working capital fund to the Association. Amounts paid into the working capital fund should not be considered as advance payments of regular assessments. Funds in the working capital account shall be segregated with other such working capital funds for the use and benefit of the Association, including without limitation to meet unforeseen expenditures or to purchase additional equipment, property or services. Such contribution to working capital funds shall not relieve an Owner from making regular payments of assessments as the same become due. Upon the transfer of a Unit, the Owner thereof (including Declarant if he previously paid working capital funds for the sold Unit) shall be entitled to collect from his transferee (but not from the Association) his portion of the contribution to the working capital fund. Declarant shall not use any of the working capital funds to defray its expenses, reserve contributions, or construction costs or to make up any budget deficits.

Section 7.14 First Mortgagees May Pay Assessments and Cure Defaults. If any assessment on a Condominium Unit shall not be paid by the Owner thereof within thirty (30) days after the same is due, or upon a default by any Owner of any provision of this Declaration, the Articles of Incorporation or Bylaws of the Association, shall not be cured within thirty (30) days after written notice thereof is given to such Owner, then any First Mortgagee may (but shall not be required to) pay such assessment, together with any other amounts secured by the Association's lien created by this Article 7 and may (but shall not be required to) cure any such default.

Section 7.15 Statement Regarding Assessments. The Association shall furnish to an Owner or such Owner's designee or to a holder of a Security Interest or its designee upon written request, delivered personally or by certified mail, first-class postage prepaid, return receipt requested, to the Association's registered agent, a written statement setting forth the amount of any unpaid assessments currently levied against such Owner's Condominium Unit. The statement shall be furnished within 14 business days after receipt of the request and is binding on the Association, the Executive Board and every Owner. If no statement is furnished to the Owner or holder of a Security Interest or their designee, delivered personally or by certified mail, first class postage prepaid, return receipt requested, to the inquiring party, then the Association shall have no right to assert a priority lien upon the Condominium Unit for unpaid assessments, which were due as of the date of the request.

Section 7.16 Liens. In accordance with the requirements of the Act, as amended, Declarant hereby states that it is possible that liens other than mechanics' liens and assessment liens may be obtained against the Common Elements, including without limitation, judgment liens, and purchase money mortgage liens.

ARTICLE 8



INSURANCE AND INDEMNIFICATION OF ASSOCIATION

Section 8.01 Insurance on Common Elements. Commencing not later than the time of the first conveyance of a Condominium Unit to a person other than Declarant, the Association shall maintain the following types of insurance for the benefit of the Owners to the extent that such insurance is reasonably available, considering the availability, cost and risk coverage provided by such insurance, and the cost of said coverage shall be paid by the Association as a common expense. Notwithstanding any of the specific insurance requirements contained in this Article 8, the Association may also consider, in determining the types and amounts of insurance it needs to obtain, the then-existing requirements of the Agencies with respect to their insurance, guaranty, or purchase of First Mortgages. Notwithstanding the other provisions of this Section, the Association shall maintain, to the greatest extent practicable, insurance coverage which is consistent with the terms of this Article 8.

8.01.01 A policy of property insurance covering all insurable improvements located within the Project (including the Units, but not including furniture, wall trimmings, improvements, additional or other personal property supplied or installed by Owners) except for land, foundation, excavation and other matters normally excluded from coverage, in an amount not less than the full insurable replacement cost of the insured property less applicable deductibles at the time the insurance is purchased and at each renewal date. Further, said policy shall contain a "Replacement Cost Endorsement" providing that any claim will be settled on a full replacement cost basis without deduction for depreciation; and include an "Inflation Guard Endorsement;" an "Agreed Amount Endorsement;" a "Building Ordinance or Law Endorsement," if the enforcement of any building zoning, or land use law will result in loss or damage, increased cost of repairs or reconstruction, or additional demolition and removal costs (the endorsement must provide for contingent liability from the operation of building laws, demolition costs, and increased costs of reconstruction); and if the Project has central heating or air conditioning a "Steam Boiler and Machinery Coverage Endorsement" with minimum coverage per accident equal to the lesser of \$2 million or the insurable value of the Building. The Association will also purchase endorsements, and/or coverage on personal property owned by the Association, including fixtures and building service equipment, furnishings, common personal property and supplies. Such insurance shall afford protection against at least the following:

- 8.01.01.01 loss or damage by fire and other perils normally covered by the standard extended coverage endorsement; and
- 8.01.01.02 such other risks as shall customarily be covered with respect to projects similar in construction, location and use, including all perils normally covered by the standard "all risk" endorsement, where such is available.

8.01.02 A comprehensive policy of commercial general liability insurance covering the Project insuring the Association in an amount not less than Two Million Dollars (\$2,000,000) covering bodily injury, including death to persons, personal injury and property damage liability arising out of a single occurrence. Such coverage shall include, without limitation, legal liability of the insureds for property damage, bodily injuries and deaths of persons in connection with the operation, maintenance or use of the Project, legal liability arising out of lawsuits related to employment contracts of the Association and protection against liability for non-owned and hired automobiles; such coverage may also include, if applicable, comprehensive automobile liability insurance, liability for property of others, host liquor liability, water damage liability, contractual liability, workmen's compensation insurance for employees of the Association and such other risks as may customarily be required by private institutional mortgage investors with respect to condominium projects similar in construction, location and use. If the policy does not include "severability of interest" in its terms, the policy shall include a specific endorsement to preclude the carrier's denial of an Owner's claim because of negligent acts of the Association or of any other Owners.

8.01.03 A policy providing comprehensive fidelity coverage or fidelity bonds to protect against dishonest acts on the part of officers, directors, trustees and employees of the Association and all others who handle or are responsible for handling funds of the Association, in an amount at least equal to the estimated maximum of funds, including reserves, in the custody of the Association at any given time. Such fidelity coverage or bonds shall meet the following requirements:

8.01.03.01 all such fidelity coverage or bonds shall name the Association as an obligee;

8.01.03.02 such fidelity coverage or bonds shall contain waivers of any defense based upon the exclusion of persons who serve without compensation from any definition of "employee" or similar expression.

In the event the Association has delegated some or all of its responsibility for the handling of funds to a managing agent, the Association may require the managing agent to purchase at its own expense, a policy of fidelity insurance or bonds which fully complies with the provisions of this subparagraph 8.01.03.

8.01.04 A policy providing personal liability insurance to protect directors and officers of the Association from personal liability in relation to their duties and responsibilities in acting as directors and officers on behalf of the Association.

8.01.05 In addition, the Association may obtain insurance against such other risks of a similar or dissimilar nature as it shall deem appropriate, to the extent that such coverage is reasonably available.

Section 8.02 General Provisions of Insurance Policies. All policies of insurance carried by the Association shall be carried in blanket policy form naming the Association as insured, or its designee as trustee and attorney-in-fact for all Owners, and each Owner shall be an insured person under such policies with respect to liability arising out of such Owner's interest in the Common Elements or membership in the Association. In connection with any policy of insurance described herein, the carrier shall recognize and give full effect to any insurance trust agreement existing between the Association or the Owners and any party acting as insurance trustee for and on behalf of the Association and/or the Owners. The "loss payable clause" of each insurance policy shall name the Association or any insurance trustee as trustee for each Owner and First Mortgagee. For any First Mortgage guaranteed, insured or held by the Federal National Mortgage Association ("Fannie Mae"), the First Mortgagee for insurance purposes shall be deemed to be either Fannie Mae or the servicers of the First Mortgage. When a servicer is named as First Mortgagee for a Fannie Mae-related First Mortgage, the name of said First Mortgagee shall be followed (or be deemed to be followed by) "its successors and assigns." The policy or policies shall contain a standard noncontributory First Mortgagee's clause in favor of each First Mortgagee and a provision that it cannot be canceled or materially altered by either the insured or the insurance company until thirty (30) days' prior written notice thereof is given to the insured and each First Mortgagee, insurer or guarantor of a First Mortgage under the Declaration. The Association shall furnish a certified copy or duplicate original of such policy or renewal thereof, with proof of premium payment and a certificate identifying the interest of the Owner in question, to any party in interest, including First Mortgagees under the Declaration, upon request. All policies shall contain waivers of any defense based on invalidity arising from any acts or neglect of an Owner unless acting within the scope of such Owner's authority on behalf of the Association. The policies shall also contain a waiver by the insurer of any right to claim by way of subrogation against the Owners, Declarant, the Association, and their respective officers, directors and members and any of such parties' respective families, agents, employees or tenants. The liability insurance policy provided for under Section 8.01.02 shall insure the Executive Board, the Association, any management agent and their respective employees, agents and all persons acting as agents. Declarant shall be included as an additional insured in its capacity as an Owner and Member of the Board. The Owners shall be included as additional insureds but only for claims and liabilities arising in connection with the ownership, existence, use or management of the Common Elements. Such liability insurance shall cover claims of one or more insured parties against the other insured parties.

Section 8.03 Deductibles. No policy of insurance of which the Association or its designee is the beneficiary shall include a deductible clause in an amount which is greater than the lesser of \$10,000 or 1% of the face amount of the policy. Any loss falling within the deductible portion of such policy shall be a common expense shared by all the Owners. Notwithstanding the foregoing, after notice and hearing, the Association may determine that a loss, either in the form of a deductible to be paid by the Association or an uninsured loss, resulted from the act or negligence of an Owner,



and assess such loss as a default assessment against such negligent Owner and his Unit, subject to all provisions of this Declaration applicable to such assessments.

Section 8.04 Insurance Trustee. The Executive Board shall have authority to authorize an insurance trustee to assist and consult with it and/or act as its agent and attorney-in-fact for one or more of the following purposes: to purchase and maintain the insurance required under this Declaration, to negotiate and compromise settlement of losses under any insurance; and to collect the proceeds from any insurance, hold such proceeds in trust for the Owners and their First Mortgagees as their interest may appear and dispose of such proceeds as provided in Article 13 of this Declaration and in the Act.

Section 8.05 Association Insurance as Primary Coverage. If at the time of any loss under any policy which is in the name of the Association, there is other insurance in the name of any Owner and such Owner's policy covers the same property or loss, or any portion thereof, which is covered by such Association policy, such Association policy shall be primary insurance not contributing with any of such other insurance. An Owner shall be liable to the Association for the amount of any diminution of insurance proceeds to the Association as a result of policies of insurance of such Owner; provided that if such amount(s) are not repaid to the Association within ten (10) days after the Association shall have given notice to the Owner of the total amount(s), from time to time, then the failure to so repay shall automatically become a default assessment determined and levied against such Unit and Owner.

Section 8.06 Acceptable Insurance Companies. Any hazard insurance policy purchased by the Association shall be written by an insurance carrier authorized by law to do business in the state of Colorado that has an acceptable rating from either the A.M. Best Company; Demotech, Inc.; or Standard and Poor's, Inc. Hazard insurance policies from other carriers shall be acceptable if the carrier is covered by reinsurance with a company that meets either one of the A.M. Best general policyholder's ratings or one of the Standard and Poor's claims-paying ability ratings mentioned below. Specifically, each carrier must have a "B" or better general policyholder's rating or a "6" or better financial performance index rating in Best's *Insurance Reports*, an "A" or better general policyholder's rating and a financial size category of "VIII" or better in Best's *Insurance Reports - International Edition*, an "A" or better rating in Demotech's *Hazard Insurance Financial Stability Ratings*, a "BBBq" qualified solvency ratio or a "BBB" or better claims-paying ability rating in Standard and Poor's *Insurer Solvency Review*, or a "BBB" or better claims-paying ability rating in Standard and Poor's *International Confidential Rating Service*, provided the carrier is issuing an insurance policy for the Common Elements. The Association shall not obtain any policy where (a) under the terms of the insurance company's charter, bylaws, or policy, contributions or assessments may be made against the mortgagor or mortgagee's designee, or (b) under the terms of the carrier's charter, bylaws, or policy, loss payments are contingent upon action by the carrier's Executive Board, policy holders or members, or (c) the policy includes any limiting clauses (other than insurance conditions) which could prevent mortgagees or any Owner from collecting insurance proceeds.

Section 8.07 Insurance to be Maintained by Owner.

8.07.01 Insurance coverage on furnishings, including carpet, draperies, oven, range, refrigerator, wallpaper and other items of personal property belonging to an Owner, and public liability coverage within each Condominium Unit, shall be the sole and direct responsibility of the Owner(s) thereof. The Association, its Executive Board and/or the managing agent of the Association shall have no responsibility for such insurance coverage; provided, however, that the Executive Board of the Association may elect to include any such coverage in any Association policy and any costs of such coverage not allocable to the Owners on a uniform basis shall be assessed as an individual purpose agreement.

8.07.02 Any and all insurance procured by an Owner or Owners as herein required shall be issued in the name of said Owner or Owners and in the name of the Association by a company licensed to do business in the State of Colorado where the Project is located, and in the event of payment of any loss covered by such policy, the Association shall be paid first by the insurance company for its loss; and the Owner or Owners waive their right of subrogation against the Association for any reason whatsoever (any insurance policies herein required to be procured by the Owner or Owners shall contain an express waiver of any right of subrogation by the insurance company against the Association).

8.07.03 Certificates evidencing the insurance coverage required herein shall be submitted by the insurance company to the Association within ten (10) days of the effective date of any policy. The minimum limits of any insurance coverage required herein shall not limit an Owners' liability for indemnification of Landlord hereunder.

8.07.04 No Owner shall do anything in or about the Project that may be prohibited by the Association's or any Owner's insurance policies or any endorsements or forms attached thereto, or that will increase any insurance rates and premiums on the Project or any Unit therein.

Section 8.08 Annual Review of Insurance Policies. All insurance policies carried by the Association shall be reviewed at least annually by the Executive Board of the Association to ascertain that the coverage provided by such policies adequately covers those risks insured by the Association. Prior to obtaining any policy of fire insurance or renewal thereof, the Executive Board or the managing agent of the Association may obtain a written appraisal from a duly qualified real estate or insurance appraiser, or other person knowledgeable as to replacement costs, which appraiser shall reasonably estimate the full replacement value of the improvements to the insured for the purpose of determining the amount of insurance required pursuant to the provisions of this Article. Any First Mortgagee shall be furnished with a copy of such appraisal upon request.

Section 8.09 Notice of Cancellation. If any insurance required by this Article 8 to be obtained by the Association is not reasonably available or is canceled or not renewed without a replacement policy having been obtained, the Association shall promptly cause notice of that fact to be hand delivered or sent by prepaid first-class U.S. Mail to all Owners.

Section 8.10 Indemnification of Association.

8.10.01 Each Owner shall indemnify the Association and hold it harmless from suits, actions, damages, liability and expense, loss of life, bodily or personal injury, or property damage arising from, or out of the use or occupancy of, any Unit or any part thereof, or occasioned wholly or in part by any act or omission of an Owner, its agents, contractors, employees, servants, invitees, licensees, or concessionaires, including the sidewalks and common areas and facilities within the Project, except in the case of gross negligence on the part of the Association or its agents or employees.

8.10.02 The Association shall not be responsible or liable to any Owner for any defect, latent or otherwise, in the Project or in any of the equipment, machinery, utilities, appliances, or apparatus therein, nor shall it be responsible or liable for any injury, loss, or damage to any person or to any property of any Owner or other persons caused by or resulting from bursting, breakage or by or from leakage, steam or snow or ice, running, backing up, seepage, or the overflow of water or sewerage in any part of said premises, or for any injury or damage caused by or resulting from any defect or act or omission in the occupancy, construction, operation, or use of the Project, or any part thereof, resulting to any person.

ARTICLE 9
CONVEYANCES AND TAXATION OF CONDOMINIUM UNITS

Section 9.01 Contracts Entered Into Prior to Recording of Condominium Map and Declaration. A contract or other agreement for the sale of a Condominium Unit entered into prior to the filing for record of the Condominium Map and/or this Declaration in the office of the Clerk and Recorder of the County of Pitkin, Colorado, may legally describe such Condominium Unit in the manner set forth in Section 9.02 hereof and may indicate that the Condominium Map and/or this Declaration are to be recorded. Upon recordation of the Condominium Map and this Declaration in the County of Pitkin, Colorado, such description shall be conclusively presumed to describe the corresponding Condominium Unit shown on the Condominium Map and such Condominium Unit shall be subject in all respects to this Declaration.

Section 9.02 Contracts Entered Into Subsequent to Recording of Condominium Map and Declaration. Subsequent to the recording of the Condominium Map and this Declaration, every contract, deed, lease, mortgage, deed of trust, will and every other instrument affecting title to a Condominium Unit may legally describe that Condominium Unit as follows:

Condominium Unit and Storage Bin Ullr Commons Condominiums, according to the Condominium Map thereof recorded on , 2000, in Book at Page in the records of the Clerk and Recorder of the County of Pitkin, State of Colorado and as defined and described in the Condominium Declaration for ULLR COMMONS CONDOMINIUMS recorded on , 2000 in Book at Page in said records.

Section 9.03 Legal Effect of Description. Every contract, deed, lease, mortgage, deed of trust, will and every other instrument affecting title to a Condominium Unit which legally describes said Condominium Unit substantially in the manner set forth in Section 9.02 hereof shall be good and sufficient for all purposes to sell, convey, transfer, encumber or otherwise affect the Condominium Unit, including the undivided interest in the Common Elements appurtenant thereto and all other appurtenant properties and property rights, and incorporate all of the rights, limitations and burdens incident to ownership of a Condominium Unit as described in this Declaration and the Condominium Map. Each such description shall be construed to include a nonexclusive easement for ingress and egress to and from each Condominium Unit and the use of all the General Common Elements as well as all of the Limited Common Elements appurtenant to said Condominium Unit, all as more fully provided in this Declaration.

Section 9.04 Taxation. Each Condominium Unit shall be assessed separately for all taxes, assessments and other charges of the State of Colorado, any political subdivision thereof, any special improvement district, and any other taxing or assessing authority, in accordance with the Act. For the purpose of such assessments, the valuation of the Common Elements shall be apportioned among the Condominium Units in proportion to the Tax Assessor of the County of Pitkin, Colorado, and to all other appropriate persons and authorities, all necessary information with respect to such apportionment. No forfeiture or sale of any Condominium Unit for delinquent taxes, assessments or other governmental charges shall divest or in any way affect the title to any other Condominium Unit.

ARTICLE 10 MECHANIC'S LIENS

Section 10.01 Mechanic's Liens. No labor performed and/or materials furnished for use and incorporated in any Condominium Unit with the consent or at the request of the Owner thereof, his agent, contractor or subcontractor, shall be the basis for the filing of a lien against a Unit of any other Owner not expressly consenting to or requesting the same, or against any interest in the Common Elements except as to the undivided interest therein appurtenant to the Unit of the Owner for whom such labor shall have been performed or such materials furnished. Each Owner shall indemnify and hold harmless each of the other Owners and the Association from and against any liability or loss arising from the claim of any mechanic's lien against the Unit of any other Owner, the Common Elements, or any part thereof, for labor performed and/or materials furnished in work on the Owner's Condominium Unit.

Section 10.02 Enforcement by the Association. At its own initiative or upon the written request of any Owner, if the Association determines that further action by it is proper and the mechanic's lien(s) are not disputed claims with a reasonable basis for such dispute, the Association, after notice and hearing, shall enforce the indemnity provided by Section 10.01 hereof by collecting from the Owner of the Condominium Unit on which the labor was performed and/or materials furnished, the amount necessary to discharge any such mechanic's lien, including all costs and reasonable attorney's fees incidental thereto, and obtain a discharge of such lien. In the event that

the Owner of the Condominium Unit on which the labor was performed and/or materials furnished refuses or fails to so indemnify within seven (7) days after the Association shall have given notice to such Owner of the total amount, or any portions thereof, from time to time, to be indemnified, then the failure to so indemnify shall be a default by such Owner under the provisions of this Section 10.02 and such amount to be indemnified shall automatically become a default assessment determined and levied against such Condominium Unit.

Section 10.03 Effect of Partial Payment. In the event a lien attributable to labor performed and/or materials furnished on the Project, or any portion thereof, is effected against two or more Condominium Units, the Owner(s) of any of the affected Condominium Units may pay to the lienholder the amount of the lien attributable to such Owner's Condominium Unit and the lienholder shall release such Condominium Unit from the lien. The amount required to be paid by any such Owner in order to obtain release of his Condominium Unit from any such lien shall equal, in the case of a Unit, the quotient of (i) the amount of the lien, divided by (ii) the total number of Condominium Units affected by the lien. Partial payment and release of any such lien with respect to any Condominium Unit(s) shall not prevent the lienholder from enforcing his rights against any Condominium Unit for which payment has not been received.

ARTICLE 11 EASEMENTS

Section 11.01 Recorded Easements. In addition to all easements and rights-of-way of record at or before the recording of this Declaration, the Real Estate, and all portions thereof, shall be subject to the easements as shown on any recorded plat of the Real Estate, or any portion thereof, and as shown on the recorded Condominium Map. Further, the Real Estate, or portions thereof, is now or may hereafter be subject to the easements, licenses, and other recorded documents, or any of them, set forth on Exhibit C attached hereto and incorporated herein by this reference.

Section 11.02 Encroachments. In the event that any portion of the Common Elements encroaches upon any Unit(s) or in the event that any portion of a Unit encroaches upon any other Unit(s) or upon any portion of the Common Elements, or in the event any encroachment shall occur in the future as a result of: (i) settling of the Building, or (ii) alteration or repair to the Common Elements, or (iii) repair or restoration of the Building and/or Unit(s) after damage by fire or other casualty, or condemnation or eminent domain proceedings, then, in any of said events, a valid easement is hereby created and does exist for the encroachment and for the maintenance of the same so long as the encroachment exists. In the event that any one or more of the Units, Building or other improvements comprising part of the Common Elements, are partially or totally destroyed and are subsequently rebuilt or reconstructed in substantially the same location, and as a result of such rebuilding or reconstruction any portion thereof shall encroach as provided in the preceding sentence, a valid easement for such encroachment is hereby created and does exist. Such encroachments and easements shall not be considered or determined to be encumbrances either on the Common Elements or on the Units for purposes of marketability of title or other purposes. When interpreting any and all provisions of this Declaration, subsequent deeds, mortgages, deeds of trust or other

security instruments relating to Units, the actual location of a Unit shall be deemed conclusively to be the property intended to be conveyed, reserved or encumbered, notwithstanding any minor deviations, either horizontally, vertically or laterally, from the location of such Unit as indicated on the Condominium Map.

Section 11.03 Emergency Easement. A general easement is hereby granted to all police, sheriff, fire protection, ambulance and all other similar emergency agencies or persons to enter upon the Common Elements in the proper performance of their duties.

Section 11.04 Utilities. There is hereby created a blanket easement upon, across and through the Common Elements for the installation, replacement, repair and maintenance of utilities, including but not limited to water, sewer, gas, telephone, electricity, computer, cable, and master television antenna or cable or satellite television systems, if any. By virtue of this blanket easement, it shall be expressly permissible to erect and maintain the facilities, equipment and appurtenances on the Common Elements necessary to repair, and maintain water and sewer pipes, gas, electric, telephone, computer and television wires, cables, circuits, conduits and meters. If any utility or quasi-utility company furnishing a service covered by the general easement created herein requests a specific easement by separate recordable document, Declarant reserves and is hereby given the right and authority to grant such easement upon, across, over or under any part or all of the Common Elements without conflicting with the terms hereof; provided, however, that such right and authority shall cease and terminate upon the earlier of five (5) years after recordation of this Declaration in the County of Pitkin, Colorado or conveyances by Declarant of the last Condominium Unit to the first Owner thereof (other than Declarant), at which time said reserved right shall vest in the Association. The easement provided for in this Section 11.04 shall in no way affect, avoid, extinguish or modify any other recorded easement(s) on the Common Elements.

Section 11.05 Maintenance Easement. An easement is hereby granted to the Association, its officers, directors, agents, employees and assigns upon, across, over, in and under the Common Elements, and a right to make such use of the Common Elements as may be necessary or appropriate to perform the duties and functions which it is obligated or permitted to perform pursuant to this Declaration, including the right to construct and maintain on the Common Elements maintenance and storage facilities for use by the Association.

Section 11.06 Drainage Easement. An easement is hereby granted to the Association, its officers, agents, employees, successors and assigns to enter upon, across, over, in and under any portion of the Real Estate for the purpose of changing, correcting or otherwise modifying the grade or drainage channels of the Real Estate so as to improve the drainage of water on the Real Estate.

Section 11.07 Easements of Access for Repair, Maintenance and Emergencies. Some of the Common Elements are or may be located within a Unit(s) or may be conveniently accessible only through a Unit(s). The Owners of other Unit(s) and the Association shall have the irrevocable right, to be exercised by the Association as their agent, to have access to each Unit and to all Common Elements from time to time during such reasonable hours as may be necessary for the maintenance,

repair, removal or replacement of any of the Common Elements or any utility lines or pipes which are not Common Elements, located therein or accessible therefrom, or for making emergency repairs therein necessary to prevent damage to the Common Elements or to any Unit. Subject to the provisions of Section 6.02 hereof, damage to the interior of any part of a Unit resulting from the maintenance, repair, emergency repair, removal or replacement of any of the Common Elements or as a result of emergency repairs within any Unit at the instance of the Association, shall be an expense of all the Owners apportioned in accordance with Section 7.02. Damage to the interior part of any Unit resulting from the installation, movement, repair, emergency repair, removal or replacement of any utility lines or pipes not servicing more than one Condominium Unit shall be the expense of the Owner whose Unit such utility lines and pipes serve and such expense may be reimbursed through an Individual Unit Assessment. Non-emergency repairs shall be made only during regular business hours on business days after twenty-four (24) hours notice to the occupants of the Unit wherein such repairs are to be made, except where the occupants have no objections to earlier entry for repairs. In emergencies the occupants of the affected Unit shall be warned of impending entry as early as is reasonably possible.

Section 11.08 Construction Utility Easement. Each Owner shall have an easement in, upon, under and across the Common Elements for the construction and installation of any duct work, additional plumbing or other additional services or utilities in the Common Elements in connection with the improvement or alteration of any Condominium Unit. Each Owner shall further have an easement and right to install any duct work, additional plumbing or other additional services or utilities within an adjoining Owner's Unit and the right to repair and maintain such lines and pipes provided such installation occurs only within an area shown on the Condominium Map as "Utility Easement Area." Such "Utility Easement Area" is depicted in the burdened Unit and burdens the ceiling of such Unit. The "Utility Easement Area" is intended to allow the Unit Owner above the burdened Unit to gain access through the ceiling of the burdened Unit in the area depicted as the "Utility Easement Area." Prior to installing any such utility lines or pipes, the Owner through whose Unit the lines or pipes will be installed will be given at least ten (10) days prior notice of such installation.

Section 11.09 Declarant's Rights Incident to Completion of the Project. Declarant, for itself and its successors and assigns, hereby retains a right and easement of ingress and egress over, in, upon, under and across the Common Elements and the right to store materials thereon and to make such other use thereof as may be reasonably necessary or incidental for the purpose of completing or improving the Project, discharging the Declarant's obligations under this Declaration or any other document related to the Project, promoting the sale of the Units or exercising the Declarant's special rights under Section 12.02; provided, however, that no such rights shall be exercised by Declarant in such a way as to unreasonably interfere with the occupancy, use, enjoyment or access by any Owner, his family members, guests or invitees, to or of his Condominium Unit or the Common Elements. The rights of Declarant under this section shall terminate upon conveyance by Declarant of all Condominium Units to Owners other than Declarant or 10 years after the recording of this Declaration, whichever occurs first.

Section 11.10 Easements Deemed Created. All conveyances of Units hereafter made, whether by Declarant or otherwise, shall be construed to grant and reserve the easements contained in this Article 11, even though no specific reference to such easements or to this Article 11 appears in the instrument for such conveyance.

ARTICLE 12 RESTRICTIVE COVENANTS

Section 12.01 Residential Use. Subject to Section 12.02 hereof, Units shall be used for residential purposes only, including uses which are customarily incident thereto, and shall not be used at any time for business, commercial or professional purposes; provided however, that an Owner may use his Condominium Unit for a professional home occupation, so long as the applicable zoning permits such use, there is no external evidence thereof, and no unreasonable inconvenience to the residents of Units is created thereby. NO USE CAN BE MADE OF ANY DEED RESTRICTED UNIT OTHER THAN AS PERMITTED BY THE Master Deed Restriction.

Section 12.02 Declarant's Use. Notwithstanding anything to the contrary contained in this Declaration, it shall be expressly permissible and proper for Declarant, its employees, agents, and contractors, to perform such reasonable activities, and to maintain upon portions of the Project, such facilities as Declarant deems reasonably necessary or incidental to the completion and sale of Condominium Units, specifically including without limiting the generality of the foregoing maintaining business offices, storage areas, signs, model units, sales offices, parking areas and lighting facilities. Declarant reserves the right to locate any sales office, management office or models in any Condominium Unit owned by Declarant. The rights retained by Declarant in this Section 12.02 shall terminate upon conveyance by Declarant of all Condominium Units to Owners other than Declarant or 10 years after the recording of this Declaration, whichever occurs first.

Section 12.03 Household Pets. The Executive Board may, by rule or regulation, set the number of dogs, cats or other household pets which may be kept in any Unit, so long as such dogs, cats or other household pets are not kept for any commercial purpose and are not kept in such number or in such manner as to create a nuisance to other Owners. In the absence of any action being taken by the Executive Board, no dogs, cats or other household pets may be kept in any Unit. The Association shall have and is hereby given, the right and authority to determine in its sole discretion that dogs, cats or other household pets are being kept for commercial purposes or are being kept in such number or in such manner as to be unreasonable or to create a nuisance to other Owners, or that an Owner is otherwise in violation of this Section 12.03, and to take such action or actions as it deems reasonably necessary to correct the same. An Owner's right to keep such household pets shall be coupled with the responsibility to pay for any damage caused by such Owner's pet(s), as well as any costs incurred by the Association as a result of such pet(s), and any such amounts shall be and constitute a default assessment subject to and enforceable by the Association in accordance with this Declaration.

Section 12.04 Use of Common Elements. Subject to the rights of Declarant as provided in this Declaration, there shall be no obstruction of the Common Elements, nor shall anything be kept or stored on any part of the General Common Elements without the prior written approval of the Association. Except for those improvements erected or installed by Declarant in its completion of the Project, and except as provided in Section 2.04 hereof, nothing shall be altered on, constructed in or removed from the Common Elements without the prior written approval of the Executive Board of the Association. Such approval will not be reasonably withheld in respect of the installation of additional windows and balconies within or adjacent to a Unit and may be conditioned upon the Owner who requests the approval to submit plans for the alteration to the Association for approval, obtaining insurance as required by the Association and posting adequate surety. In reviewing any plans, the Association may engage the services of architects, attorneys and engineers and the cost of such services will be paid by the requesting party.

Section 12.05 Certain Work Prohibited. Except for those improvements erected, constructed or installed by Declarant in its completion of the Project, without the prior written approval of the Executive Board of the Association:

12.05.01 No exterior additions to, alterations or decoration of the Building, including but not limited to any structural alterations to any Condominium Unit or Common Element, nor any changes in fences, hedges, walls or other structures, nor installation of window mounted air conditioning units or awnings or any exterior improvement of any type shall be commenced, erected, placed or maintained;

12.05.02 No Owner shall undertake any work in his Unit which would jeopardize the soundness or safety of the Building reduce the value of the Project or impair any easement or hereditament thereon or thereto, nor shall any Owner enclose, by means of screening or otherwise, any balcony, yard, deck, patio or porch which is accessible from, associated with, and which adjoins a unit; and

12.05.03 No Owner shall make alterations to the exterior portions of his Unit or on the roof, or to the Building or in the water, gas or steam pipes, electric conduits, plumbing or other fixtures connected therewith nor shall an Owner remove any additions, improvements or fixtures from the building.

Notwithstanding the foregoing, an Owner may alter, remove or add partitions which are not load-bearing and which are located entirely within the walls, ceilings and floors forming and constituting the perimeter boundaries of his Unit, without the consent of the Association, unless the same would disrupt or impair any utility service to other Units or any General Common Elements.

Section 12.06 Signs and Advertising. No signs (except one (1) sign of not more than five (5) square feet per Unit in a window thereof advertising that the Condominium Unit is for sale or rent), advertising, billboards, unsightly objects or nuisances of any kind shall be placed, erected or



permitted to remain in or on any Unit, nor shall any sign(s) be permitted in or on the Common Elements, without the prior written approval of the Association; provided however no approval is necessary for any sign which is part of the Common Elements. Notwithstanding the foregoing, reasonable signs, advertising, or billboards used by Declarant in connection with its sale of Condominium Units shall be permissible, provided that such use by Declarant shall not interfere with the Owners' use and enjoyment of the Common Elements, their Condominium Units, or their ingress and egress from a public way to the Common Elements or their Condominium Units.

Section 12.07 Leases. The term "lease" as used herein shall include any agreement for the leasing or rental of a Condominium Unit and shall specifically include, without limitation, a month-to-month rental. The Owner of a Condominium Unit shall have the right to lease his Condominium Unit under the following conditions:

12.07.01 All leases shall be in writing and a copy of the lease delivered to the Board of Directors of the Association or the Association's managing agent no less than three (3) days prior to the effective date of the lease. As permitted in the Master Deed Restriction, the Association may delegate responsibility for review of each lease to the Aspen/Pitkin County Housing Authority ("APCHA"). If such responsibility has been delegated to APCHA, the Association may direct the Owner of a Condominium Unit to deliver a copy of each lease to APCHA no less than three (3) days prior to the effective date of the lease.

12.07.02 All leases shall provide that the terms of the lease and lessee's occupancy of the Condominium Unit shall be subject in all respects to the provisions of this Declaration, Master Deed Restriction, the Articles of Incorporation, Bylaws and rules and regulations of the Association, and that any failure by the lessee to comply with any of the aforesaid documents, in any respect, shall be default under the lease.

12.07.03 No lease shall be for less than thirty (30) days.

Section 12.08 Nuisances. No nuisance shall be allowed on the Project, nor any use or practice which is the source of annoyance to residents or which interferes with the peaceful enjoyment or possession and proper use of the Project by its residents. As used herein, the term "nuisance" shall not include any activities of Declarant in regard to the completion of the Project. All parts of the Project shall be kept in a clean and sanitary condition, and no rubbish, refuse or garbage shall be allowed to accumulate, nor any fire hazard to exist. Further, no immoral, improper, offensive or unlawful use shall be permitted or made of the project or any part thereof. All valid laws, ordinances and regulations of all governmental bodies having jurisdiction over the Project, or any portion thereof, shall be observed.

Section 12.09 Limitation on Ownership. An Owner may own in whole or in part no more than eight Units at any given time. For purposes of this Section 12.09, an Owner shall include any person controlled by or acting on behalf of an existing Owner, or in the case of a business entity, any entity owned by or which owns an existing Owner. For purposes of the preceding sentence,

"ownership" shall mean holding an interest greater than 25% of all the ownership interests of such entity.

ARTICLE 13
DAMAGE, DESTRUCTION, TERMINATION,
OBSOLESCENCE, OR CONDEMNATION

Section 13.01 Association as Attorney-in-Fact. This Declaration does hereby make mandatory the irrevocable appointment of an attorney-in-fact to deal with the Project in the event of its destruction, damage, obsolescence or condemnation, including, the repair, replacement and improvement of the Building, any Condominium Units, Common Elements or other portions of the Project which have been destroyed, damaged, condemned or become obsolete. Title to any Condominium Unit is declared and expressly made subject to the terms and conditions hereof, and acceptance by any grantee of a deed or other instrument of conveyance from Declarant or from any Owner or grantor shall constitute appointment of the attorney-in-fact herein provided. All the Owners (and any owner of a Small Interest) irrevocably constitute and appoint the Association as their true and lawful attorney in their name, place and stead, for the purpose of dealing with the Project upon its damage, destruction, obsolescence or condemnation, as is hereinafter provided. As attorney-in-fact, the Association by its President and Secretary or Assistant Secretary, or its other duly authorized officers and agents, shall have full and complete authorization, right and power to make, execute and deliver any contract, deed or other instruments with respect to the interest of an Owner (or any owner of a Small Interest) which are necessary and appropriate to exercise the powers herein granted. In the event that the Association is dissolved or becomes defunct, a meeting of the Owners (and any owner of a Small Interest) shall be held within thirty (30) days after either such event. At such meeting a new attorney-in-fact, to deal with the Project upon its destruction, damage, obsolescence or condemnation, shall be appointed. Such appointment must be approved by the Owners representing an aggregate ownership interest of sixty-seven percent (67%) or more of the Common Elements and at least sixty-seven (67%) of the First Mortgagees (based upon one vote for each First Mortgage held).

Section 13.02 Termination of Condominium Project.

13.02.01 The Condominium Project shall continue indefinitely unless and until it is terminated by the taking of all of the Condominium Units by eminent domain or by agreement of the Owners holding at least sixty-seven percent (67%) of the votes in the Association and First Mortgagees holding sixty-seven percent (67%) of the First Mortgages (based on one vote for each First Mortgage held or two votes for any first Mortgage on a combined until held). The agreement of the Owners and First Mortgagees to terminate must be evidenced by their execution of a Termination Agreement (or a ratification thereof) in the same manner as a deed, by the requisite number of Owners and First Mortgagees. The Termination Agreement must specify a date after which the Agreement will be void unless it is recorded before that date. The Termination Agreement and all ratification thereof must be recorded with the Clerk and Recorder of the County of Pitkin and is effective only upon



recording. After the recording of the Termination Agreement, the Project will be sold and the Association, on behalf of the Owners, may contract for such sale, but the contract is not binding on the Owners unless approved by the same vote of Owners and First Mortgagees required for approval of the Termination Agreement. After approval of the sale, the Association has all power necessary and appropriate to effect the sale and until the sale has concluded and the proceeds have been distributed, the Association continues in existence with all the powers it had before termination. Proceeds of the sale must be distributed to the Owners and lienholders as their interest may appear, in accordance the provisions set forth below. Unless otherwise specified in the Termination Agreement, until title to the Project has been transferred pursuant to a sale, each Owner and its successors in interest have an exclusive right to occupancy of a portion of the real estate that formally constituted the Unit. During the period of that occupancy, each Owner and the Owner's successors in interest remain liable for all assessments and other obligations imposed upon the Owners by the Act or this Declaration. Following termination of the Condominium Project, the proceeds of any sale of real estate, together with any insurance proceeds (if the termination occurs in connection with a damage or destruction) and the assets of the Association are held by the Association as trustee for the Owners and the holders of the liens on the Condominium Units as their interest may appear.

13.02.02 The respective interest of the Owners is as follows:

- 13.02.02.01 except as provided in subparagraph 13.02.02.02 below, the respective interests if the Owners are the fair market values of their Units, interest in the General Common Elements, and any Limited Common Elements before termination, as determined by one or more independent appraisers selected by the Association. The decision of the independent appraisers shall be distributed to the Owners and becomes final unless disapproved within 30 days after distribution by Owners holding at least 25% of the total votes in the Association. The proportion of any Owner's interest to that of all Owners is determined by dividing the fair market value of that Owner's Condominium Unit by the fair market value of all Condominium Units;
- 13.02.02.02 if any Unit or any Limited Common Element is destroyed to the extent that an appraisal of the fair market value thereof prior to destruction cannot be made, the interest of all Owners are their respective interests in the Common Elements immediately before termination.
- 13.02.02.03 The holder of a Small Interest shall be entitled to receive compensation attributable to its ownership of that interest.

13.02.03 The proceeds available for distribution to the holders of interest in the Condominium Units after a termination shall be allocated to each Condominium Unit in accordance with its proportionate interest as provided above and each Condominium Unit's share of such proceeds shall be deposited into a separate account identified by the Condominium Unit designation and the name of the Owner and First Mortgagee thereof. From each separate account, the Association, as attorney-in-fact, shall forthwith use and disburse the total amount of such account, without contribution from one account to another, toward payment of the liens encumbering the Condominium Unit represented by such separate account, in the following order: (a) for the payment of taxes and special assessment liens in favor of any assessing entity; (b) for the payment of any Association common expense assessments which take priority over the lien of a First Mortgage pursuant to Section 7.9 of this Declaration and the Act; (c) for the payment of the lien of any First Mortgage; (d) for the payment of unpaid Association common expense assessments, other assessments, charges and fees, and all cost, expenses and fees incurred by the Association, including customary expenses of sale; (e) for payment of junior liens and encumbrances in the order of and to the extent of their priority; and (f) the balance remaining, if any, shall be paid to the Owner(s) of the Condominium Unit.

Section 13.03 Damage or Destruction. "Repair and Reconstruction" of the improvements, as used in the succeeding subparagraphs, means restoring the improvement(s) to substantially the same condition in which they existed prior to their damage or destruction, with each Condominium Unit and the General and Limited Common Elements having substantially the same vertical and horizontal boundaries as before, and all improvements being reconstructed or repaired in substantial conformance with the Project's original architectural plan and scheme, to the extent then reasonably and economically feasible. The proceeds of any insurance collected shall be available to the Association for the purpose of repair, reconstruction, restoration, or replacement, in accordance with the provisions hereinafter set forth:

13.03.01 Any loss covered by the property insurance policy maintained by the Association must be adjusted with the Association, and the insurance proceeds will be paid to the Association or an insurance trustee designated for such purpose and not to the holder of any Security Interest. The insurance trustee or the Association shall hold such insurance proceeds in trust for the Owners and lienholders as their interest may appear. Subject to the provisions of subparagraph (b) below, the proceeds must be disbursed first to the repair or restoration of the damaged property, and the Association. Owners and lienholders shall not be entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the property has been completely repaired or restored or the Condominium is terminated in accordance with Section 13.02. The Association may adopt and establish written nondiscriminatory policies and procedures relating to the submittal of claims, and such other matters of claims adjustment. The Association shall have full authority, right and power as attorney-in-fact to cause the repair and reconstruction of the improvements.



Assessments for common expenses shall not be abated during the period of insurance adjustments and repair and reconstruction.

13.03.02 Any portion of the Project for which insurance is required under this Declaration must be repaired or replaced promptly by the Association unless (i) the Condominium Project is terminated in accordance with Section 13.02, in which case the provisions of that Section apply; (ii) repair or replacement would be illegal under any state or local statute or ordinance governing health or safety; (iii) the Owners who hold 80% of the votes in the Association vote not to rebuild and every Owner of a Unit or assigned Limited Common Element that will not be rebuilt concurs; or (iv) prior to the conveyance of any Condominium Unit to a person other than Declarant, the holder of a deed of trust or mortgage on the damaged portion of the Project rightfully demands all or a substantial portion of the insurance proceeds.

13.03.03 If the insurance proceeds are insufficient to repair and reconstruct the improvements, such damage or destruction shall be promptly repaired and reconstructed by the Association as attorney-in-fact, using the proceeds of insurance and the proceeds of a special assessment. Such special assessment shall be assessed against all Condominium Units in accordance with Section 7.07 hereof. The Association shall have full authority, right and power, as attorney-in-fact, to cause the repair, replacement or restoration of the improvements, using all of the insurance proceeds for such purpose, notwithstanding the failure of an Owner to pay the aforesaid special assessment. Notwithstanding the foregoing, the Association shall have authority to assess negligent Unit Owners causing any loss all deductibles paid by the Association and any amount by which the insurance proceeds are insufficient to pay the costs of repair and reconstruction.

Section 13.04 Obsolescence. Sixty-seven percent (67%) of the Owners may agree that the Common Elements are obsolete and adopt a plan for the renewal and reconstruction thereof. If a plan for renewal or reconstruction is adopted, notice of such plan shall be recorded in the County of Pitkin, Colorado, and the expenses of renewal and reconstruction shall be payable by all of the Owners as a common expense, whether or not they have previously consented to the plan of renewal and reconstruction. The aforesaid common expense assessment for the renewal and reconstruction of the Common Elements shall be a debt of each Owner and a lien on his Condominium Unit, and may be enforced and collected as provided in Section 7.09 and 7.10 hereof.

Section 13.05 Condemnation. If at any time during the continuance of condominium ownership pursuant to this Declaration, all or any part of the Project shall be taken or condemned by any public authority, or sold or otherwise disposed of in lieu of or in avoidance thereof, the following provisions of this Section 13.05 shall apply:

13.05.01 All compensation, damages or other proceeds therefrom, the sum of which is hereafter called the "Condemnation Award," shall be payable to the Association.

13.05.02 In the event that the entire Project is taken, condemned, sold or otherwise disposed of in lieu of or in avoidance thereof, the condominium ownership pursuant to this Declaration shall terminate. The Condemnation Award shall be apportioned among the Owners by the Executive Board of the Association the same as if there had been a termination of the Condominium Project under Section 13.02; provided, however, that if a standard different from the value of the Project as a whole is employed as the measure of the Condemnation Award in the negotiation, judicial decree or otherwise, then in determining such shares the same standard shall be employed to the extent it is relevant and applicable. The Association shall, as soon as practicable, determine the share of the Condemnation Award to which each Owner is entitled. Such shares shall be paid into separate accounts and disbursed, as soon as practicable, in the same manner as provided in Section 13.02 hereof.

13.05.03 Subject to the provisions of Article 16 hereof, in the event that less than the entire Project is taken, condemned, sold or otherwise disposed of in lieu of or in avoidance thereof, the condominium ownership hereunder shall not terminate. Each owner shall be entitled to a share of the Condemnation Award, to be determined in the following manner: As soon as practicable, the Association shall reasonably, and in good faith, allocate the Condemnation Award between compensation, damages or other proceeds and shall apportion the amounts so allocated among the Owners, as follows: (i) the total amount allocated to taking of or injury to the Common Elements shall be apportioned among the Owners in accordance with the undivided interest in the Common Elements appurtenant to each Condominium Unit; (ii) the total amount allocated to severance damages shall be apportioned to those Condominium Units which were not taken or condemned; (iii) the respective amounts allocated to the taking of or damage to a particular Condominium Unit, including but not limited to the Limited Common Elements appurtenant thereto, and to the improvements an Owner has made within his Condominium Unit, shall be apportioned to the particular Condominium Unit involved; and (iv) the total amount allocated to consequential damages and any other takings or injuries shall be apportioned as the Association determines to be equitable in the circumstances, or as determined by the judicial decree. Notwithstanding anything to the contrary contained in this Declaration, the allocation of the Condemnation Award to each affected Condominium Unit shall be based on the comparative values of the affected Condominium Units as they existed immediately prior to the condemnation, using such evidence of the appraised values as is then available, including, but not limited to, recent MAI appraisals of the affected property or comparable property. If the allocation of the Condemnation Award is already established in negotiations, judicial decree or otherwise, then in allocating the Condemnation Award, the Association shall employ such allocation to the extent it is relevant and applicable. Apportioned proceeds shall be disbursed, as soon as practicable, in the same manner as provided in Section 13.02 hereof.

13.05.04 In the event a partial taking results in the taking of a complete Condominium Unit, the Owner(s) thereof shall automatically cease to be a Member(s), shall cease to hold any right, title or interest in the remaining Common Elements, and shall execute any and all documents necessary to accomplish the same. Thereafter, the Association shall



reallocate the ownership, voting rights and assessment ratio in accordance with this Declaration according to the principles employed in this Declaration at its inception, and shall submit such reallocation to the Owners and to the First Mortgagees of all remaining Condominium Units for amendment of this Declaration. The Condemnation Award as to each such completely taken Condominium Unit shall be paid into a separate account and disbursed, as soon as practicable, in the same manner as provided in Section 13.02 hereof.

13.05.05 Any reconstruction and repair necessitated by condemnation shall be governed by the procedures specified in Section 13.03 hereof.

13.05.06 If a Unit is acquired by eminent domain or part of a Unit is acquired by eminent domain leaving the Owner with a remnant which may not practically or lawfully be used for any purpose permitted by the Declaration, the award will include compensation to the Owner for that Unit and its Allocated Interests whether or not any Common Elements are acquired. Upon acquisition, unless the decree otherwise provides, that Unit's Allocated Interests are automatically reallocated to the remaining Units in proportion to the respective Allocated Interests of those Units before the taking. Any remnant of a Unit remaining after a part of a Unit is taken pursuant to this subsection (f) is thereafter a Common Element.

13.05.07 Except as provided in subsection 13.05.06 above, if part of a Unit is acquired by eminent domain, the award must compensate the Owner for the reduction in value of the Unit and its interest in the Common Elements whether or not any Common Elements are acquired. Upon acquisition, unless the decree otherwise provides the Unit's interest in the Common Elements shall be reduced and determined by dividing the square footage of the remainder of the Unit by the total square footage of all Units in the Project after the taking, but the Unit's vote and share of assessments for common expenses shall remain the same. The reallocation of Allocated Interests pursuant to this Section shall be confirmed by an Amendment to this Declaration prepared, executed and recorded by the Association.

ARTICLE 14 BURDENS AND BENEFITS OF DECLARATION

Section 14.01 Covenants Running with Real Estate. The benefits, burdens, and all other provisions contained in this Declaration shall be covenants running with and binding upon the Real Estate.

Section 14.02 Binding Upon and Inure to the Successors. The benefits, burdens and all other provisions contained in this Declaration shall be binding upon, and inure to the benefit of Declarant, the Association and all Owners their respective heirs, executors, administrators, personal representatives, successors and assigns. Any right or any interest reserved or contained in this Declaration to or for the benefit of Declarant may be transferred or assigned by Declarant, either

separately or with one or more of such rights or interests, to any person, corporation, partnership, association or other entity, in accordance with the provisions of the Act.

ARTICLE 15 AMENDMENT OF DECLARATION

Section 15.01 Amendment. Except for amendments that may be executed by Declarant or by the Association under the provisions of this Declaration of the Act, the provisions of this Declaration and/or the Condominium Map may be amended, in whole or in part, at any time and from time to time, by vote or agreement of Owners holding not less than sixty-seven percent (67 %) of the votes of the Association. Notwithstanding the other provisions of this Section 15.01, no amendment to this Declaration which affects a Free Market Unit Matter may be approved without the written approval of the Free Market Unit Owner or Owners. Except to the extent expressly permitted by the Act, no Amendment may create or increase any special Declarant's rights, increase the number of Units in the Project, or change the boundaries of any Unit or the Allocated Interests of a Unit, or the uses to which any Unit is restricted, in the absence of unanimous consent of the Owners. Every amendment to the Declaration and/or the Condominium Map must be recorded in the office of the Clerk and Recorder of the County of Pitkin and is effective only upon recording.

Amendments to the Declaration required by this Article to be recorded by the Association shall be prepared, executed, recorded and certified on behalf of the Association by an officer of the Association designated for that purpose or, in the absence of designation, by the President of the Association. Notwithstanding any other provision of this Section 15.01, no amendment of this Declaration shall be permitted which is inconsistent with the Master Deed Restriction or Development Approval, as such documents may be modified from time to time.

Section 15.02 Technical Amendment. To the extent allowed by the Act and notwithstanding any other provision of this Article 15, Declarant hereby reserves and is granted the right and power to record, without the approval or consent of any Owner, First Mortgagee, or any other person or entity, technical amendments to this Declaration, the Condominium Map, Articles of Incorporation and/or Bylaws of the Association, at any time prior to the conveyance of the last Condominium Unit by Declarant to the first Owner thereof (other than Declarant) or five (5) years from the date this Declaration is recorded in the County of Pitkin, Colorado, whichever occurs first, for the purposes of correcting spelling, grammar, dates, typographical errors, or as may otherwise be necessary to clarify the meaning of any provisions of this Declaration.

Section 15.03 Special Amendment. To the extent allowed by the Act, Declarant hereby reserves and is granted the right and power to record, without the approval or consent of any Owner, First Mortgagee, or any other person or entity, special amendments to this Declaration, the Articles of Incorporation and/or Bylaws of the Association, at any time prior to the conveyance of the last Condominium Unit by Declarant to the first Owner thereof (other than Declarant) or five (5) years from the date this Declaration is recorded in the County of Pitkin, Colorado, whichever occurs first, in order to comply with any requirements of any of the Agencies or to induce any of the Agencies to make, purchase, sell, insure, or guarantee one or more First Mortgages.



Section 15.04 Recording of Amendments. To be effective, all amendments to or revocation or termination of this Declaration or the Condominium Map must be recorded in the office of the Clerk and Recorder of the County of Pitkin, Colorado, and must contain evidence of the required approval thereof. The recordation of a certificate of the Secretary of the Association, certifying that Owners representing the requisite percentage of the Condominium Units, and the requisite percentage of First Mortgagees, if required, have given notarized written consent to the amendment shall satisfy the requirement of evidence of the required approval. The Secretary must further certify that originals of such written consents by Owners and First Mortgagees, along with the recorded amendment, are in the corporate records of the Association and available for inspection.

ARTICLE 16 FIRST MORTGAGEES

Section 16.01 Member and First Mortgagee Approval. Subject to Sections 2.04, 15.02 and 15.03 hereof and the rights of Declarant provided for herein, but notwithstanding any other provisions of this Declaration to the contrary, the Association shall not:

16.01.01 unless it has obtained the prior written consent of Members holding at least sixty-seven percent (67%) of the votes in the Association and the approval at least sixty-seven percent (67%) of the First Mortgagees (based on one vote for each First Mortgage held, or two votes for each First Mortgage held on a combined Unit); provided that the approval of a First Mortgagee may be achieved either by the actual written consent of a First Mortgagee, or by complying with Section 16.03 hereof:

16.01.01.01 seek to abandon or terminate the Project, whether by act or omission, except:

(A) for abandonment or termination provided by law in the case of substantial destruction by fire or other casualty, or

(B) in the case of a taking by condemnation or eminent domain, in which event the provisions of Section 13.5 of this Declaration shall control; or

(C) for amendments to this Declaration, the Articles of Incorporation or Bylaws of the Association made as a result of destruction, damage or condemnation of the Real Estate or improvements thereon;

16.01.01.02 except as permitted by Section 2.04 and Section 13.05, change the pro rata interest or obligations of any individual Condominium Unit for the purpose of:

(A) levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards, or

(B) determining the pro rata share of ownership of each Condominium Unit in the Common Elements;

16.01.01.03 by act or omission, seek to abandon, partition, subdivide, encumber, sell or transfer the Common Elements (excluding the granting of permits, licenses and easements for public utilities or other purposes consistent with the intended use of the Common Elements or reasonably necessary or useful for the proper maintenance or operation of the Project);

16.01.01.04 partition or subdivide any Condominium Unit, or;

16.01.01.05 use hazard insurance proceeds for losses to any condominium property (whether to Condominium Units or Common Elements) for any purpose other than in accordance with the procedures set forth in Sections 2.04 and 13.03 hereof.


16.01.02 unless it has obtained the prior written consent of at least sixty-seven percent (67%) of the total allocated votes in the Association, and fifty-one percent (51%) of the First Mortgagees (based upon one vote for each First Mortgage owned or two votes for each First Mortgage owned on a combined Unit) (provided that the approval of a First Mortgagee may be achieved either by the the actual written consent of a First Mortgagee, or by complying with Section 16.03 hereof), add or amend any material provisions of this Declaration, the Articles of Incorporation of the Association which establish, provide for, govern or regulate any of the following, provided that such additions or amendments shall not be considered material if they are for the purpose of connecting technical errors or for clarification only:

16.01.02.01 voting rights;

16.01.02.02 assessments, assessment liens or the priority of such liens;

16.01.02.03 reserves for maintenance, repair and replacement of the Common Elements;

16.01.02.04 responsibility for maintenance and repair of any portion of the Project;


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- 16.01.02.05 reallocation of interests in the Common Elements, or rights to use of the Common Elements, except as contemplated under Sections 2.04 and 13.05 hereof;
- 16.01.02.06 boundaries of any Condominium Unit except as contemplated under Section 2.04 hereof;
- 16.01.02.07 convertibility of Condominium Units into Common Elements or of Common Elements into Condominium Units;
- 16.01.02.08 expansions or contraction of the Project or the addition, annexation or withdrawal of property to or from the Project;
- 16.01.02.09 insurance, including, but not limited to, fidelity bonds;
- 16.01.02.10 leasing of Condominium Units;
- 16.01.02.11 imposition of any restriction on the right of any Owner to sell or transfer his Condominium Unit;
- 16.01.02.12 any decision by the Association to assume self-management of the Association, when professional management has previously been required by this Declaration or by any First Mortgagee or any insurer or guarantor of a First Mortgage;
- 16.01.02.13 any restoration or repair of the Project, after a partial condemnation or damage due to an insurable hazard, other than substantially in accordance with this Declaration, the Articles of Incorporation and Bylaws of the Association;
- 16.01.02.14 any action to terminate the legal status of the Project after substantial destruction or condemnation; or
- 16.01.02.15 any provisions which are for the express benefit of First Mortgagees, or insurers or guarantors of First Mortgages.

Section 16.02 Notice of Action. Upon written request therefor, a First Mortgagee, insurer or guarantor of a First Mortgage, shall be entitled to timely written notice of:

- 16.02.01 any condemnation loss or casualty loss which affects a material portion of the Project or any Condominium Unit subject to a First Mortgage held, insured or guaranteed by such First Mortgagee, insurer or guarantor of a First Mortgage;

16.02.02 any delinquency in the payment of assessments or charges owed to the Association by the Owner of the Condominium Unit subject to a First Mortgage held, insured or guaranteed by such First Mortgagee, insurer or guarantor, or any default by such Owner in any obligation under the Declaration, Articles of Incorporation or Bylaws of the Association if the Executive Board of the Association has actual knowledge of such default, when such delinquency and/or default remains uncured for a period of sixty (60) days;

16.02.03 any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association; or

16.02.04 any proposed action which would require the consent of a specified percentage of First Mortgagees as provided in this Article 16 or other mortgagee of any Unit.

Section 16.03 Notice of Objection. Unless a First Mortgagee or an insurer or guarantor of a First Mortgagee entitled to consent to certain amendments or actions as provided in this Article provides the Secretary of the Association with written notice of its objection, if any, to the proposed amendment or action within thirty (30) days after its receipt of notice of the proposal, the First Mortgagee or other party will be deemed conclusively to have approved of the proposed amendment or action.

Section 16.04 Financial Statements, Audit. The Association shall maintain copies of this Declaration, the Condominium Map, the Articles of the Incorporation of the Association, the Bylaws of the Association, and any rules and regulations relating to the Project together with all amendments to any such documents, as well as the Association's books, records and financial statements available for inspection by the Owners or by holders, insurers, and guarantors of First Mortgages that are secured by Condominium Units. The documents will be made available by advance arrangement at a reasonable time. The Association shall not be required to prepare audited statements, however, if there is no audited statement available, any First Mortgagee will be allowed to have an audited statement prepared at its own expense.

ARTICLE 17 RIGHT OF FIRST REFUSAL

Section 17.01 Notice. In the event any Owner of a Unit shall wish to sell the same, and shall have received a bona fide offer from another person, the selling Owner shall give written notice thereof to the Executive Board, together with a copy of such offer and the terms thereof.

17.01.01 In the event that an Owner is required to sell its Unit pursuant to the foreclosure terms of a Master Deed Restriction, the Owner shall provide notice of such fact to the Executive Board, along with the Owner's calculation of the Maximum Resale Price established according to the provisions of the Master Deed Restriction. In such case the Executive Board will confirm (or correct) the Owner's calculation of Maximum Resale Price and establish all other material terms of any offer which may be tendered to the Owner

pursuant to the Right of First Refusal, according to the policies and procedures established by the Executive Board.

17.01.02 The Executive Board shall give written notice to each Owner of record who is an Employer within Pitkin County of the notice of desire to sell, and the terms, within five (5) days of the Executive Board's receipt of such notice.

Section 17.02 Rights of Owners. Each Owner who is an employer within Pitkin County shall have the right to purchase the subject Unit upon the same terms and conditions as set forth in the notice from the Executive Board; provided, however, that written notice of such election to purchase (the "Memorandum of Acceptance"), together with a down payment of no less than ten percent (10%) of the purchase price of the Unit, is given to the selling Owner, or its agent, during the fourteen (14) day period immediately following the notice provided to the Executive Board of the offer to purchase or of the requirement to sell under the Master Deed Restriction. The Owner who provides the first such notice and deposit to the selling Owner shall be the purchaser.

Section 17.03 Failure to Close. Closing of the purchase transaction pursuant to the exercise of a right of first refusal as provided herein shall be in accordance with this Section, but in no event shall it take place later than thirty (30) days following the receipt by the selling Owner of the notice of election to purchase. If closing does not occur within the thirty (30) day time period then the selling Owner may sell its Unit to the person and upon the terms and conditions as set forth in the offer at any time thereafter, or in the case of a proceeding related to a required sale under the terms of a Deed Restriction, the Owner who provided the second notice of election to purchase and a deposit shall be allowed 30 days in which to close the transaction as provided in this section. If the second such Owner fails to close as provided herein, the Right of First Refusal shall be deemed to have been satisfied, and the mortgagee may proceed with a foreclosure proceeding free from any claim of an Owner claiming an interest through this section.

Section 17.04 Right to Avoid Non-Complying Transfer. In the event any Owner shall attempt to sell its Unit without affording to each Owner the right of first refusal herein provided, such sale shall be voidable, and may be voided by a certificate of noncompliance duly recorded in the office of the Clerk and Recorder of Pitkin County, Colorado by an authorized representative of the Executive Board. In the event an authorized representative of the Executive Board has not recorded such certificate of noncompliance within one (1) year from the date of recording of a deed delivered in violation of this Article, such a conveyance shall be conclusively deemed to have been made in compliance with this Article and no longer voidable.

The failure or refusal of any Owner to exercise the right to so purchase shall not constitute or be deemed to be a waiver of such right to purchase when an Owner receives any subsequent bona fide offer from a prospective purchaser.

Section 17.05 General Conditions. In no cases shall the right of first refusal reserved herein affect the right of an Owner to subject his Condominium Unit to a trust deed, mortgage, or other

security instrument. The right of first refusal as provided herein shall extend and run for the life of Colorado Governor Bill Owens, and his now living descendants, and the survivor of them, plus twenty-one (21) years.

Except as otherwise provided in this Article, and except upon a transfer of title to a Public Trustee or to a First Mortgagee, each grantor of a Unit upon transferring or conveying his or her interest, shall incorporate in such instrument of conveyance an agreement that the grantee carry out the provisions of the "right of first refusal" as provided in this Article.

Section 17.06 Foreclosure Sale Not Subject Hereto. In the event of any default on the part of an Owner under any First Mortgage which entitles the holder thereof to foreclose the same, any sale under such foreclosure, including delivery of a deed to the First Mortgagee in lieu of such foreclosure, shall be made free and clear of the provisions of this Article. However, the grantee under the Public Trustee's Deed or deed in lieu of foreclosure of such Unit shall hereafter be subject to the provisions of this Declaration and the Bylaws. If the grantee of a Public Trustee's Deed or deed in lieu of foreclosure shall be the then holder of the First Mortgage, or its nominee, the said holder or nominee may thereafter sell and convey the Unit free and clear of the provisions of this Article, but its grantee shall thereafter be subject to all of the provisions hereof.

Section 17.07 Other Exempt Transfers. The following transfers of a Unit are also exempt from the provisions of this Article:

17.07.01 The transfer by operation of law, of a deceased joint tenant's interest to the surviving joint tenant(s);

17.07.02 The transfer of a deceased's interest to a devisee or devisees by will or to his heirs at law under intestacy laws;

17.07.03 The transfer of an Owner's interest, in whole or in part, to a blood relative;

17.07.04 The transfer of an Owner's interest by treasurer's deed pursuant to a sale for delinquent taxes;

17.07.05 The transfer of all or any part of a partner's interest as a result of withdrawal, death or otherwise, to the remaining, partners carrying on the partnership business, and/or of a partner's or partners' interests between one or more partners, and/or to persons becoming partners;

17.07.06 The transfer of a corporation's interest to the persons formerly owning the stock of the corporation as a result of a dissolution. A transfer to the resulting entity following a corporate merger or consolidation; provided, however, that at least fifty percent

(50%) of the stock of the resulting entity is owned by the stockholders of the corporation formerly owning the Unit; and

17.07.07 The transfer between co-tenants of all or a part of a co-tenant's interest.

17.07.08 The transfer or extinguishment of any Small Interest.

17.07.09 If the Owner of a Unit can establish to the satisfaction of the Executive Board that a proposed transfer is not a sale, then such a transfer shall not be subject to the provisions of this Article.

Section 17.08 Certificate of Compliance. Upon written request of any prospective transferee, purchaser, or an existing or prospective mortgagee of any Condominium Unit, the Executive Board shall forthwith, or where time is specified, at the end of the time, issue a written and acknowledged certificate in recordable form, evidencing:

17.08.01 With respect to a proposed sale under this Article that proper notice was given by the selling Owner, and that the Declarant and the Owners did not elect to exercise this option to purchase;

17.08.02 With respect to a deed to a First Mortgagee or its nominee by the Public Trustee pursuant to a foreclosure or a deed in lieu of foreclosure, and a deed from such First Mortgagee or its nominee, pursuant to this Article, that the deeds were given pursuant to a foreclosure or in lieu of foreclosure, and were not subject to the provisions of this Article; and

17.08.03 With respect to any contemplated transfer which is not in fact a sale, that the transfer will not be subject to the provisions of this Article.

Such a certificate shall be conclusive evidence of the facts contained therein.

ARTICLE 18 MISCELLANEOUS

Section 18.01 Period of Condominium Ownership. The Condominium ownership created by this Declaration and the Condominium Map shall continue until this Declaration is terminated in any manner provided in this Declaration or by law.

Section 18.02 Supplement to Condominium Interest Act. The provisions of this Declaration shall be in addition and supplemental to the Act, as it may be amended from time to time, and to all other applicable provisions of law.

Section 18.03 Conveyance of Condominium Units. All Condominium Units, whether or not the instrument of conveyance or assignment shall refer to this Declaration, shall be subject to the covenants, conditions, restriction, easements, reservation, rights-of-way and all other terms and provisions contained in this Declaration, as it may be amended from time to time.

Section 18.04 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, Bylaws or rules and regulations of the Association, as amended, shall be by any proceeding at law or in equity against any person or persons violating or attempting to violate any such provision. The Association and any aggrieved Owner shall have the right to institute, maintain and/or prosecute any such proceedings, and the Association shall further have the right to levy and collect charges for the violation of any provision of any of this Declaration, which charges shall be a perpetual lien in favor of the Association against each Condominium Unit, as more fully provided in Article 7 hereof. In any such action instituted or maintained under this Section, or against the Association by any Owner, the substantially prevailing party or parties shall be entitled to recover its costs and reasonable attorneys' fees incurred pursuant thereto, as well as any and all other sums awarded by the court. If the Association is a substantially prevailing party, the costs and reasonable attorney's fees incurred by the Association under this Section may, in addition to any other available remedy, be treated as a special assessment against the Condominium Unit owned by the Owner(s) who was (were) the opposing litigant(s).

Section 18.05 Notices: Registration of Mailing Address. Each Owner and each First Mortgagee, insurer or guarantor of a First Mortgage, shall register his mailing address with the Association, and notices or demands intended to be served upon the Association, any such Owner, First Mortgagee, insurer or guarantor shall be hand delivered or sent by first class mail, postage prepaid, addressed to the Association at its address set forth below (or such other address of which it gives notice) or to such other person or entity addressed in the name of such person or entity, at such registered address. However, if any Owner fails to so notify the Association of a registered address, then any notice or demand may be delivered or sent, as aforesaid, to such Owner at the address of such Owner's Condominium Unit. Until the same has been changed, the address for the Association shall be: 520 W. Main Street, Aspen, Colorado 81611.

Section 18.06 Distribution of Information. In the event that the Association or any Owner wishes to notify the Owners of any matter affecting the Project or the community, the Association shall distribute said notice on behalf of itself or any such Owner. The right of an Owner to compel the distribution of such notices by the Association shall be subject to the reasonable rules and regulations promulgated by the Association.

Section 18.07 Non-Waiver. Failure by Declarant, the Association, any Owner, First Mortgagee or any other person or entity 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 18.08 Severability. The provisions of this Declaration shall be deemed to be independent and severable, and the invalidity of any one or more of the provisions hereof, or any portion thereof, by judgment or court order or decree shall in no way affect the validity or enforceability of any of the other provisions, which other provisions shall remain in full force and effect.

Section 18.09 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 18.10 Captions. The captions to the Articles and Sections and the Table of Contents at the beginning of this Declaration are inserted herein only as a matter of convenience and for reference, and are in no way to be construed to define, limit or otherwise described the scope of this Declaration or the intent of any provision hereof.

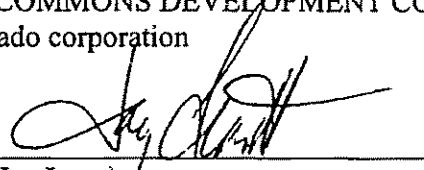
Section 18.11 Conflicts in Documents. In case of any conflict between this Declaration and the Articles of Incorporation or Bylaws of the Association, this Declaration shall control. In case of any conflict between the Articles of Incorporation and Bylaws of the Association, the Articles of Incorporation shall control.


Section 18.12 Rule Against Perpetuities. Unless exempted from the application of the rule against perpetuities under the provisions of the Act, any interest in Property granted under this Declaration shall vest, if at all, within the period measured by the life of the survivor of Colorado Governor Bill Owens and his now living descendants, plus twenty-one (21) years..

IN WITNESS WHEREOF, the undersigned, being Declarant herein, has hereunto set its hand and seal this 21st day of July, 2000.

ULLR COMMONS DEVELOPMENT COMPANY,
a Colorado corporation

BY:


Jay Leavitt
President


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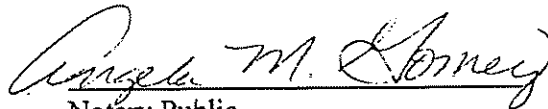
STATE OF COLORADO)
) ss.
COUNTY OF PITKIN)

The above and foregoing CONDOMINIUM DECLARATION FOR ULLR COMMONS CONDOMINIUMS as acknowledged before me this 21st day of July, 2000, by Jay Leavitt, as President of Ullr Commons Development Company, a Colorado nonprofit corporation.

Witness my hand and official seal.

My commission expires: MY COMMISSION EXPIRES 4/12/2003

SEAL


Notary Public

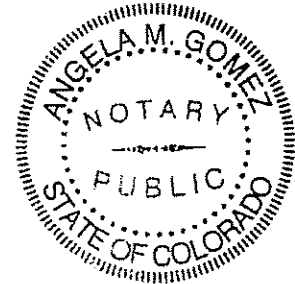


Exhibit List

- A. Legal Description of Real Estate
- B. Table of Allocated Interests
- C. List of Easements, Licenses, and Other Recorded Documents Related to Title to the Real Estate




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EXHIBIT "A"
LEGAL DESCRIPTION

CONDOMINIUM UNIT 1-27,
ULLR COMMONS CONDOMINIUMS, according to the Plat thereof filed July 14, 2000 in Plat Book 53, at Page 99 and
July 18, 2000 in Plat Book 54 at Page 2 and as defined and described in the Condominium Declaration for Ullr Commons
Condominiums recorded July 26, 2000 as Reception No. 445480.


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Ullr Commons Condominium Association

ASSESSMENT ALLOCATIONS

EXHIBIT B

<u>Unit No.</u>	<u>Type</u>	<u>BRs</u>	<u>% Ownership</u>
<u>Lower Level</u>			
1	Lodge	0.5	1.52%
2	Lodge	0.5	1.52%
19	2-BR	2	6.06%
24	2-BR	2	6.06%
25	2-BR	2	6.06%
26	Studio	1	3.03%
27	2-BR	2	6.06%
<u>First Floor</u>			
3	Lodge	0.5	1.52%
4	Lodge	0.5	1.52%
5	Lodge	0.5	1.52%
6	Lodge	0.5	1.52%
11	1-BR	1	3.03%
12	2-BR	2	6.06%
13	1-BR	1	3.03%
14	1-BR	1	3.03%
20	2-BR	2	6.06%
21	2-BR	2	6.06%
22	2-BR	2	6.06%
23	3-BR	3	9.09%
<u>Second Floor</u>			
7	Lodge	0.5	1.52%
8	Lodge	0.5	1.52%
9	Lodge	0.5	1.52%
10	Lodge	0.5	1.52%
15	1-BR	1	3.03%
16	2-BR	2	6.06%
17	1-BR	1	3.03%
18	1-BR	1	3.03%
<u>New Total:</u>			
	BRs	33	100.00%



EXHIBIT "C"

1. Reservations and exceptions as set forth in the Deed from the City of Aspen recorded in Book 59 at Page 356 & 357 providing as follows: "That no title shall be hereby acquired to any mine of gold, silver, cinnabar or copper or to any valid mining claim or possession held under existing laws".
2. Mineral reservation as set forth in Deed recorded February 18, 1964 in Book 206 at Page 27. (Affects Lot N and the West one-half of Lot O)
3. Terms, conditions, provisions and obligations as set forth in Easement Agreement recorded December 11, 1986 in Book 524 at Page 842.
4. Easements, rights of way and all matters as disclosed on Survey of subject property recorded February 25, 2000 in Plat Book 52 at Page 69.
5. Terms, conditions, provisions, obligations and all matters as set forth in Resolution of the City of Aspen Planning and Zoning Commission recorded March 2, 2000 as Reception No. 441032 as Resolution No. 8 (Series of 2000).
6. Easements, rights of way and all matters as disclosed on Plat of subject property recorded July 14, 2000 in Plat Book 53 at Page 99 and recorded July 18, 2000 in Plat Book 54 at Page 2.
7. Terms, conditions, provisions and obligations as set forth in Sidewalk Easement Agreement recorded July 3, 2000 as Reception No. 444714.
8. Terms, conditions, provisions and obligations as set forth in Revocable Encroachment License recorded July 3, 2000 as Reception No. 444715 and July 3, 2000 as Reception No. 444716.
9. Terms, conditions, provisions and obligations as set forth in Planned Unit Development Agreement recorded July 14, 2000 as Reception No. 445009.
10. Terms, conditions, provisions, obligations, easements, restrictions and assessments as set forth in the Condominium Declaration for ULLR COMMONS CONDOMINIUMS recorded July 24, 2000 as Reception No. 445480, deleting therefrom any restrictions indicating preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin.
11. Terms, conditions, provisions, obligations and all matters as set forth in the By-Laws of ULLR COMMONS CONDOMINIUM recorded _____, 2000 as Reception No. _____.
12. Terms, conditions, provisions and obligations as set forth in Occupancy Deed Restriction recorded July 26th, 2000 as Reception No. 445479.



445480 07/26/2000 09:19A CONDO DE DAVIS SILVI
52 of 52 R 260.00 D 0.00 N 0.00 PITKIN COUNTY CO