

excluded from property policies. Hazard and flood insurance policies which cover Lots, if any such policies exist, must contain a standard Mortgagee clause and must provide that notice is given to all relevant Mortgagees at least ten (10) days prior to the lapse, material modification or cancellation of such policies.

8.6 Duty to Maintain Liability Insurance. The Association shall obtain and keep in full force and effect at all times, to the extent reasonably obtainable, general liability insurance against claims and liabilities arising in connection with the ownership, existence, use or management of the Association Properties and covering public liability for bodily injury and property damage and, if the Association owns or operates motor vehicles, public liability for bodily injury and property damage arising as a result of the ownership and operation of motor vehicles. Such liability insurance for other than motor vehicle liability shall, to the extent reasonably obtainable: (a) have limits of not less than Five Hundred Thousand Dollars (\$500,000) per person and One Million Dollars (\$1,000,000) per occurrence; (b) insure the Board, the Association, the Managing Agent of the Association, if any, and their respective employees, agents and all Persons acting as agents; (c) include the Declarant as an additional insured in such Declarant's capacity as a Member or Board member; (d) include the Members as an additional insured, but only for claims and liabilities arising in connection with the ownership, existence, use or management of Association Properties; and (e) cover claims of one or more insured parties against other insured properties.

8.7 General Provisions Respecting Insurance. Insurance obtained by the Association may contain such deductible provisions as good business practice may dictate. If the insurance described is not reasonably available, or if any policy of such insurance is cancelled or renewed without a replacement policy therefor having been obtained by it, the Association shall promptly cause notice of that fact to be delivered to all Members. The Association may carry any other type of insurance it considers appropriate, in amounts it deems appropriate, to insure the interests of the Association. Insurance policies carried pursuant to this Article 8 shall provide that: (a) each Member is an insured person under the policy with respect to liability arising out of such Member's interest in the Association Properties or membership in the Association; (b) the insurer waives its right of subrogation under the policy against the Association, each Member, and any Person claiming by, through, or under such Member or any other director, agent, or employee of the foregoing; (c) no act or omission by any Member, unless acting within the scope of such Member's authority on behalf of the Association, will void the policy or be a condition to recovery under the policy; and (d) if, at the time of a loss under the policy, there is other insurance in the name of a Member covering the same risk covered by the policy, the Association's policy shall be the primary insurance. The Association may adopt and establish written nondiscriminatory policies and procedures relating to the submittal of claims, responsibility for deductibles and any other matters of claims adjustment. To the extent the Association settles claims for damages to real property, it shall have the authority to assess negligent Owners causing such loss or benefitting from such repair or restoration for all deductibles paid by the Association. Insurance obtained by the Association shall, to the extent reasonably possible and provided Declarant reimburses the Association for any additional premium payable on account thereof, name Declarant as an additional insured and shall contain a waiver of rights of subrogation as against Declarant. Insurance policies and insurance coverage shall be reviewed at least annually by the Board of Directors to ascertain whether coverage under the policies is sufficient in light of the current values of the Association Properties and in light of the possible or potential liabilities of the Association. The aforementioned insurance may be provided under blanket policies covering the Association Properties and property of Declarant. In no event shall insurance coverage obtained or maintained by the Association be bought in conjunction with insurance purchased by Owners, occupants or their Mortgagees.

8.8 Fidelity Bonds Required/Segregation of Funds. In the event the Board of Directors delegates powers of the Board relating to the collection, deposit, transfer or disbursement of Association funds to the Managing Agent, such Managing Agent shall be required to maintain fidelity insurance coverage or a bond in an amount not less than Fifty Thousand Dollars (\$50,000.00) or such higher amount as the Board of Directors may require. In addition to the foregoing, such Managing Agent shall be required to carry insurance in such amount as the Board determines and workmen's compensation insurance, and shall maintain all funds and accounts of the Association separate from the funds and accounts of other associations managed by such Managing Agent and maintain all reserve accounts of each association so managed separate from operational accounts of the Association. The Managing Agent shall further prepare and provide to the Association an annual accounting of Association funds and a financial statement provided that such annual accounting may be prepared by a public or certified public accountant.

8.9 Other Insurance and Bonds. The Association shall obtain such other insurance as may be required by law, including workmen's compensation insurance, and shall have the power to obtain such other insurance and such fidelity, indemnity, or other bonds as the Association shall deem necessary or desirable.

8.10 Duty to Prepare Budgets. The Association shall prepare Budgets for the Association as provided in Article 9 of this Declaration.

8.11 Duty to Levy and Collect Assessments. The Association shall levy and collect Assessments and shall be responsible for the preparation and filing of liens as provided in Article 9 of this Declaration.

8.12 Duty to Keep Association Records. The Association shall keep financial records sufficiently detailed to enable the Association to comply with the Act, including, but not limited to, financial records sufficiently detailed to provide a statement setting forth the amount of any unpaid Assessments currently levied against an Owner.

8.13 Duties with Respect to Design Review Committee Approvals. The Association shall perform functions to assist the Design Review Committee as elsewhere provided in this Declaration.

8.14 Power to Acquire Property and Construct Improvements. The Association may acquire property or interests in property for the common benefit of Owners including Improvements and personal property. The Association may construct Improvements on property and may demolish existing Improvements.

8.15 Power to Adopt Rules and Regulations. The Association may adopt, amend, repeal, and enforce Rules and Regulations as may be deemed necessary or desirable with respect to the interpretation and implementation of this Declaration, the operation of the Association, the use and enjoyment of Association Properties, and the use of any other property within the Common Interest Community, including Lots. Any such Rules and Regulations shall be effective only upon adoption by resolution of the Board of Directors. Notice of the adoption, amendment, or repeal of any Rule or Regulation shall be given in writing to each Member at the address for notices to Members as elsewhere provided in this Declaration or the Bylaws, and copies of the currently effective Rules and Regulations shall be made available to each Member upon request and payment of the reasonable expense of copying the same. Each Member shall comply with such Rules and Regulations and shall see that Persons claiming through such Member comply with such Rules and Regulations. Such Rules and Regulations shall have the same force and effect as if they were set forth in and were part of this Declaration. In the event of conflict between

the Rules and Regulations and the provisions of this Declaration, the provisions of this Declaration shall prevail.

8.16 Power to Enforce Declaration and Rules and Regulations. The Association shall have the power to enforce the provisions of this Declaration and the Rules and Regulations and shall take such action as the Board deems necessary or desirable to cause such compliance by each Member and each Person claiming by, through, or under such Member ("Related User"). Without limiting the generality of the foregoing, the Association shall have the power to enforce the provisions of this Declaration and the Rules and Regulations by any one or more of the following means: (a) by immediate entry upon any property within the Common Interest Community without notice (unless a bona fide emergency exists), without liability to the Owner thereof or the Association, for the purpose of enforcement or causing compliance with this Declaration or the Rules and Regulations; (b) by commencing and maintaining actions and suits to restrain and enjoin any breach or threatened breach of the provisions of this Declaration or the Rules and Regulations, by mandatory injunction or otherwise; (c) by commencing and maintaining actions and suits to recover damages for breach of any of the provisions of this Declaration or the Rules and Regulations; (d) by suspension, after Notice and Hearing, of the voting rights of a Member during and for up to sixty (60) days following any breach by such Member or a Related User of such Member of this Declaration or the Rules and Regulations, unless the breach is a continuing breach in which case such suspension shall continue for a period not to exceed sixty (60) days from the date such breach is cured; (e) by levying and collecting a Reimbursement Assessment against any Member for breach of this Declaration or the Rules and Regulations by such Member or Related User of such Member; (f) by filing a lien on the property of the Owner in default, and (g) uniformly applied fines and penalties, established in advance in the Rules and Regulations of the Association, from any Member or Related User for breach of this Declaration or the Rules and Regulations by such Member or Related User of such Member.

8.17 Power to Grant Easements. The Association shall have the power to grant access, utility, drainage, water facility, and other such easements in, on, over, or under Association Properties, as well as the power to designate portions of the Association Properties as limited common elements for the benefit of specific Lot owners.

8.18 Power to Convey and Dedicate Property to Governmental Agencies. The Association, with the approval of Members representing at least sixty-seven percent (67%) of the voting power of the Association entitled to vote, shall have the power to grant, convey, dedicate, or transfer any Association Properties or facilities to any public, governmental or quasi-governmental agency or authority for such purposes and subject to such terms and conditions as the Association shall deem appropriate, subject to the provisions elsewhere contained in this Declaration for approval of the same by Declarant with respect to property transferred to the Association by Declarant.

8.19 Power to Borrow Money and Mortgage Property. The Association shall have the power to borrow money and, with the approval of Members representing at least sixty-seven percent (67%) of the voting power of the Association entitled to vote, to encumber Association Properties as security for such borrowing, subject to provisions elsewhere contained in this Declaration with respect to required approvals and consents to such action. An Agreement to convey, or subject the Association Properties to a security interest in accordance with this Section and Section 8.18 above shall be evidenced by the execution of an agreement, or ratification thereof, by the requisite number of Owners. The agreement shall specify a date after which the agreement will be void unless recorded before that date and shall be effective upon recordation.

8.20 Power to Engage Employees, Agents, and Consultants. The Association shall have the power to hire and discharge employees and agents and to retain and pay for management, (e.g., management company), legal and accounting services as may be necessary or desirable in connection with the performance of any duties or the exercise of any powers of the Association under this Declaration.

8.21 General Corporate Powers. The Association shall have all of the ordinary powers and rights of a Colorado corporation formed under the Colorado Nonprofit Corporation Act, including, without limitation, entering into partnership and other agreements, subject only to such limitations upon such powers as may be set forth in this Declaration or in the Articles of Incorporation or Bylaws. The Association shall also have the power to do any and all lawful things which may be authorized, required, or permitted to be done under this Declaration or the Articles of Incorporation or Bylaws and to do and perform any and all acts which may be necessary or desirable for, or incidental to, the exercise of any of the express powers or rights of the Association under this Declaration and the Articles of Incorporation or Bylaws.

8.22 Powers Provided by Law. In addition to the above-referenced powers, the Association shall have full power to take and perform any and all actions which may be lawfully taken by the Association under the Colorado Nonprofit Corporation Act and the Colorado Common Interest Ownership Act, as the same may be amended from time to time.

ARTICLE 9

ASSESSMENTS, BUDGETS, AND FUNDS

9.1 Maintenance Funds To Be Established. The Association shall establish and maintain the following separate Maintenance Funds: (a) an "Operating Fund"; and (b) a "Reserve Fund." The Maintenance Funds shall be established as one or more trust savings or trust checking accounts at any financial institution in which deposits are insured by an agency of the federal government.

9.2 Establishment of Other Funds. The Association may, upon approval of Members representing at least 67% of the Owners of Lots, establish other funds as and when needed including, but not limited to, a fund established to allow for the enforcement of the terms and provisions of this Declaration. Nothing herein shall limit, preclude or impair the authority of the Association to establish other funds for specified purposes authorized by this Declaration. If the Association establishes any additional funds, the Board shall designate an appropriate title for the fund to distinguish it from other funds maintained by the Association.

9.3 Deposit of Common Assessments to Maintenance Funds. Monies received by the Association from Common Assessments shall be deposited in the Maintenance Funds in accordance with the following provisions: (a) there shall be deposited in the Operating Fund that portion of the Common Assessments which, according to the Association Budget for the year, was budgeted for operating costs and expenses relating to or arising from the performance of Administrative Functions by the Association; and (b) there shall be deposited to the Reserve Fund that portion of the Common Assessments which were budgeted for capital repairs, replacements and improvements.

9.4 Other Deposits to Maintenance Funds. The Association shall deposit monies received by the Association from sources other than Common Assessments in the Maintenance Fund determined by the Board of Directors to be most appropriate. For example, Reimbursement Assessments shall be deposited to the Maintenance Fund from which the costs and expenses were or will be paid which form the basis for the Reimbursement Assessments and Special Assessments for capital repairs, maintenance, replace-

ments and Improvements shall be deposited to the Reserve Fund from which such capital costs have been or will be paid. Interest and late charges received on account of delinquent assessments may be allocated among the Maintenance Funds in the same proportions as the delinquent assessments were allocated or, at the discretion of the Board of Directors, may be allocated to any one or more of the Maintenance Funds or other funds.

9.5 Disbursements from Maintenance Funds. All amounts deposited in the Maintenance Funds shall be used solely for the common benefit of all the Members for purposes authorized by this Declaration. Disbursements from particular Maintenance Funds shall be limited to specified purposes as follows: (a) disbursements from the Operating Fund may be made for such purposes as are necessary or proper under this Declaration, except those purposes for which disbursements are to be made from other Maintenance Funds; and (b) disbursements from the Reserve Fund shall be made solely for purposes of funding those Administrative Functions which cannot be expected to recur on an annual or more frequent basis.

9.6 Authority for Disbursements. The Board shall have the authority to make or to authorize an agent to make disbursements of any monies to or from any Maintenance Fund.

9.7 Common Assessments. For each calendar year, the Association may levy Common Assessments against Owners of the Lots. Each Owner shall be obligated to pay the Common Assessments levied against and allocated to such Owner and the Lot of such Owner, as hereinafter provided. For the purposes of this Declaration, the initial maximum Common Assessment for the calendar year 2000 shall be \$31.00 per month (the "Initial Assessment") subject to an annual increase of the greater of ten percent (10%) or the increase in the Consumer Price Index for the year in question; provided, however, that, during the period of Declarant control specified herein, Declarant shall be obligated to pay any shortfall of the Association's actual costs for operating costs and expenses not covered by Common Assessments paid by all other Owners.

9.8 Member Approval of Increase in Maximum Common Assessment. Notwithstanding, the provisions of Section 9.7, if the Board of Directors, by majority vote, determines that the important and essential functions of the Association will not be properly funded in any one year or in any one year and subsequent years by the amount of the Maximum Common Assessment, it may call a meeting of Members requesting approval of a specified increase in the Common Assessments. An increase in the Common Assessment for any year shall require the approval of Members representing two-thirds (2/3) of the entire voting power of the Association entitled to vote (exclusive of the voting power exercisable by Declarant).

9.9 Apportionment of Common Assessments. The amount of the Common Assessments for any year, payable by the Owner of such Lot, shall be computed by multiplying the total amount to be raised by the Common Assessments for that year, as shown in the Association Budget for that year, by a fraction, the numerator of which is one (1) and the denominator of which is the total number of Lots in the Common Interest Community as of the date of such Assessment. Following the expiration of the 5-year period, Declarant will be treated as if it were any other Owner with respect to its obligation to pay Common Assessments.

9.10 Funding of Reserve Funds. The Board, in budgeting and levying Common Assessments, shall endeavor to fund the Reserve Fund by regularly scheduled payments included as part of the Common Assessments rather than by large Special Assessments.

9.11 Supplemental Common Assessments. Except as otherwise provided herein, if the estimated sums contained in the Budget prove inadequate for any reason, including nonpayment of any Owner's Common Assessment, the Board may, from time to time, levy a Supplemental Common Assessment for any of the Maintenance Funds. Such Supplemental Common Assessment shall be assessed against the Owner of each Lot, in the same manner Common Assessments are originally assessed each year by the Board with respect to the particular Maintenance Fund except that the denominator shall be the number of Lots in the Common Interest Community as of the date of such Assessment. Written notice of any change in the amount of any annual Common Assessment shall be sent to every Owner subject thereto, not less than thirty (30) days prior to the effective date of such change.

9.12 Annual Budgets. The Board of Directors shall cause to be prepared, at least sixty (60) days prior to the commencement of each calendar year, a Budget for such calendar year, including a reasonable provision for contingencies and deposits into the Operating Fund and the Reserve Fund. The Budget shall show, in reasonable detail, the categories of expenses and the amount of expenses in each Maintenance Fund, and shall reflect any expected income of the Association for the coming calendar year and any expected surplus from the prior year and any existing surplus in any Reserve Fund. The Budget may include an amount for contingencies and amounts deemed necessary or desirable for deposits to create, replenish, or add to the proper Reserve Fund for major capital repairs, replacements, and improvements for Association Properties. Within thirty (30) days after the adoption of any Budget by the Board, the Board shall cause a copy of the Budget to be distributed to each Member, shall cause a copy of the Budget to be posted at the principal office of the Association, and shall set a date for a meeting of the Owners to consider ratification of the Budget not less than fourteen (14) nor more than sixty (60) days after mailing or other delivery of the summary. Such meeting may be concurrent with the annual meeting of Members as provided in the Bylaws. Unless at that meeting a majority of the Owners reject the Budget, the Budget shall be deemed ratified, whether or not a quorum is present. In the event the 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 Board. In the event the Association does not have an address for any Member, the posting of such Budget at the principal office of the Association shall be deemed notice to any such Member. At such time as the Association publishes a newsletter for Members, the Budget shall be published in such newsletter. Copies of the Budget shall be made available by the Association to any Members requesting a copy of the same upon payment of the reasonable expense of copying the same.

9.13 Commencement of Common Assessments. Except as otherwise provided herein, Common Assessments shall commence as to each Lot within the Common Interest Community on the first day of the first month following the date of recordation of the first deed conveying that Lot within the Common Interest Community. The Common Assessments for the then current calendar year shall be prorated within the Common Interest Community on the basis of the number of months in such calendar year remaining from the date of commencement of such Common Assessments to the end of such calendar year.

9.14 Payment of Assessment. Common Assessments shall be due and payable in advance to the Association by the assessed Member during the calendar year and shall be payable on such dates as the Board of Directors may designate in its sole and absolute discretion. Notice of the amount of the Common Assessments shall be given to each Member as soon as practical after the Budget as been ratified by the Members. The Assessment Deposit, as hereinafter defined, shall be due and payable at the closing on any Lot within or made a part of the Common Interest Community.

9.15 Assessment Deposit. At the closing of a purchase of a Lot, each Owner shall deposit with the Association a sum to be determined by the Association, but which sum shall be equal to three (3) months of the total estimated monthly Common Assessment for such Lot, which shall be held by the

Association as a reserve for working capital (the "Assessment Deposit"). The deposit of such sums shall not relieve an Owner from making the regular payment of any Common Assessment and other amounts as the same come due hereunder.

9.16 Failure to Fix Assessment. The failure by the Board of Directors to levy an Assessment for any year shall not be deemed a waiver or modification with respect to any of the provisions of this Declaration or a release of the liability of any Member to pay Assessments, or any installment thereof, for that or any subsequent year. No abatement of the Common Assessment or any other Assessment shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or Improvements to Association Properties or from any action taken to comply with any law or any determination of the Board of Directors or for any other reason.

9.17 Special Assessments for Capital Expenditures. In addition to Common Assessments, the Board of Directors may, with the approval of Members representing at least sixty-seven (67%) of the Owners of Lots, subject to the provisions of this Section, levy Special Assessments for the purpose of raising funds not otherwise provided under the Budget from Common Assessments to (a) construct or reconstruct, repair or replace capital Improvements upon Association Properties, including necessary personal property related thereto; (b) add to the Association Properties; (c) provide for necessary facilities and equipment to offer the services authorized in this Declaration; or (d) repay any loan made to the Association to enable it to perform the duties and functions authorized in this Declaration. The Board of Directors shall not levy Special Assessments without the vote of the Members representing at least two-thirds (2/3) of the Owners of Lots subject to the Special Assessment who are entitled to vote. Special Assessments for capital Improvements which may be used by all Members of the Association shall be levied solely on the basis of, and in proportion to, the Membership Interest of an Owner. The Association shall notify Members in writing of the amount of any Special Assessment and of the manner in which, and the dates on which, any such Special Assessment is payable and the Members shall pay any such Special Assessment in the manner so specified.

9.18 Reimbursement Assessments. The Board of Directors may, subject to the provisions hereof, levy a Reimbursement Assessment against any Member if the willful or negligent failure of a Member, or a Person acting by or through a Member, to comply with this Declaration, the Articles of Incorporation, the Bylaws or the Rules and Regulations results in the expenditure of funds by the Association including, but not limited to, court costs and attorneys' fees. Such Assessment shall be known as a Reimbursement Assessment. The amount of the Reimbursement Assessment shall be due and payable to the Association thirty (30) days after notice to the Member of the decision of the Board of Directors that the Reimbursement Assessment is owing. A Member shall be entitled to Notice and Hearing prior to the issuance of a Reimbursement Assessment against such Owner by the Association.

9.19 Late Charges and Interest. If any Assessment, or any installment thereof, is not paid when due, the Member obligated to pay the Assessment may be required to pay a reasonable late charge to be determined by the Board. Any Assessment, or installment of Assessment, which is not paid when due shall bear interest from the date such Assessment was due at a rate of eighteen percent (18%) per annum. Lots which are or will be subject to a VA-guaranteed loan will not be subject to delinquent Assessments in excess of six months in any case in which the Association has not brought an enforcement action against the Owner of such Lot.

9.20 Surplus Funds. The Association shall not be required to pay, or otherwise refund to the Members, any surplus funds remaining after payment of, or provision for, Administrative Functions or reserves, however in its discretion such surplus maybe used to reduce future Assessments.

9.21 Notice of Default and Acceleration of Assessments. If any Assessment, or any installment thereof, is not paid when due, the Board of Directors may, but shall not be required to, mail a notice of default ("Notice of Default") to the Owner and to each first Mortgagee of the Lot who has requested a copy of the notice. The notice shall specify (a) the fact that the installment is delinquent; (b) the action required to cure the default; and (c) that failure to cure the default on or before the date specified in the notice may result in acceleration of the balance of the Assessment or the installments of the Assessment for the then current calendar year and the filing and foreclosure of the lien for the Assessment against the Lot of the Member. If the delinquent Assessment or installment and any late charges or interest thereon are not paid in full on or before the date specified in the notice, the Board, at its option, may declare all of the unpaid balance of the Assessment to be immediately due and payable without further demand and may enforce the collection of the full Assessment and all charges and interest thereon in any manner authorized by law or in this Declaration, subject to the protection afforded to Mortgagees under this Declaration.

9.22 Remedies to Enforce Assessments. Each Assessment levied hereunder shall be a separate, distinct and personal debt and obligation of the Owner or Member against whom the same is assessed. In the event of a default in payment of any Assessment or installment thereof, whether Common, Special, or Reimbursement, the Board may, in addition to any other remedies provided under this Declaration or by law, enforce such obligation on behalf of the Association by suit or by the filing and foreclosure of a lien as hereinafter provided.

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

9.24 Lien to Enforce Assessments. Pursuant to and in accordance with the Act, the Association shall have a statutory lien on a Lot for any Assessment levied against that Lot, or fines imposed against its Owner, from the time such Assessment or fine becomes due. All fees, charges, late charges, attorneys' fees, fines and interest outstanding from such Owner shall be included in such lien. The lien created hereby and under the Act shall be prior to any declaration of homestead rights recorded after the time that the Lot becomes a part of the Common Interest Community and shall have the priority attached to such lien under the Act and under Colorado law. The lien shall continue until the amounts secured thereby and all subsequently accruing amounts are fully paid or otherwise satisfied. Unless paid or otherwise satisfied, the lien may be foreclosed in the manner for the foreclosure of mortgages in the State of Colorado or in any other manner provided under Colorado law. Notwithstanding the foregoing to the contrary or anything contained in the Act to the contrary, no lien for Assessments shall be prior to the lien of a first Mortgagee.

9.25 Estoppel Certificates. Upon the written request of any Member and any Person with, or intending to acquire, any right, title, or interest in the Lot of such Member, the Association shall furnish a written statement setting forth the amount of any Assessments or other amounts, if any, due and accrued and then unpaid with respect to a Lot and the Owner thereof, and setting forth the amount of any Assessment levied against such Lot which is not yet due and payable. Such statement shall, with respect to the Person to whom it is issued, be conclusive against the Association and all Persons for all purposes, that no greater or other amounts were then due or accrued and unpaid and that no other Assessments have been levied.

9.26 No Offsets. All Assessments shall be payable in the amounts specified in the levy thereof, and no offsets or reduction thereof shall be permitted for any reason including, without limitation, any claim that the Association or the Board of Directors is not properly exercising its duties and powers under this Declaration.

ARTICLE 10

MISCELLANEOUS

10.1 Term of Declaration. Unless amended as herein provided, each provision contained in this Declaration shall continue and remain in full force and effect until December 31, 2055, and thereafter shall be automatically extended for successive periods of ten (10) years each unless terminated by the vote, by written ballot, of Members holding at least sixty-seven percent (67%) of the voting power of Members of the Association entitled to vote. In the event this Declaration is terminated, the termination of this Declaration shall be evidenced by a termination agreement ("Termination Agreement"), or ratification thereof, executed by the requisite number of Owners. The Termination Agreement shall specify a date after which the Termination Agreement will be void unless recorded before such date. The Termination Agreement shall be recorded and the termination of this Declaration shall be effective upon such recording.

10.2 Amendment of Declaration by Declarant. Until such time as Declarant has conveyed any portion of the Common Interest Community to individual home buyers, any of the provisions, covenants, conditions, restrictions and equitable servitudes contained in this Declaration may be amended or terminated by Declarant by the recordation of a written instrument, executed by Declarant, setting forth such amendment or termination. Declarant reserves the right to unilaterally amend this Declaration in all circumstances permitted by the Act and which do not conflict with VA guidelines. Notwithstanding anything contained within this Declaration, and to the extent permitted by the Act, if Declarant determines that any amendments to this Declaration or any amendments to the Articles or Bylaws shall be necessary in order for existing or future Mortgages or other security instruments to be acceptable to the VA then Declarant shall have and hereby specifically reserves the right and power to make, execute and record any such amendments without obtaining approval of the Owners, Members or Mortgagees (or any percentage thereof). Notwithstanding anything contained within this Declaration, during the period of Declarant control, amendments of documents previously approved by the VA, must be subsequently approved by the VA.

10.3 Amendment of Declaration by Members. Except as otherwise provided in this Declaration, any provision, covenant, condition, restriction or equitable servitude contained in this Declaration may be amended, including Material Amendments, or repealed and any action, including Extraordinary Actions, may be taken at any time and from time to time upon approval of the amendment by Members holding at least seventy-five percent (75%) of the voting power of the Association entitled to vote. The approval of any such amendment or repeal shall be evidenced by a certification executed by the requisite number of Members. The amendment shall be effective upon the recordation of a certificate, executed by the President or a Vice President and the Secretary or an Assistant Secretary of the Association setting forth the amendment in full and certifying that the amendment or repeal has been approved by the Members. Any amendment to the Declaration made hereunder shall be effective only when Recorded. Notwithstanding anything herein to the contrary, meetings of the Members which are called for the purposes of approving or rejecting Extraordinary Actions and/or Material Amendments must comply with the following: (i) at least twenty-five (25) days advance notice to all Members must be given; (ii) the notice must state the purpose of the meeting and contain a summary of the Extraordinary Action and/or Material Amendment to be approved or rejected; (iii) the notice must include a proxy which can be cast in lieu of

attendance at the meeting; and (iv) a quorum of at least ten percent (10%) of the members entitled to vote either in person or by proxy must be present at such meeting.

10.4 Amendment of Articles and Bylaws. The Articles of Incorporation and Bylaws may be amended in accordance with the provisions set forth in such instruments or, in the absence of such provisions, in accordance with applicable provisions of the Colorado Nonprofit Corporation Act.

10.5 Special Rights of First Mortgagees. Any First Mortgagee (meaning a Mortgagee with first priority over other Mortgages) of a Mortgage encumbering any Lot in the Common Interest Community, upon filing a written request therefor with the Association, shall be entitled to (a) written notice from the Association of any default by the Mortgagor of such Lot in the performance of the Mortgagor's obligations under this Declaration, the Articles of Incorporation, the Bylaws, or the Rules and Regulations, which default is not cured within sixty (60) days after the Association learns of such default; (b) examine the books and records of the Association during normal business hours; (c) receive a copy of financial statements of the Association including any annual financial statement within ninety (90) days following the end of any fiscal year of the Association; (d) to receive written notice of all meetings of Members; (e) designate a representative to attend any meeting of Members; (f) receive immediate written notice as soon as the Association receives notice or otherwise learns of any condemnation or eminent domain proceedings or other proposed acquisition with respect to any portion of the Association Properties; (g) notice of all Material Amendments to this Declaration; (h) notice of all Extraordinary Actions of the Association; (i) notice of any termination, lapse or material modification of an insurance policy held by the Association; (j) notice of any proposal to terminate this Declaration or dissolve the Association at least thirty (30) days before any action is taken; (k) right of a majority of Mortgagees to demand professional management of the Association; and (l) right of a majority of Mortgagees to demand an audit of the Associations books and records. Declarant must provide a copy of all amendments to this Declaration to VA and the Association may not make any Material Amendments or take any Extraordinary Action without the approval of the VA.

10.6 Association Right to Obtain Mortgage Information. Each Owner hereby authorizes any First Mortgagee holding a Mortgage on such Owner's Lot to furnish information to the Association concerning the status of such First Mortgage and the loan which it secures.

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

10.8 Persons Entitled To Enforce Declaration. The Association, acting by authority of the Board, and any Member of the Association entitled to vote shall have the right to enforce any or all of the provisions, covenants, conditions, restrictions, and equitable servitudes contained in this Declaration against any property within the Common Interest Community and the Owner thereof. The right of enforcement shall include the right to bring an action for damages as well as an action to enjoin any violation of any provision of this Declaration.

10.9 Violations Constitute a Nuisance. Any violation of any provision, covenant, condition, restriction, and equitable servitude contained in this Declaration, whether by act or omission, is hereby

declared to be a nuisance and may be enjoined or abated, whether or not the relief sought is for negative or affirmative action, by any Person entitled to enforce the provisions of this Declaration.

10.10 Enforcement of Self-Help. Declarant or the Association, or any authorized agent of either of them, may enforce, by self-help, any of the provisions, covenants, conditions, restrictions, and equitable servitudes contained in this Declaration to the fullest extent permitted by this Declaration and the law.

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

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

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

10.14 Limitation on Liability. The Association, the Board of Directors, the Design Review Committee, Declarant and any Member, agent, or employee of any of the same shall not be liable to any Person for any action or for any failure to act if the action or failure to act was in good faith and without malice.

10.15 Liberal Interpretation. The provisions of this Declaration shall be liberally construed as a whole to effectuate the purpose of this Declaration.

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

10.17 Colorado Common Interest Ownership Act. In the event that any of the terms and conditions of this Declaration are in conflict or inconsistent with the terms and conditions of the Colorado Common Interest Ownership Act, the terms and conditions of the Act shall control. All terms and provisions contained herein, to the extent possible, shall be construed in accordance with the terms and provisions of the Act.

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

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

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

10.21 Mergers or Consolidations. Upon a merger or consolidation of the Association with another association, its properties, rights, and obligations may, by operation of law, be transferred to another surviving or consolidated association or, alternatively, the properties, rights, and obligations of another association may, by operation of law, be added to the properties, rights and obligations of the Association as a surviving corporation pursuant to a merger. The surviving consolidated association may administer and enforce the covenants, conditions, and restrictions established by this Declaration governing the Common Interest Community, together with the covenants and restrictions established upon any other property, as one plan.

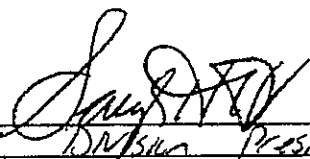
10.22 Exhibits Incorporated. All Exhibits to this Declaration are incorporated herein and made a part hereof as if fully set forth herein.

10.23 DISCLAIMER REGARDING SAFETY. DECLARANT HEREBY DISCLAIMS ANY OBLIGATION REGARDING THE SECURITY OF ANY PERSONS OR PROPERTY WITHIN THE COMMON INTEREST COMMUNITY. ANY OWNER OF PROPERTY WITHIN THE COMMON INTEREST COMMUNITY ACKNOWLEDGES THAT DECLARANT IS ONLY OBLIGATED TO DO THOSE ACTS SPECIFICALLY ENUMERATED HEREIN, OR IN THE ARTICLES OF INCORPORATION AND BYLAWS, AND IS NOT OBLIGATED TO DO ANY OTHER ACTS WITH RESPECT TO THE SAFETY OR PROTECTION OF PERSONS OR PROPERTY WITHIN THE COMMON INTEREST COMMUNITY.

10.24 NO REPRESENTATIONS OR WARRANTIES. NO REPRESENTATIONS OR WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, SHALL BE DEEMED TO HAVE BEEN GIVEN OR MADE BY DECLARANT OR ITS AGENTS OR EMPLOYEES IN CONNECTION WITH ANY PORTION OF THE COMMON INTEREST COMMUNITY, OR ANY IMPROVEMENT THEREON, ITS OR THEIR PHYSICAL CONDITION, ZONING, COMPLIANCE WITH APPLICABLE LAWS, FITNESS FOR INTENDED USE, OR IN CONNECTION WITH THE SUBDIVISION, SALE, OPERATION, MAINTENANCE, COST OF MAINTENANCE, TAXES OR REGULATION THEREOF, UNLESS AND EXCEPT AS SHALL BE SPECIFICALLY SET FORTH IN WRITING IN A SEPARATE DOCUMENT.

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

D.R. HORTON, INC., a Delaware corporation

By: 
Title: D.R. Horton President

STATE OF COLORADO)
) ss.
COUNTY OF Douglas)

The foregoing instrument was acknowledged before me this 18th day of February, 2000, by Gaylen H. Hunt as Div. Pres. of D.R. Horton, Inc., a Delaware corporation.

WITNESS my hand and official seal.

My commission expires 5/15/2006.

Paula A Connor
Notary Public

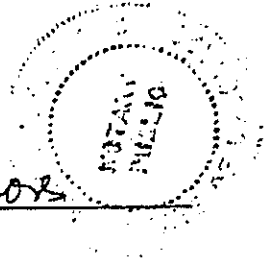


EXHIBIT A

Legal Description of Property

TRACT A AND TRACTS C THROUGH I
MEADOW PARK SUBDIVISION, FILING NO.1
COUNTY OF ADAMS
STATE OF COLORADO

EXHIBIT B

Annexable Property

LOTS 1 THORUGH 12, BLOCK 1
LOTS 1 THROUGH 15, BLOCK 2
LOTS 1 THROUGH 13, BLOCK 3
LOTS 1 THROUGH 8, BLOCK 4
LOTS 1 THROUGH 10, BLOCK 5
LOTS 1 THROUGH 36, BLOCK 6
LOTS 1 THROUGH 25, BLOCK 7
LOTS 1 THROUGH 14, BLOCK 8
LOTS 1 THROUGH 22, BLOCK 9
LOTS 1 THROUGH 29, BLOCK 10
LOTS 1 THROUGH 34, BLOCK 11
LOTS 1 THROUGH 16, BLOCK 12
LOTS 1 THROUGH 18, BLOCK 13
LOTS 1 THROUGH 16, BLOCK 14
LOTS 1 THROUGH 8, BLOCK 15
MEADOW PARK SUBDIVISION, FILING NO.1
COUNTY OF ADAMS
STATE OF COLORADO

EXHIBIT C

Easements and Licenses

RIGHT OF WAY FOR UNDERGROUND CABLES, ETC., GRANTED TO AMERICAN TELEPHONE AND TELEGRAPH COMPANY BY INSTRUMENT RECORDED IN BOOK 272 AT PAGE 319.

RIGHT OF WAY FOR SLOUGH DITCH ALONG THE SOUTHERLY PORTION OF PLOT 5 AS SHOWN ON THE PLAT OF EASTLAKE SUBDIVISION.

AFFIDAVIT WITH RESPECT TO THE MINERAL INTEREST RECORDED DECEMBER 10, 1983 IN BOOK 3083 AT PAGE 316.

EASEMENT GRANTED TO THE CITY OF THORNTON, COLORADO AS CONTAINED IN INSTRUMENT RECORDED JUNE 1, 1972 IN BOOK 1799 AT PAGE 144.

EASEMENTS, CONDITIONS, RESTRICTIONS, AND RESERVATIONS ON THE RECORDED PLAT OF VILLAGE MEADOWS SUBDIVISION.

TERMS, CONDITIONS AND PROVISIONS OF UTILITY EXTENSION POLICY CONTRACT RECORDED MARCH 01, 1971 IN BOOK 1671 AT PAGE 194.

EASEMENT AS GRANTED TO THE CITY OF THORNTON IN INSTRUMENT RECORDED JUNE 1, 1972 IN BOOK 1799 AT PAGE 142.

EASEMENT FOR CONSTRUCTION AND MAINTENANCE OF SEWER LINES RECORDED JUNE 17, 1983 IN BOOK 2758 AT PAGE 725.

THE FOLLOWING MATTER AS DISCLOSED BY SURVEY NO. 1147, DATED JULY 14, 1949, BY GLORSO MURRAY SURVEYS:

1) WOOD RETAINING WALL VARIES FROM ONE FOOT INSIDE PROPERTY LINE TO ONE FOOT OUTSIDE PROPERTY LINE ALONG THE NORTHWESTERLY PROPERTY LINE.

EXHIBIT D

Form of Supplemental Declaration

(See attached document)

**SUPPLEMENTAL DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS FOR
MEADOW PARK**

D.R. HORTON, INC., a Delaware corporation (the "Declarant") executes this Supplemental Declaration of Covenants, Conditions and Restrictions for Meadow Park (the "Supplemental Declaration"), this ___ day of _____, 20___.

RECITALS

- a. Declarant executed and caused to be recorded that certain Declaration of Covenants, Conditions and Restrictions for Meadow Park (the "Declaration") on _____, 199__, in Book ___ at Page ___ under Reception No. _____ of the records of the Office of the Clerk and Recorder of Douglas County, Colorado.
- b. Article 6 of the Declaration reserves unto the Declarant the right to annex land to the Declaration by recordation of one or more supplements to the Declaration.
- c. The purpose of this Supplemental Declaration is to annex certain land into the Declaration and to include certain land within the Common Interest Community, as defined in the Declaration.

SUPPLEMENTAL DECLARATION

NOW, THEREFORE, Declarant declares that the property described herein is and shall be held, transferred, sold, conveyed and occupied subject to all of the covenants, conditions, restrictions, easements, charges and liens set forth in the Declaration and shall be binding on all persons having or acquiring any right, title or interest in the property described herein, their heirs, successors, and assigns, and shall inure to the benefit of, be binding upon, and be enforceable by Declarant, its successors in interest, each Owner and his successors in interest, and the Meadow Park Homeowners Association, Inc., and its successors in interest.

All captioned terms used herein have the same meaning as set forth in the Declaration.

1. Legal Description of the Property Being Annexed. The property being annexed to the Declaration and the Common Interest Community by this Supplemental Declaration is described in Exhibit A, attached hereto and incorporated herein by this reference (the "Property").
2. Annexation. The Property described in Exhibit A is being annexed to the Declaration and the Common Interest Community pursuant to the provisions of Article 6 of the Declaration.
3. Effect of Annexation. The Property, the Lots and any Common Area therein, shall be deemed to be included within the Common Interest Community covered by the Declaration and subject to all of the terms, provisions, covenants, conditions, reservations, charges, and liens set forth in the Declaration, including all assessment obligations set forth in the Declaration. The property described in Exhibit A and the Lots and any Common Area located therein is also expressly subject to all of the provisions of the Articles of Incorporation and the Bylaws of the Meadow Park Homeowners Association, Inc., as more particularly described in the Declaration, the Articles of Incorporation, and the Bylaws.

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

DECLARANT:

D.R. HORTON, INC., a Delaware corporation

By: _____

Title: _____

STATE OF COLORADO)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____, _____, by _____ as _____ of D.R. Horton, Inc., a Delaware corporation.

Witness my hand and official seal.

My commission expires: _____

Notary Public

EXHIBIT A

Lot

Block

Filing