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DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS

OF THE STAR CANYON CONDOMINIUMS

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TABLE OF CONTENTS

2

ARTICLE 1

SUBMISSION/DEFINED TERMS	1
Section 1.1 <u>Submission of Real Estate as a Common Interest Community</u>	1
Section 1.2 <u>Defined Terms</u>	2
(a) <u>Act</u>	2
(b) <u>Assessment or Common Expense Assessment</u>	2
(c) <u>Association</u>	2
(d) <u>Articles of Incorporation</u>	2
(e) <u>Board or Board of Directors</u>	2
(f) <u>Bylaws</u>	2
(g) <u>Common Elements</u>	2
(h) <u>Common Expense</u>	2
(i) <u>Condominiums</u>	2
(j) <u>Declarant</u>	2
(k) <u>Declarant Control Period</u>	3
(l) <u>Development Rights</u>	3
(m) <u>Eligible Holder</u>	3
(n) <u>Governing Documents</u>	3
(o) <u>Improvement</u>	3
(p) <u>Limited Common Elements</u>	3
(q) <u>Map</u>	3
(r) <u>Master Association</u>	3
(s) <u>Owner</u>	3
(t) <u>Plat</u>	3
(u) <u>Real Estate</u>	3
(v) <u>Security Interest</u>	4
(w) <u>Special Declarant Rights</u>	4
(x) <u>Unit</u>	4
(y) <u>Water Fall</u>	4

ARTICLE 2

DESCRIPTION OF REAL ESTATE	4
Section 2.1 <u>Name and Type</u>	4
Section 2.2 <u>Real Estate</u>	5
Section 2.3 <u>Utility Easements</u>	5
Section 2.4 <u>Easements for the Board of Directors and Owners</u>	5
Section 2.5 <u>Easements for Trails</u>	5
Section 2.6 <u>Emergency Easements</u>	5

ARTICLE 3

THE ASSOCIATION	5
Section 3.1 <u>Membership</u>	5
Section 3.2 <u>General Purposes and Powers of the Association</u>	6

Section 3.3 Authority of the Association 6

Section 3.4 Specific Powers 6

Section 3.5 Allocated Interests 6

Section 3.6 Association Agreements 6

Section 3.7 Right to Notice and Comment 7

Section 3.8 Indemnification 7

Section 3.9 Declarant Control 7

ARTICLE 4

UNITS, COMMON ELEMENTS, AND LIMITED COMMON ELEMENTS 7

Section 4.1 Number of Units 7

Section 4.2 Identification of Units/Unit Descriptions 8

Section 4.3 Unit Maintenance 8

Section 4.4 Unit Boundaries 8

 (a) Depiction of Boundaries 8

 (b) Inclusions 8

 (c) Exclusions 9

 (d) Noncontiguous Portions 9

Section 4.5 Association Maintenance 9

Section 4.6 Common Elements 10

Section 4.7 Limited Common Elements 10

Section 4.8 Owners' Easements of Enjoyment 11

Section 4.9 Delegation of Use 12

ARTICLE 5

COVENANT FOR COMMON EXPENSE ASSESSMENTS 12

Section 5.1 Creation of Association Lien and Personal Obligation to Pay Common Expense Assessments 12

Section 5.2 Apportionment of Common Expenses 12

Section 5.3 Annual Assessment/Commencement of Common Expense Assessments 12

Section 5.4 Effect of Nonpayment of Assessments 13

Section 5.5 Lien Priority 13

Section 5.6 Working Fund 14

Section 5.7 Owner's Negligence and Misconduct 14

ARTICLE 6

COVENANTS AND RESTRICTIONS ON USE, ALIENATION, AND OCCUPANCY . . 15

Section 6.1 Application of Covenants and Restrictions 15

Section 6.2 Uses 15

Section 6.3 Leasing and Occupancy 15

Section 6.4 Maintenance and Upkeep of Units 15

Section 6.5 Restrictions on Structural Alterations and Exterior Improvements 16

Section 6.6 Antennae/Satellite Dishes 16

Section 6.7 Restrictions on Animals and Pets 16

Section 6.8	<u>Nuisances.</u>	17
Section 6.9	<u>Vehicular Parking, Storage, and Repairs.</u>	17
Section 6.10	<u>Use of Common Elements.</u>	18
Section 6.11	<u>Restrictions on Clotheslines and Storage.</u>	18
Section 6.12	<u>No Hazardous Activities.</u>	19
Section 6.13	<u>Compliance with Insurance Requirements.</u>	19
Section 6.14	<u>No Unsightliness.</u>	19
Section 6.15	<u>Restriction on Signs and Advertising Devices.</u>	19
Section 6.16	<u>No Restrictions on Sale of a Unit.</u>	19
Section 6.17	<u>No Restrictions on Mortgaging of a Unit.</u>	19
Section 6.18	<u>Plat Restrictions.</u>	19
Section 6.19	<u>Rules and Regulations.</u>	19
Section 6.20	<u>Declarant's Uses.</u>	19

H

ARTICLE 7

DEVELOPMENT RIGHTS AND SPECIAL DECLARANT RIGHTS	20
Section 7.1 <u>Development Rights and Special Declarant Rights.</u>	20
Section 7.2 <u>Additional Reserved Rights.</u>	21
Section 7.3 <u>Construction and Architectural Standards</u>	22
Section 7.4 <u>Rights Transferrable</u>	22
Section 7.5 <u>No Further Authorizations Needed</u>	22
Section 7.6 <u>Interpretation</u>	23
Section 7.7 <u>Termination of Reserved Rights</u>	23
Section 7.8 <u>Additions by Others</u>	23

ARTICLE 8

INSURANCE/CONDEMNATION	23
Section 8.1 <u>Insurance Carried by the Association.</u>	23
Section 8.2 <u>Casualty Insurance on the Common Elements.</u>	24
Section 8.3 <u>Liability Insurance.</u>	25
Section 8.4 <u>Fidelity Insurance.</u>	25
Section 8.5 <u>Worker's Compensation and Employer's Liability Insurance.</u>	25
Section 8.6 <u>Officers' and Directors' Personal Liability Insurance.</u>	25
Section 8.7 <u>Other Insurance.</u>	25
Section 8.8 <u>Insurance Premium.</u>	25
Section 8.9 <u>Managing Agent Insurance.</u>	26
Section 8.10 <u>Waiver of Claims Against Association.</u>	26
Section 8.11 <u>Annual Insurance Review.</u>	26
Section 8.12 <u>Adjustments by the Association.</u>	26
Section 8.13 <u>Owner's Property Insurance</u>	26
Section 8.14 <u>Duty to Repair.</u>	26
Section 8.15 <u>Condemnation and Hazard Insurance Allocations and Distributions.</u>	26

5

ARTICLE 9

SPECIAL PROVISIONS FOR ELIGIBLE HOLDERS OF SECURITY INTERESTS . . . 27

Section 9.1 General Provisions 27

Section 9.2 Special Rights 27

Section 9.3 Special Approvals 27

Section 9.4 Right to Pay Taxes and Insurance Premiums 28

ARTICLE 10

GENERAL PROVISIONS 28

Section 10.1 Enforcement. 28

Section 10.2 Severability. 28

Section 10.3 Term of Declaration. 28

Section 10.4 Amendment of Declaration, Map, or Plat by Declarant. 29

Section 10.5 Amendment of Declaration by Owners. 29

Section 10.6 Amendment Required by Mortgage Agencies. 29

Section 10.7 Required Consent of Declarant to Amendment. 29

Section 10.8 Master Association. 30

Section 10.9 Required Consent of VA/FHA to Certain Amendments. 30

Section 10.10 Captions. 30

Section 10.11 Interpretation. 30

Section 10.12 Singular Includes the Plural. 30

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**DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS
OF THE STAR CANYON CONDOMINIUMS**

THIS DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS OF THE STAR CANYON CONDOMINIUMS (this "Declaration") is made on the date hereinafter set forth by METRO STAR CANYON LLC, a Colorado limited liability company, whose address is 2696 S. Colorado Boulevard, Suite 430, Denver, Colorado 80222 ("Declarant").

RECITALS

A. Declarant desires to create a condominium on the real estate described in Exhibit A (attached hereto and incorporated herein by this reference) under the name of "Star Canyon Condominiums."

B. Star Canyon Condominiums will consist of the real estate described in Exhibit A (as it may be supplemented from time to time pursuant to special declarant rights and development rights described in this Declaration), which real estate will be designated for separate ownership and use of a residential nature by all of the owners of Condominium Units.

C. Declarant is the owner of certain real estate in the City of Littleton, County of Jefferson, State of Colorado, which is more particularly described as set forth in Exhibit B (attached hereto and incorporated herein by this reference), which real estate Declarant has the right to add to Exhibit A.

D. Declarant has caused "Star Canyon Condominium Association, Inc.," a Colorado nonprofit corporation, to be incorporated under the laws of the State of Colorado, as a condominium association for the purpose of exercising the functions as herein set forth.

**ARTICLE 1
SUBMISSION/DEFINED TERMS**

Section 1.1 Submission of Real Estate as a Common Interest Community. Declarant hereby submits the real estate described in Exhibit A and such additional real estate as may be subsequently added pursuant to the "Development Rights" (as defined below) reserved in this Declaration, together with all easements, rights, and appurtenances thereto (collectively, the "Real Estate") and the buildings and improvements erected or to be erected thereon (collectively, the "Improvements") to the provisions of the Colorado Common Interest Ownership Act, C.R.S. § 38-33.3-101, *et seq.*, as it may be amended from time to time (the "Act") and to the terms and conditions of this Declaration. All of the Real Estate described in Exhibit A, and as added pursuant to the Development Rights (as defined below), shall be held or sold and conveyed subject to the following easements, restrictions, covenants, and conditions included in this Declaration. All of the real property described in Exhibit B, shall be held or sold and conveyed subject to the Development Rights (as defined below) and subject to the "Special Declarant Rights" (as defined below) set forth in this Declaration. Declarant declares that this Declaration

(a) is made for the purpose of protecting the value and desirability of the Real Estate; (b) shall run with the Real Estate; and (c) shall be binding on all parties having any right, title or interest in the Real Estate or any part thereof, their heirs, legal representatives, successors, and assigns and shall inure to the benefit of each Owner thereof.

1

Section 1.2 Defined Terms. Each capitalized term in this Declaration or on the Map shall have the meaning specified or used in the Act, unless otherwise defined in this Declaration or as set forth below:

(a) Act means the Colorado Common Interest Ownership Act, C.R.S. § 38-33.3-101, *et seq.*, as it may be amended from time to time.

(b) Assessment or Common Expense Assessment shall include all common expense assessments, insurance assessments, utility assessments, and any other expense levied to a Unit pursuant to this Declaration or the Act.

(c) Association means Star Canyon Condominium Association, Inc., a Colorado nonprofit corporation, and its successors.

(d) Articles of Incorporation mean the Articles of Incorporation of the Star Canyon Condominium Association, Inc., as they may be amended from time to time.

(e) Board or Board of Directors means the body designated in this Declaration to act on behalf of the Association.

(f) Bylaws mean the Bylaws of the Star Canyon Condominium Association, Inc., as they may be amended from time to time.

(g) Common Elements means the real estate other than the Units.

(h) Common Expense shall mean any expenditure made or liability incurred by or on behalf of the Association, together with any allocations to reserves.

(i) Condominiums shall mean and refer to the Star Canyon Condominiums, a "common interest community" organized as a "condominium" as those terms are defined in the Act.

(j) Declarant means Metro Star Canyon LLC, a Colorado limited liability company, and any successor and/or assignee designated by written notice of assignment executed by the Declarant and the transferee and recorded in the real property records of Jefferson County, Colorado, to the extent that any rights or powers reserved to Declarant are transferred or assigned to that party.

(k) Declarant Control Period shall have the meaning assigned in Section 3.9 of this Declaration.

(l) Development Rights are the rights of the Declarant to:

- (i) add real estate to the Condominiums;
- (ii) create Units, Common Elements, or Limited Common Elements within the Condominiums;
- (iii) subdivide Units or convert Units into Common Elements; or
- (iv) withdraw real estate from the Condominiums,

all as more specifically described in Article 7 of this Declaration.

(m) Eligible Holder shall mean a holder, insurer, or guarantor of a first lien Security Interest who has delivered a written request to the Association containing its name, address, and the legal description and address of the Unit upon which it holds a Security Interest.

(n) Governing Documents mean this Declaration, the Map, the final plat of Star Canyon, the Articles of Incorporation, the Bylaws, and any rules and regulations of the Association, as all of the foregoing may be amended from time to time.

(o) Improvement means any structure installed within or upon the Real Estate.

(p) Limited Common Elements are those portions of the Common Elements, if any, designated by Declarant for the exclusive use of one or more but fewer than all of the Units.

(q) Map means the map of the Condominiums, conforming to the requirements of Section 209 of the Act, recorded in the real property records of Jefferson County, Colorado, as the same may be amended from time to time.

(r) Master Association means Chatfield Green Homeowners Association, Inc., and its successors.

(s) Owner means the Declarant or any other person or entity that owns a Unit.

(t) Plat means the Plat of Star Canyon recorded on January 24, 2001 at Reception No. F1173962 in the Office of the Clerk and Recorder of Jefferson County, Colorado.

(u) Real Estate means the property described in Exhibit A, and such additional property as may be subsequently added, pursuant to the Development Rights reserved in this Declaration, together with all easements, rights, and appurtenances thereto.

(v) Security Interest means any mortgage or deed of trust encumbering a Unit.

(w) Special Declarant Rights are the rights reserved by the Declarant hereunder to:

(i) complete Improvements indicated on the plat and/or Map filed with this Declaration;

(ii) to exercise any Development Right;

(iii) to maintain sales offices, management offices, signs advertising the Condominiums, and model Units;

(iv) to use easements through the Common Elements for the purpose of installing and maintaining Improvements within the Condominiums or upon the Real Estate that may be added to the Condominiums;

(v) to make the Condominiums subject to the Master Association;

(vi) to merge or consolidate a common interest community of the same form of ownership; and

(vii) to appoint or remove any officer of the Association or any member of the Board during the Declarant Control Period;

all as more specifically described in Article 7 of this Declaration.

(x) Unit means a physical portion of the Condominiums designated for separate ownership, shown as a condominium unit on the Map, subject to this Declaration, and subject to all easements reserved in this Declaration, or as may be subsequently created. The boundaries of Units are defined on, and are subject to, the terms of this Declaration.

(y) Water Fall means the Improvement installed or to be installed on Tract F (as shown on the Plat) consisting of a recirculating waterfall with associated landscaping.

ARTICLE 2 DESCRIPTION OF REAL ESTATE

Section 2.1 Name and Type. The Condominiums are hereby designated as a condominium, as that term is defined by the Act. The name of the Condominiums is "Star Canyon Condominiums." The name of the Association is the "Star Canyon Condominium Association, Inc."

Section 2.2 Real Estate. The Condominiums are located in the City of Littleton, Jefferson County, Colorado. The Real Estate is legally described in Exhibit A. The Condominiums are subject to the easements or licenses granted pursuant to this Declaration and may become subject to other easements and licenses granted by authority reserved in any recorded document or established in the Act.

Section 2.3 Utility Easements. Easements for utilities and other purposes over and across the Units and Common Elements may be as shown upon a recorded plat and on the Map of the Condominiums, and may be established pursuant to the provisions of this Declaration, or granted by authority reserved in any recorded document. Easements are also reserved along all private streets and Unit boundaries for utilities, street signs, stop signs, mail boxes, and other Improvements as allowed or permitted by the Declarant or the Association. All easements reserved or created pursuant to this Declaration shall be for the benefit of the Units and any residential units hereafter constructed upon the property described in Exhibit B.

Section 2.4 Easements for the Board of Directors and Owners. Each Unit shall be subject to an easement for the benefit of the Board of Directors (including its agents, employees, and contractors) and for each Owner to allow for the performance of his or her obligations in this Declaration. The party exercising any such easement right shall be responsible for any resulting damages, and a lien therefore is authorized and established against that party's property, pursuant to this Declaration.

Section 2.5 Easements for Trails. A non-exclusive easement is hereby granted to each owner of a lot in the Planned Community of Star Canyon for the use and enjoyment of any portion of the Condominiums on which a pedestrian or bicycle trail is now or hereafter constructed, which right and easement is subject to the reasonable rules and regulations imposed by the Association on a non-discriminatory basis.

Section 2.6 Emergency Easements. A nonexclusive easement for ingress and egress is hereby granted to all police, sheriff, fire protection, ambulance, and other similar emergency agencies or persons, now or hereafter serving the Condominiums, to enter upon any part of the Condominiums in the performance of their duties.

ARTICLE 3 THE ASSOCIATION

Section 3.1 Membership. Every person who is the record Owner of a fee interest in any Unit that is subject to this Declaration shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Unit. Ownership of such Unit shall be the sole qualification for such membership. Where more than one person holds an interest in any Unit, all such persons shall be members.

Section 3.2 General Purposes and Powers of the Association. The Association, through its Board of Directors, shall perform administrative functions and manage the Condominiums as provided in this Declaration and the Bylaws, so as to protect the value and desirability of the Condominiums and the Units and to further the interests of the residents, occupants, tenants, and guests of the Condominiums and members of the Association. Any purchaser of a Unit shall be deemed to have consented to, ratified, and approved such designation and management. The Association shall have all power necessary or desirable to carry out such purposes. 1

Section 3.3 Authority of the Association. The business affairs of the Condominiums shall be managed by the Association. The Association shall be governed by the Act, this Declaration, the Map, the Articles of Incorporation, the Bylaws, and any rules and regulations adopted by the Board. The Board may, by written resolution, delegate authority to a manager or managing agent for the Association, provided no such delegation shall relieve the Board of final responsibility.

Section 3.4 Specific Powers. The Association shall have all of the powers, authority, and duties necessary and proper to manage the business and affairs of the Condominiums. The Association shall have all of the powers, authority, and duties permitted or set forth in the Act and in the Colorado Non-Profit Corporations Act, codified as amended at C.R.S. § 7-121-101 *et seq.* The Association shall have the power to assign its right to future income, including the right to assign its right to receive Common Expense Assessments, but only upon the affirmative vote of a majority of the Owners present at a meeting called for that purpose.

Section 3.5 Allocated Interests. The Common Expenses of the Association are allocated in equal percentages among the Units. Each Unit is allocated one vote in the Association. The proportion of Common Expenses and the number of votes allocated to each Unit are hereinafter referred to as its "Allocated Interests" and are designated for each Unit in Exhibit C hereto. If Units are added to or withdrawn from the Condominiums pursuant to the provisions of this Declaration and the Act, the Allocated Interests will be reallocated as equally among the Units.

Section 3.6 Association Agreements. No agreement for professional management of the Condominiums and no contract providing for services of the Declarant may exceed one year. Any such agreement must provide for termination by either party without cause and without payment of a termination fee or penalty upon 30 days' written notice. The Association shall not be bound either directly or indirectly to contracts or leases (including management contracts) entered into during the Declarant Control Period unless the Association is provided with a right of termination of any such contract or lease without cause, which such right is exercisable without penalty at any time after the turnover date upon not more than 30 days' notice to the other party thereto.

Section 3.7 Right to Notice and Comment. Pursuant to Section 205(l)(o) of the Act, or whenever the Governing Documents require that an action be taken after "Notice and Comment," and at any other time the Board determines, the Owners have the right to receive notice of any proposed action that may affect their interests in the Association and the right to comment orally or in writing. Further, any Owner may give notice to the other Owners of any matter affecting the Condominiums, and the Owners shall then have the right to comment, orally or in writing, on the matter. When a proposed action affects fewer than all of the Owners, notice shall be given to each affected Owner in writing, delivered personally or by mail at such address as appears in the records of the Association. Notice of any proposed action affecting all Owners may be published in a newsletter or similar publication that is routinely circulated to all Owners. Notice shall be given not less than three days before proposed action is to be taken. The notice shall invite comment (orally or in writing) to the Board or an Owner, as applicable, before the scheduled time of any meeting. 12

Section 3.8 Indemnification. To the full extent permitted by law, each officer and director of the Association shall be and is hereby indemnified by the Owners and the Association against all expenses and liabilities, including attorneys' fees, reasonably incurred by or imposed upon them in any proceeding, or any settlements thereof, to which they may be a party or in which they may become involved by reason of being or having been an officer or director of the Association, provided that the officer or director has not engaged in self-dealing at the expense of the Association or otherwise been adjudged guilty of negligent or willful acts or omissions in the performance of his or her duties. Notwithstanding the foregoing, if an officer or director is appointed by the Declarant, such officer or director shall have the duty to exercise the care of a fiduciary of the Owners and shall not be indemnified by the Owners or the Association for any breach of such duty. In the event of a settlement of any such proceeding, the indemnification shall apply only when a majority of the disinterested directors approves such settlement and reimbursement as being in the best interests of the Association.

Section 3.9 Declarant Control. The Declarant shall have the reserved power, pursuant to Section 303(5) of the Act, to appoint and remove officers and directors for a period not to exceed the later to occur of (a) 60 days after conveyance of 75% of the Units that may be created, to Owners other than the Declarant; (b) two years after the last conveyance of a Unit by the Declarant in the ordinary course of business; and (c) two years after any right to add new units was last exercised ("Declarant Control Period").

ARTICLE 4

UNITS, COMMON ELEMENTS, AND LIMITED COMMON ELEMENTS

Section 4.1 Number of Units. The number of Units initially included in the Condominiums is 24. Declarant reserves the right to create up to 72 Units or the maximum number of Units for the properties subject to this Declaration as allowed by any governmental entity having jurisdiction.

Section 4.2 Identification of Units/Unit Descriptions. The identification of each Unit is shown on the Map. Every contract for sale, deed, lease, Security Interest, will, or other legal instrument shall legally describe a Unit by its identifying building and unit numbers, followed by the name of the Condominiums, with reference to the Map and the Declaration. An illustrative description is as follows:

Unit ____, Building ____, Star Canyon Condominiums according to the Declaration recorded _____, 2001, at Reception No. _____, and the Map recorded _____, 2001 at Reception No. _____ in the records of the Clerk and Recorder, County of Jefferson, State of Colorado, and any recorded amendment and supplement thereto.

13

Reference to the Declaration, the recorded plat, or the Map in any instrument shall be deemed to include any supplement(s) or amendment(s) to the Declaration, the plat, or the Map without specific references thereto.

Section 4.3 Unit Maintenance. The Owners are responsible for the maintenance, repair, and replacement of the Improvements and properties located within their Unit boundaries that are not specifically the obligation of the Association to maintain, replace, and keep in good repair.

Section 4.4 Unit Boundaries.

(a) Depiction of Boundaries. The boundaries of each Unit are depicted on the Map and designated as follows:

(i) Upper Boundaries. The upper boundaries are formed by the horizontal plane of the unfinished lower surface of the ceilings, extended to an intersection with the vertical perimeter boundaries. Space above ceilings to which access is needed for repair and maintenance of the Unit and Common Elements above the Unit are Limited Common Elements to the Unit.

(ii) Lower Boundaries. The lower boundaries are formed by the horizontal plane of the undecorated or unfinished upper surfaces of the floors, extended to an intersection with the vertical perimeter boundaries.

(iii) Vertical Perimeter Boundaries. The vertical boundaries are the planes defined by the interior unfinished surface of all perimeter walls, the exterior unfinished surface of doors to the Common Elements, the exterior surface of closed exterior windows and doors, and the vertical planes indicated by boundary lines as shown on the Map.

(b) Inclusions. Each Unit includes the spaces lying within the boundaries described above, including garages, entry foyers, decks, or patio areas to Units as depicted on the

Map. Each Unit also includes the spaces containing utility meters, water heating facilities, all electrical switches, wiring, pipes, ducts, conduits, smoke detector or security systems, and communications, television, telephone, and electrical receptacles and boxes serving that Unit exclusively, the surface of these items being the boundaries of that Unit, whether or not the spaces are contiguous. 17

(c) Exclusions. Except when specifically included by other provisions of this Declaration or by the Map, the following are excluded from each Unit: the spaces lying outside the boundaries described above, support walls, the exterior finished surface of the building in which Units are located, exterior street or common lighting, and any chutes, pipes, flues, ducts, wires, conduits, skylights, and other facilities running through or within any interior wall or partition for the purpose of furnishing utility and other service to other Units and the Common Elements.

(d) Noncontiguous Portions. Certain Units may include special portions or pieces of equipment, such as air conditioning compressors, utility meters, meter boxes, utility connection structures, air or gas pumps, and storage facilities that are situated in buildings or structures that are detached from the Unit. Such special equipment or storage portions are a part of the Unit, notwithstanding their non-contiguity with the principal portions. Each Unit includes the spaces lying within the boundaries described above and also includes the utilities and utility meters and communications, television, telephone, and electrical receptacles and boxes serving that Unit exclusively, whether or not in the boundaries or contiguous to the Unit, unless the same are maintained by a governmental agency or entity. The Common Elements are excluded from each Unit, and any utilities or other facilities running through or within any Unit for the purpose of furnishing utility and other service to other Units and/or the Common Elements are also excluded.

Section 4.5 Association Maintenance. The Board of Directors shall determine the specifications, scope, extent, nature, and parameters of the Association's maintenance responsibilities. The Association shall be responsible for:

- (a) the improvement, maintenance, repair, upkeep, reconstruction, and replacement of the Common Elements;
- (b) the improvement, maintenance, repair, upkeep, reconstruction, replacement, and operation of the main water and sewer lines that serve more than one Unit; the provision of common water and common sewer;
- (c) trash removal;
- (d) snow clearing;

(e) the maintenance, repair, and replacement of certain designated perimeter fences and perimeter landscaping;

(f) the maintenance, repair, upkeep, reconstruction, and replacement of the storm drainage channels, water quality measures, and storm sewers constructed as part of the Condominiums, unless an agreement with a governmental authority provides otherwise;

(g) the maintenance, repair, and replacement of the Water Fall for which the Association shall collect annually from Star Canyon Homeowners' Association, Inc. 50% of the actual cost incurred by the Association to operate, maintain, repair and replace said Water Fall;

(h) the payment of expenses that may be incurred by virtue of maintenance, repair, or replacement as set forth on the recorded plat and final development plan or agreement with or requirement of the City of Littleton, Jefferson County, or other government authorities; and

(i) the operational expenses of the Association.

Section 4.6 Common Elements. The Real Estate described in Exhibit A except the Units encompasses the initial Common Elements. Portions of any Common Elements may be designated as a part of a Unit or as a Limited Common Element to a Unit or may otherwise change pursuant to the Development Rights. Portions of Units may become Common Elements or Limited Common Elements pursuant to the Development Rights.

Section 4.7 Limited Common Elements. If a Common Expense is associated with the maintenance, repair, or replacement of a Limited Common Element, those Common Expenses may be assessed equally against the Units to which the Limited Common Element is assigned. The following portions of the Real Estate are Limited Common Elements assigned to the Units as stated:

(a) If a chute, flue, pipe, duct, wire, conduit, bearing wall, bearing column, or other fixture lies partially within and/or partially outside the designated boundaries of a Unit, the portion serving only the Unit is a Limited Common Element allocated solely to that Unit, the use of which is limited to that Unit. Any portion serving more than one Unit is a Limited Common Element to those Units. Any portion serving only the Common Elements is a part of the Common Elements.

(b) Any shutters, awnings, window boxes, doorsteps, stoops, porches, decks, balconies, patios, garage doors, certain garage driveways, exterior doors, and windows or other fixtures designed to serve a single Unit that are located outside the boundaries of the Unit are Limited Common Elements allocated exclusively to that Unit, and their use is limited to that Unit.

(c) Stoops, steps, and walls above door openings at the entrances that provide access to less than all Units are Limited Common Elements, the use of which is limited to the Units to which they provide access. 16

(d) Walks, fences, walls, and hedges that jointly serve or lie within the boundary plane of more than one Unit or within the boundary plane of a Unit and the Common Elements shall be considered Limited Common Elements appurtenant to the Units enclosed or served.

(e) Utility areas, the use of which are limited to a Unit or fewer than all Units, are Limited Common Elements appurtenant to such Unit or Units.

(f) The Declarant reserves, for seven years after the recording of this Declaration, the Development Right to allocate parts of the Real Estate as Common Elements, and further, to allocate areas that constitute a part of any Common Elements as Limited Common Elements for the exclusive use of the Owners of Units to which those specified areas shall become appurtenant. This Development Right shall be deemed transferred to the Association upon the conveyance of all Units, upon the expiration of seven years, or upon assignment by the Declarant to the Association, whichever occurs first. The Declarant or the Association may allocate or assign Common Elements or Limited Common Elements (i) in a recorded instrument, (ii) by recording an appropriate amendment or supplement to this Declaration, or (iii) by recording a supplement to the Map. Such allocations may be made as a matter of reserved right by the Declarant or the Association.

Section 4.8 Owners' Easements of Enjoyment. Every Owner shall have a right and easement of access to his or her Unit and of enjoyment in and to any Common Elements. Such easement shall be appurtenant to and shall pass with the title to every Unit, subject to the following provisions:

(a) the right of the Association to promulgate and publish rules and regulations with which Owners and their tenants, invitees, licensees, and guests shall strictly comply;

(b) the right of the Association to suspend the voting rights and rights to use the Common Elements by an Owner for any period during which any assessment against that Owner's Unit remains unpaid and for a period not to exceed 60 days for any infraction of its published rules and regulations.

(c) the right, power, and authority of the Association to grant any easement, right-of-way, license, lease, dedication, transfer, or conveyance or grant of any similar interest affecting the Common Elements, to the extent permitted by the Act;

(d) the right of the Association to close or limit the use of the Common Elements while maintaining, repairing, and making replacements in the Common Elements; and

(e) the Development and Special Declarant Rights reserved in this Declaration.

Section 4.9 Delegation of Use. Any Owner may delegate his or her right of enjoyment in the Common Elements to family, tenants, guests, or contract purchasers who reside at such Owner's Unit.

17

ARTICLE 5
COVENANT FOR COMMON EXPENSE ASSESSMENTS

Section 5.1 Creation of Association Lien and Personal Obligation to Pay Common Expense Assessments. Declarant, for each Unit, shall be deemed to covenant and agree, and each Owner, by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to covenant and agree to pay to the Association annual Common Expense Assessments, which such Assessments may include insurance assessments (assessed in proportion to risk), utility assessments (assessed in proportion to usage), and such other assessments as imposed by the Association. All Assessments, including fees, charges, late charges, attorney's fees, fines, and interest charged by the Association shall be the personal obligation of the Owner of such Unit at the time when the Assessment becomes due. The Association annual Common Expense Assessments and such other assessments as imposed by the Association, including fees, charges, late charges, attorney's fees, fines, and interest charged by the Association, shall be a charge on each Unit and shall be a continuing lien upon the Unit against which each such Assessment or charge is made. If any Assessment is payable in installments, the full amount of the Assessment is a lien from the time the first installment becomes due. The personal obligation to pay any past due sums due the Association shall not pass to a successor in title unless expressly assumed by them. No Owner may become exempt from liability for payment of the Common Expense Assessments by waiver of the use or enjoyment of the Common Elements or by abandonment of the Unit against which the Common Expense Assessments are made. All Assessments shall be payable in the amounts specified in the levy thereof, and no offsets or reduction thereof shall be permitted by any reason including, without limitation, any claim that the Association or the Board is not properly exercising its duties and powers under this Declaration.

Section 5.2 Apportionment of Common Expenses. Except as provided in this Declaration, all Common Expense Assessments shall be assessed against all Units in accordance with the formula for Allocated Interests set forth in Section 3.5 of this Declaration. Notwithstanding the foregoing, 50% of the actual costs incurred by the Association to operate, maintain, repair, and replace the Waterfall shall be billed to, and annually collected from, Star Canyon Homeowners' Association, which such bill shall be accompanied by invoices verifying such actual costs incurred.

Section 5.3 Annual Assessment/Commencement of Common Expense Assessments. The Common Expense Assessment may be made on an annual basis against all Units and shall be based upon the Association's advance budget of the cash requirements needed by it to provide for the administration and performance of its duties during such assessment year. The budget shall

18
be submitted to the Owners for ratification pursuant to Section 303(4) of the Act and as set forth in the Bylaws, as the Bylaws may be amended from time to time. The budget may be vetoed by votes of Owners representing a majority of the votes in the Association provided, however, in all events the Association shall levy assessments adequate in amount to maintain those portions of the Common Elements that the City of Littleton requires be maintained by the Association. Common Expense Assessments shall be due and payable in monthly, quarterly, or annual installments, or in any other manner, as determined by the Board of Directors. Common Expense Assessments may begin on the first day of the month in which conveyance of the first Unit to an Owner other than the Declarant occurs. The omission or failure of the Board to levy the Assessment for any period shall not be deemed a waiver, modification, or a release of the Owners from their obligations to pay.

Section 5.4 Effect of Nonpayment of Assessments. Any Assessment, charge, or fee provided for in this Declaration, or any monthly or other installment thereof, that is not fully paid within ten days after the due date thereof, as established by the Board, shall bear interest at the rate established by the Board, on a per annum basis from the due date, and the Association may assess a reasonable late charge thereon as determined by the Board, but in no event may the interest rate and late payment charge, when computed together, exceed 21% per annum of the outstanding amount due. Failure to make payment within 60 days of the due date thereof shall cause the total amount of such Owner's Common Expense Assessment for the remainder of that fiscal year to become due and payable immediately at the option of the Board. 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, fees, or monthly or other installments thereof, and may also proceed to foreclose its lien against such Owner's Unit. An action at law or in equity by the Association against an Owner to recover a money judgment for unpaid Assessments, charges, fees, or monthly or other installments thereof, may be commenced and pursued by the Association without foreclosing, or in any way waiving, the Association's lien therefor. 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 Assessment, charges, fees, or monthly or other installments thereof, that 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. If a foreclosure action is filed to foreclose any Assessment lien, and an Owner abandons or leaves vacant his or her Unit, the Board may take possession and rent said Unit or apply for the appointment of a receiver for the Unit without prior notice to the Owner. The rights of the Association shall be expressly subordinate to the rights of any holder of a first lien Security Interest as set forth in its deed of trust or mortgage (including any assignment of rents), to the extent permitted under the Act.

Section 5.5 Lien Priority. The lien of the Association under this Section is prior to all other liens and encumbrances on a Unit except: (a) liens and encumbrances recorded before the recordation of the Declaration; (b) a first lien Security Interest on the Unit (except as allowed by the Act with regard to the limited lien priority allowed to the Association); and (c) liens for real

19
estate taxes and other governmental assessments or charges against the Unit. This Section does not affect the priority of mechanics' or materialmen's liens. The lien of the Association under this Article is not subject to the provision of any homestead exemption as allowed under estate or federal law. Sale or transfer of any Unit shall not affect the lien for said Assessments or charges except that sale or transfer of any Unit pursuant to foreclosure of any first lien Security Interest, or any proceeding in lieu thereof, including deed in lieu of foreclosure, or cancellation or forfeiture shall only extinguish the lien of Assessment charges as provided by applicable state law. No such sale, transfer, foreclosure, or any proceeding in lieu thereof, including deed in lieu of foreclosure, nor cancellation or forfeiture shall relieve any Unit from continuing liability for any Assessment charges thereafter becoming due, nor from the lien thereof.

Section 5.6 Working Fund. The Association or Declarant may require each Owner of each Unit (other than Declarant) to make a non-refundable payment to the Association in an amount equal to one-sixth of the annual Common Expense Assessment against that Unit in effect at the closing thereof, which sum shall be held, without interest, by the Association as a working fund ("Working Fund"). Upon resale of his or her Unit, an Owner shall be entitled to a credit from the new Owner for any unused portion of the aforesaid Working Fund payment. The Working Fund payment shall be collected and transferred to the Association at the time of closing of the initial sale by Declarant of each Unit, as aforesaid, and shall be for the use and benefit of the Association. Such payment shall not relieve an Owner from making regular payments of Assessments as the same become due. Notwithstanding the foregoing, no holder of a Security Interest who becomes an owner by foreclosure or acceptance of a deed in lieu of foreclosure shall be required to make payment to the Working Fund, and no Owner whose Unit has been foreclosed upon or transferred to a holder of a Security Interest by a deed in lieu of foreclosure shall be entitled to a credit from the holder of the Security Interest for any unused portion of his or her Working Fund payment. A subsequent transfer of such Unit shall require such payment.

Section 5.7 Owner's Negligence and Misconduct. If 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, or the Owner's agents, employees, guests, customers, or invitees, including, but not limited to, damage from water overflowing from a tub, hot water heater leaks, or water damage from a washing machine or hose, then the expenses, costs, and fees incurred by the Association for such maintenance, repair, or replacement shall be a personal obligation of such Owner, and if not repaid to the Association within seven days after the Association shall have given notice to the Owner of such expenses, costs, and fees, then the failure to so repay shall be a default by the Owner under the provisions of this Section 5.7. Such expenses, costs, and fees shall automatically become a default Assessment determined and levied against such Unit, and the Association may proceed in accordance with the applicable provisions of Article 5 hereof.

ARTICLE 6
COVENANTS AND RESTRICTIONS ON USE, ALIENATION, AND OCCUPANCY 20

Section 6.1 Application of Covenants and Restrictions. All Real Estate shall be held, used, and enjoyed subject to the following covenants, limitations, and restrictions. The strict application of the following covenants, limitations, and restrictions in any specific case may be modified or waived, in whole or in part, by the Board or by an appropriate committee (subject to review by the Board) if such strict application would be unreasonable or unduly harsh under the circumstances. Any such modification or waiver must be in writing or must be contained in written guidelines or rules. The following covenants and restrictions are also subject to the Development Rights and Special Declarant Rights reserved by the Declarant.

Section 6.2 Uses. No Unit within the Condominiums shall be used for any purpose other than as allowed by the local zoning codes. Units shall not be used for any purpose other than as residential dwellings. Commercial and business uses with any adverse external effect on the nature, perception, operation, or ambiance of the Condominiums as a first class residential condominium, as reasonably determined by the Board of Directors, are prohibited unless approved by the Declarant or the Association and unless allowed pursuant to restrictions of record and by local zoning ordinances and regulations.

Section 6.3 Leasing and Occupancy. Any Owner shall have the right to lease or allow occupancy of a Unit upon such terms and conditions as the Owner may deem advisable, subject to restrictions of record and the terms of this Declaration.

(a) Any lease or rental agreement for a term of greater than 30 days shall be in writing, a copy of which shall be delivered to the Board or the Association's managing agent prior to the effective date of the lease. Each such agreement shall provide that the lease or rental agreement is subject to the terms of this Declaration, the Bylaws, the Articles of Incorporation, and the rules and regulations of the Association. All such leases and rental agreements shall state that the failure of the tenant, renter, or guest to comply with the terms of the Declaration, the Bylaws, the Articles of Incorporation, or the rules and regulations of the Association shall constitute a default of the lease or rental agreement and of this Declaration, and such default shall be enforceable by either the Association or the landlord, or by both of them. All occupants of a Unit shall be subject to the right of the Association to remove and/or evict an occupant for failure of the occupant to comply with the terms of the Declaration, the Bylaws, the Articles of Incorporation, or the rules and regulations of the Association.

(b) Except as restricted in this Declaration and such rules and regulations as the Association may promulgate, the right to lease or allow occupancy of a Unit shall not be restricted.

Section 6.4 Maintenance and Upkeep of Units. Owners are responsible for the maintenance, repair, and replacement of the Improvements and properties located within their

Unit boundaries. Each Unit at all times shall be kept in a clean, sightly, and wholesome condition. No bicycles, kayaks, sport or recreational equipments, trash, litter, junk boxes, containers, bottles, cans, implements, machinery, lumber, or other building materials shall be permitted to remain exposed upon or within any Unit in a manner that allow the same to be visible from any neighboring Unit or any street. The Association and its agents shall have the authority to enter, replace, maintain, repair, and clean up Units that do not conform to the provisions of this Section and to charge and collect from the Owners thereof all reasonable costs related thereto as an Assessment hereunder. 21

Section 6.5 Restrictions on Structural Alterations and Exterior Improvements. No structural alterations to any Unit or any Common or Limited Common Elements shall be done by any Owner without the prior written approval of the Association. No Improvement to the exterior of a building which includes a Unit or to the Common Elements or to any landscaping shall be constructed, erected, placed, or installed within the Condominiums unless complete plans and specifications thereto shall have been first submitted to and approved in writing by the Board of Directors.

Section 6.6 Antennae/Satellite Dishes. Subject to federal statutes or regulations governing planned communities, no exterior television or other antennae, microwave dish, satellite dish, satellite antenna, satellite earth station, or similar device of any type shall be erected, installed, or maintained on the Common Elements of the Condominiums except in a manner previously approved in writing by the Board of Directors. Any exterior television or other antennae, microwave dish, satellite dish, satellite earth station, or similar device of any type erected, installed, or maintained by an Owner is subject to reasonable and valid safety restrictions and reasonable restrictions as to screening of the device from view by neighboring Units and/or Buildings, as such restrictions may be set forth by the Board of Directors from time to time. All costs associated with the installation or maintenance of any exterior television or other antennae, microwave dish, satellite dish, satellite earth station, or similar device of any type by an Owner, including costs of repair, replacement, improvement, and maintenance of the structure to which such exterior television or other antennae, microwave dish, satellite dish, satellite earth station, or similar device of any type is affixed, erected, and/or installed upon, shall be the sole responsibility of that Owner.

Section 6.7 Restrictions on Animals and Pets. Pets, including cats, dogs, birds, reptiles, or other animals, hereinafter for brevity termed "animal," may be kept, maintained, or harbored in a Unit as long as the animal is not a danger to others and does not otherwise constitute a noise or odor nuisance. Owners shall clean up after their animals. If an animal becomes a danger to others or otherwise constitutes a "Nuisance" as defined in Section 6.10 below, the Owner or person having control of the animal shall be given a written notice to correct the problem, which problem shall be described with specificity. If the Owner does not promptly correct the problem, the Owner may be required to remove the animal from the Condominiums by a second written notice. The written notices provided for herein shall be issued by the authorized representative of the Association, or if there is no authorized representative, then by one or more of the members of the Board of Directors. Animals may not be kept for any commercial

purposes. Owners shall hold the Association harmless from any claim resulting from any action of their animals. Seeing eye dogs and hearing ear dogs will be permitted for those persons holding certificates of necessity.

22

Section 6.8 Nuisances. No use, activity, or practice that is the source of unreasonable annoyance, or that unreasonably disturbs any Owner, or that may unreasonably interfere with the peaceful enjoyment or with the proper use of a Unit or Common Element by Owners (a "Nuisance") shall be permitted in the Condominiums. Without limiting the generality of the foregoing, no light shall be emitted from any portion of the Condominiums that is unreasonably bright or causes unreasonable glare, and no sound or odor shall be emitted from any portion of the Condominiums that would reasonably be found by others to be noxious or offensive. No exterior spot lights, searchlights, speakers, horns, whistles, bells, or other light or sound devices shall be located or used on any portion of the Condominiums except with the prior written approval of the Board. All valid laws, ordinances, and regulations of all governmental bodies having jurisdiction over the Condominiums or a portion thereof shall be observed. As used herein, a Nuisance shall not include any activities of Declarant or its assignees that are reasonably necessary to the development and construction of Improvements within the Condominiums; provided, however, that such activities shall not unreasonably interfere with any Owner's use and enjoyment of his or her Unit or any Owner's ingress and egress to or from his or her Unit and a public way.

Section 6.9 Vehicular Parking, Storage, and Repairs.

(a) Vehicular parking upon the Common Elements shall be regulated by the Board of Directors.

(b) Each parking area may be subject to designation as a Limited Common Element appurtenant to certain designated Units. Parking designated as visitor or guest parking shall not be used by Owners or their family members residing with them. All other parking spaces shall be used by Owners for self-service parking purposes on a "first come, first served" basis; provided, however, that no Owner shall park more than one vehicle (owned or leased by such Owner, a member of his or her family, or occupant of his or her Unit) on the Common Element parking spaces without the prior written consent of the Board of Directors. While any buildings under construction or completed are owned by Declarant, use of the parking spaces adjacent to that building may be restricted to Declarant's use for construction and sales purposes.

(c) The following vehicles may not be parked or stored within the Condominiums, unless such parking or storage is within a garage of a Unit, or unless authorized in writing by the Board of Directors: oversized vehicles, trailers, camping trailers, boat trailers, hauling trailers, boats, or accessories thereto, self-contained motorized recreational vehicles, or other oversized types of vehicles, or equipment as prohibited by rule or regulation. Any such oversized vehicle may be parked as a temporary expedience (for up to four hours) for loading, delivery of goods or services, or emergency. Overnight parking of these vehicles is prohibited. This restriction shall not apply to trucks or other commercial vehicles temporarily located within

the Condominiums that are necessary for construction or for the maintenance of the Common Elements, Units, or any Improvement located thereon.

23

(d) No abandoned or inoperable automobiles or vehicles of any kind shall be stored or parked on a Unit or within the Condominiums unless parked or stored within a garage. An "abandoned or inoperable vehicle" shall be defined by Colorado statutes governing inoperable or abandoned vehicles on public streets, or as defined by a rule or regulation adopted by the Board of Directors. If the Association shall determine that a vehicle is an abandoned or inoperable vehicle, then a written notice describing said vehicle shall be personally delivered to the Owner thereof or shall be conspicuously placed upon the vehicle. If the abandoned or inoperable vehicle is not removed within 72 hours after providing such notice, the Association shall have the right to remove the vehicle, and the owner thereof shall be solely responsible for all towing and storage charges.

(e) No maintenance, repair, rebuilding, dismantling, repainting, or servicing of any kind of vehicle, trailer, or boat may be performed or conducted outside of garages.

(f) The conversion or alteration of garages into living areas is prohibited. Garage usage may include storage and workshop/repair activities provided that such usages do not hinder, preclude, or prevent the parking of the number of vehicles for which the garage was originally designed.

(g) Each Owner shall keep any garage door of his or her Unit closed as frequently as possible, so that the visual effect of open garage doors are avoided and the contents therein are concealed from view from other Units and the streets, all for the purpose of preserving the value and appearance of the Condominiums.

(h) Parking in fire lanes (as designated by the Association or as designated by local government or a local fire protection authority) shall not be permitted.

Section 6.10 Use of Common Elements. There shall be no obstruction of the Common Elements, nor shall anything be kept or stored on any part of the Common Elements without the prior written approval of the Association. Nothing shall be altered on, constructed in, or removed from the Common Elements without the prior written approval of the Association.

Section 6.11 Restrictions on Clotheslines and Storage. No clotheslines, drying areas or yards, or service yards shall be installed, allowed, kept, maintained, or permitted in the Condominiums unless the same, in each instance, is expressly permitted in writing by the managing agent of the Condominiums or if there is no managing agent, then by the Board of Directors. Where such written permission is granted, such permission is revocable if the item or condition becomes obnoxious to other Owners, in which event the Owner or person having the item or condition complained of shall be given a written notice to correct the problem. If not corrected, the Owner upon written notice will be required to remove the item/condition from his or her Unit and from the Condominiums. The written notices provided for herein shall be issued

by the Managing Agent as the authorized representative of the Association or, if there is no Managing Agent, then by one or more of the members of the Board of Directors. Owners shall hold the Association harmless from any claim resulting from any clotheslines, drying areas or yards, service yards, shops, equipment, storage, or storage areas maintained on their Units. 24

Section 6.12 No Hazardous Activities. No activity shall be conducted on any portion of the Condominiums that is or might be unsafe or hazardous to any person or property. Without limiting the generality of the foregoing, no firearms shall be discharged upon any portion of the Condominiums, and no open fires shall be lighted or permitted on any portion of the Condominiums.

Section 6.13 Compliance with Insurance Requirements. Except as may be approved in writing by the Board, nothing shall be done or kept on the Condominiums that may result in a material increase in the rates of insurance or would result in the cancellation of any insurance maintained by the Association.

Section 6.14 No Unsightliness. All unsightly conditions, structures, facilities, equipment, objects, and conditions shall be enclosed within an approved structure.

Section 6.15 Restriction on Signs and Advertising Devices. No sign, poster, billboard, advertising device, or display of any kind shall be erected or maintained anywhere within the Condominiums except such sign or signs as may be approved in writing by the Board.

Section 6.16 No Restrictions on Sale of a Unit. The right of an Owner to sell, transfer, or otherwise convey his or her Unit shall not be subject to any right of first refusal or similar restriction, and such Unit may be sold free of any such restrictions.

Section 6.17 No Restrictions on Mortgaging of a Unit. There are no restrictions on the right of the Owners to mortgage or otherwise encumber their Unit. There is no requirement for the use of a specific lending institution or particular type of lender.

Section 6.18 Plat Restrictions. The restrictions, if any, included on the plat for the Real Estate are incorporated herein by this reference.

Section 6.19 Rules and Regulations. In furtherance of the provisions of this Declaration, rules and regulations concerning and governing the Condominiums or any portion thereof may be adopted, amended, or repealed from time to time by the Board or its successors and assigns. The Board may establish and enforce penalties for the infraction thereof.

Section 6.20 Declarant's Uses. Notwithstanding anything to the contrary contained in this Declaration, it shall be expressly permissible for Declarant, its assigns, employees, and agents to perform such reasonable activities and to maintain upon portions of the Condominiums such facilities as deemed reasonably necessary or incidental to the construction and sale of Units in the development of the Condominiums, specifically including, without limiting the generality of the

foregoing, the maintenance of temporary business offices, storage areas, trash bins, construction yards and equipment, signs, model units, temporary sales offices, parking areas, and lighting facilities as more fully provided in Article 7 of this Declaration.

25

ARTICLE 7
DEVELOPMENT RIGHTS AND SPECIAL DECLARANT RIGHTS

Section 7.1 Development Rights and Special Declarant Rights. The Declarant reserves, for seven years after the recording of this Declaration, the following Development Rights and Special Declarant Rights:

- (a) the rights to redesignate uses, relocate boundaries between adjoining Units, enlarge Units, enlarge the Common Elements, reduce or diminish the size of Units, reduce or diminish the size of areas of the Common Elements, and complete or make Improvements;
- (b) the rights to create and construct additional Units, Common Elements, and Limited Common Elements; to subdivide Units; to convert Units into Common Elements; and to convert Common Elements into Units or other real property subject, however, to the restrictions, if any, imposed upon the Real Estate by the City of Littleton.
- (c) the right to subject all or any part of the property described in Exhibit B attached hereto and incorporated herein by this reference to the provisions of this Declaration;
- (d) the right to amend the use restrictions included in this Declaration, together with the right to add new use restrictions;
- (e) the right to withdraw all or any part of the Real Estate or the Common Elements from the Condominiums;
- (f) the right to make amendments to the Declaration or other Governing Documents to meet or comply with any requirements of FHA or VA;
- (g) the right to exercise any "development rights" reserved or allowed in the Act;
- (h) the right to grant or convey easements, and the right to use and to permit others to use, easements through the Common Elements as may be reasonably necessary;
- (i) the right to grant easements to use Common Elements designated as private roads on the recorded plat or the Map to successors-in-interest to the Declarant and/or to any owner of real property adjacent to the Real Estate for the purpose of access to such adjacent property, and the right to require grantees of such easements to pay their proportionate shares of the maintenance, repair, restoration, and/or replacement of such Common Elements for the duration of any such easements;

- (j) the right to change the name of the Condominiums;
- (k) the right to record supplements to the Map depicting easements on some or all of the Units;
- (l) the right to merge or consolidate the Condominiums with another condominium association;
- (m) the right to appoint or remove any officer of the Association or any Director during the Declarant Control Period;
- (n) the right to exercise any additional right reserved to Declarant by any other provision of this Declaration;
- (o) the right to amend the Declaration in connection with the exercise of any Development Right or Special Declarant Right; and
- (p) the right to amend the Map or plat in connection with the exercise of any Development Right.

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Section 7.2 Additional Reserved Rights. In addition to the rights set forth above, Declarant also reserves the following additional rights:

- (a) Sales. The right to maintain mobile and other sales offices, parking lots, management offices and models in Units or on the Common Elements.
- (b) Signs. The right to maintain signs and advertising in the Condominiums to advertise the Condominiums or other communities developed or managed by, or affiliated with, the Declarant.
- (c) Dedications. The right to establish, from time to time, by dedication or otherwise, public streets, utility, and other easements for purposes including, but not limited to, public access, access paths, walkways, drainage, recreation areas, parking areas, ducts, shafts, flues, conduit installation areas, and to create other reservations, exceptions and exclusions.
- (d) Use Agreements. The right to enter into, establish, execute, amend, and otherwise deal with contracts and agreements for the use, lease, repair, maintenance, or regulation of parking and/or recreational facilities and/or Common Elements, that may or may not be a part of the Condominiums.
- (e) Construction Easement. Declarant and its assignees expressly reserve the right to perform warranty work and repairs and construction work. Declarant reserves the right to store materials in secure areas, in Units, and in Common Elements. Declarant also reserves the

right to control such work and repairs and the right of access thereto until completion. All work may be performed without the consent or approval of any Owner or holder of a Security Interest. Declarant and its assignees have such a construction easement through the Common Elements as may be reasonably necessary for exercising reserved rights in this Declaration. Such construction easement includes the right to construct underground utility lines, pipes, wires, ducts, conduits, and other facilities across the Real Estate.

27

(f) Access Easement. Declarant, and its successors and assigns, shall have an access easement to and from any real property accessible through the Condominiums.

Section 7.3 Construction and Architectural Standards. As to the properties described in Exhibit B, Declarant makes no assurances concerning the construction, building types, architectural style, and/or size of Units that may be created; provided, however, that the quality of construction will be consistent with the Improvements constructed on the property described in Exhibit A. Subsequent to the initial Real Estate and Improvements made subject to this Declaration, any additional types of Improvements to be placed on the Real Estate or any part thereof may be of such quality and type as the persons developing the same may determine, and those Improvements need not be of the same quality or type as the Improvements previously constructed on the Real Estate, nor need they be of the same size, style, or configuration. The Improvements may be located anywhere in the Common Elements of the Condominiums, the same being reserved for future development, or on the additional Real Estate that may be added, or as shown on the Map.

Section 7.4 Rights Transferrable. Any rights created or reserved under this Article or the Act for the benefit of Declarant may be transferred to any person by an instrument describing the rights transferred recorded in the real property records of Jefferson County, Colorado. Such instrument shall be executed by the Declarant and the transferee. The rights transferred may then be exercised in compliance with the requirements of Sections 209(6) and 210 of the Act without the consent of the Association, any Owners, or any holders of a Security Interest in a Unit. Any rights created or reserved under this Article or the Act for the benefit of Declarant may also be transferred to the Association by an instrument describing the rights transferred recorded in the real property records of Jefferson County, Colorado. Such instrument shall be executed by the Declarant and the Association. The rights transferred may then be exercised by the Association in compliance with the requirements of Section 209(6) and 210 of the Act with the consent of the appropriate Owner(s) or any holders of a Security Interests on the Unit(s).

Section 7.5 No Further Authorizations Needed. The consent of Owners or holders of Security Interests shall not be required for exercise of any of the rights reserved in this Article 7, and Declarant or its assignees may proceed without limitation at its sole option. Declarant or its assignees may exercise any reserved rights on all or any portion of the property in whatever order determined. Declarant or its assignees shall not be obligated to exercise any reserved rights or to expand the Condominiums beyond the number of Units initially submitted.

Section 7.6 Interpretation. Amendments to the Declaration, the plat, or the Map made pursuant to the Development Rights and Special Declarant Rights reserved in this Declaration shall become effective upon the recording of the same in the real property records of Jefferson County, Colorado. Further, such amendment shall automatically (a) vest in each existing Owner the reallocated Allocated Interests appurtenant to his or her Unit; and (b) vest in each existing holder of a Security Interest a perfected security interest in the reallocated Allocated Interests appurtenant to the encumbered Unit. Further, upon the recording of an amendment to the Declaration, the definitions used in this Declaration shall automatically be extended to encompass and to refer to the Condominiums as expanded and to any additional Improvements, and the same shall be added to and become a part of the Condominiums for all purposes. All conveyances of Units after such amendment is recorded shall be effective to transfer rights in all Common Elements, whether or not reference is made to any amendment of the Declaration, plat, or Map. Reference to the Declaration, plat, or Map in any instrument shall be deemed to include all amendments to the Declaration, plat, and Map without specific reference thereto. 28

Section 7.7 Termination of Reserved Rights. The Development Rights and the Special Declarant Rights shall expire as set forth above or in the Act, unless (a) reinstated or extended by the Association, subject to whatever terms, conditions, and limitations the Board may impose on the subsequent exercise of the Development Rights and/or Special Declarant Rights by Declarant; (b) extended as allowed by law; or (c) terminated by written instrument executed by the Declarant, recorded in the records of the Clerk and Recorder of the Jefferson County, Colorado.

Section 7.8 Additions by Others. Additions of Units to the Condominiums may be made by others than the Declarant upon approval of the Association pursuant to a vote of a majority of a quorum of its members and upon approval of two-thirds of the Eligible Holders. Such approval by the members and Eligible Holders shall be evidenced by a certified copy of such resolution of approval and a supplement or amendment to this Declaration, both recorded in records of the Clerk and Recorder of the Jefferson County, Colorado.

ARTICLE 8 INSURANCE/CONDEMNATION

Section 8.1 Insurance Carried by the Association. The Association shall obtain and maintain in full force and effect, to the extent reasonably available and at all times, the insurance coverage set forth herein and as set forth in the Act, which insurance coverage shall include the following terms and shall be provided by financially responsible and able companies duly authorized to do business in the State of Colorado commencing not later than the time of the first conveyance of a Unit to a person other than Declarant, or the first occupancy of a Unit.

(a) All policies of insurance shall contain waivers of subrogation and waivers of any defense based on invalidity arising from any acts of an Owner and shall provide that such policies may not be canceled or modified without at least 30 days' prior written notice to all of the Owners, Eligible Holders, and the Association.

(b) If requested, duplicate originals of all policies and renewals thereof, together with proof of payments of premiums, shall be delivered to all Eligible Holders at least ten days prior to the expiration of the then-current policies. 29

(c) All liability insurance shall be carried in blanket form, naming the Association, the Board, the manager or managing agent, if any, the officers of the Association, the Declarant, Eligible Holders, their successors and assigns, and Owners as insureds.

(d) Prior to the Association obtaining any blanket policy of casualty insurance on the Units or renewal thereof, pursuant to the provisions hereof, the members shall have ratified the Association budget including that cost, pursuant to the budget process in the Act. Upon ratification of the budget, the Board may obtain an appraisal from a duly qualified real estate or insurance appraiser, which appraiser shall reasonably estimate the full replacement value of the Units and the Common Elements without deduction for depreciation, review any increases in the cost of living, and/or consider other factors for the purpose of determining the amount of the insurance to be purchased pursuant to the provisions hereof. In no event shall that casualty insurance policy contain a co-insurance clause for less than 100% of the full insurable replacement cost.

(e) All policies of insurance shall provide that the insurance thereunder shall be invalidated or suspended only in respect to the interest of any particular Owner who is guilty of a breach of warranty, negligence, or non-compliance of any provision of such policy, including payment of the insurance premium applicable to the Owner's interest, or an Owner who permits or fails to prevent the happening of any event, whether occurring before or after a loss, which under the provisions of such policy would otherwise invalidate or suspend the entire policy. Notwithstanding the foregoing, the insurance under any such policy, however, shall not be invalidated or suspended and shall remain in full force and effect with respect to the interests of all other insured Owners not guilty of any such act or omission.

Section 8.2 Casualty Insurance on the Common Elements. The Association shall obtain adequate casualty insurance covering loss, damage, or destruction by fire or other casualty to the Common Elements and the other property of the Association. If coverage purchased by the Association includes Improvements and betterments installed by Unit Owners, the cost thereof shall be assessed to each Unit in proportion to risk. All blanket hazard insurance policies shall contain a standard non-contributory mortgage clause in favor of each holder of first lien Security Interests, and their successors and assigns, which shall provide that the loss, if any thereunder, shall be payable to the Association for the use and benefit of such holders of first lien Security Interests, and their successors and assigns, as their interests may appear of record in the records of the office of the Clerk and Recorder of the Jefferson County, Colorado. If obtainable, the Association shall also obtain the following and any additional endorsements deemed advisable by the Board of Directors: (a) an inflation guard endorsement, (b) a construction code endorsement, (c) a demolition cost endorsement, (d) a contingent liability from operation of building laws endorsement, (e) an increased cost of construction endorsement, and/or (f) any special PUD endorsements.

30

Section 8.3 Liability Insurance. The Association shall obtain an adequate comprehensive policy of public liability and property damage liability insurance covering the Common Elements, in such limits as the Board may determine from time to time, but not in any amount less than \$2,000,000.00 per injury, per person, and per occurrence, and in all cases covering all claims for bodily injury or property damage. Coverage shall include, without limitation, liability for personal injuries, and operation of automobiles on behalf of the Association. Additionally, for any such times that the Declarant has the reserved Development Right to expand the Condominiums by adding additional Units, the Declarant shall purchase, at its sole expense, an additional general liability insurance policy for the benefit of the Association, existing Owners, and existing Eligible Holders.

Section 8.4 Fidelity Insurance. The Association shall obtain adequate fidelity coverage or fidelity bonds to protect against dishonest acts on the parts of its officers, directors, trustees, and employees and on the part of all others who handle or are responsible for handling the funds of the Association, including persons who serve the Association with or without compensation. The clause "officers, directors, trustees, and employees" shall not include any officer, director, agent, or employee of Declarant or any officer, director, agent, or employee of any independent professional manager or managing agent heretofore or hereafter employed by the Association. The fidelity coverage or bonds should be in an amount sufficient to cover the maximum funds that will be in the control of the Association, its officers, directors, trustees, and employees.

Section 8.5 Worker's Compensation and Employer's Liability Insurance. The Association shall obtain worker's compensation and employer's liability insurance and all other similar insurance with respect to its employees in the amounts and forms as may now or hereafter be required by law.

Section 8.6 Officers' and Directors' Personal Liability Insurance. The Association may obtain officers' and directors' personal liability insurance to protect the officers and directors from personal liability in relation to their duties and responsibilities in acting as officers and directors on behalf of the Association.

Section 8.7 Other Insurance. The Association may obtain insurance against such other risks, of similar or dissimilar nature, including flood insurance, as it shall deem appropriate with respect to the Association responsibilities and duties.

Section 8.8 Insurance Premium. Except as assessed in proportion to risk, insurance premiums for insurance provided by the Association shall be a Common Expense to be included as a part of the annual assessments levied by the Association.

Section 8.9 Managing Agent Insurance. The manager or managing agent, if any, shall be adequately insured for the benefit of the Association and shall maintain and submit evidence of such coverage to the Association. The Association may indemnify its managing agent, except for that agent's negligence or intentional acts or omissions beyond the scope of its duties and obligations or contrary to directions of the Association.

31

Section 8.10 Waiver of Claims Against Association. As to all policies of insurance maintained by or for the benefit of the Association and Owners, the Association and the Owners hereby waive and release all claims against one another, the Board, and Declarant to the extent of the insurance proceeds available, whether or not the insurance damage or injury is caused by the negligence of or breach of any agreement by and of said persons.

Section 8.11 Annual Insurance Review. The Board shall review the insurance carried by and on behalf of the Association at least annually for the purpose of determining the amount of insurance required.

Section 8.12 Adjustments by the Association. Any loss covered by an insurance policy described above shall be adjusted by the Association, and the insurance proceeds for that loss shall be payable to the Association and not to any Eligible Holder. The Association shall hold any insurance proceeds in trust for the Association, Owners, and Eligible Holders as their interests may appear. The proceeds must be distributed first for the repair or restoration of the damaged property. The Association, Owners, and Eligible Holders are not entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the damaged property has been completely repaired or restored.

Section 8.13 Owner's Property Insurance. Owners may carry and are advised to carry other insurance on the Improvements and personal property in their Unit for their benefit and at their expenses, provided that the liability of the carriers issuing insurance obtained by the Association shall not be affected or diminished by reason of any such insurance carried by Owners, and provided further that the policies of insurance carried by the Association shall be primary even if an Owner has other insurance that covers the same loss or losses as covered by policies of the Association. In this regard, the Declarant discloses that the Association's insurance coverage, as specified hereunder and under the Act, does not obviate the need for Owners to obtain insurance for their own benefit.

Section 8.14 Duty to Repair. Any portion of the Condominiums for which insurance is required under this Article that is damaged or destroyed must be repaired or replaced promptly either by the Association or Owner, as provided herein, except as provided in the Act.

Section 8.15 Condemnation and Hazard Insurance Allocations and Distributions. In the event of a distribution of condemnation proceeds or hazard insurance proceeds to the Owners, the distribution shall be as the parties with interests and rights are determined or allocated by record and pursuant to the Act.

ARTICLE 9
SPECIAL PROVISIONS FOR ELIGIBLE HOLDERS OF SECURITY INTERESTS

Section 9.1 General Provisions. The provisions of this Article are for the benefit of holders, insurers, or guarantors of holders of first lien Security Interests recorded within the Condominiums. To the extent applicable, necessary or proper, the provisions of this Article apply to both this Declaration and to the Articles and Bylaws. A holder, insurer, or guarantor of a first lien Security Interest who has delivered a written request to the Association containing its name, address, the legal description, and the address of the Unit upon which it holds a Security Interest shall be considered an "Eligible Holder." Eligible insurers and guarantors of a first lien Security Interest shall have the same rights as Eligible Holders. 30

Section 9.2 Special Rights. Eligible Holders shall be entitled to: (a) timely written notice from the Association of any default by a mortgagor of a Unit in the performance of the mortgagor's obligations under this Declaration, the Articles of Incorporation, the Bylaws, or the rules and regulations of the Association, which default is not cured within 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 audited financial statement; (d) receive written notice of all meetings of the Board or the Members; (e) designate a representative to attend any such meetings; (f) receive written notice of any lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association; (g) receive written notice of abandonment or termination by the Association of the plan contemplated under this Declaration; (h) receive 30 days' written notice prior to the effective date of any proposed, material amendment to this Declaration, the Articles of Incorporation, or the Bylaws; (i) receive 30 days' written notice prior to the effective date of termination of any agreement for professional management of the Association or the Common Elements, when professional management has been required previously under the legal documents for the Condominiums or by an Eligible Holder; and (j) receive prompt written notice as soon as the Association receives notice or otherwise learns of any damage to the Common Elements or to the Unit on which the Eligible Holder holds a Security Interest if the cost of reconstruction is reasonably expected to exceed \$20,000.00 and 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 Common Elements or any Units.

Section 9.3 Special Approvals. Unless at least 67% of the Eligible Holders (based on one vote for each mortgage owned) of Units in the Association and the requisite percentage Owners have given their written approval, neither the Association nor any Member shall (a) by act or omission seek to abandon, partition, subdivide, encumber, sell, or transfer the Common Elements or any Improvements thereon that are owned, directly or indirectly, by the Association (except that the granting of access easements, utility easements, drainage easements, water facilities easements, easements for other public purposes consistent with the intended use of such Real Estate by the Association, and easements granted by the Declarant or its successor-in-interest pursuant to the Special Declarant Rights shall not be deemed within the meaning of this provision); (b) change the method of determining the obligations, Assessments, or other charges

33

that may be levied against Owners or the method of allocating distributions of hazard insurance policy proceeds or condemnation awards; (c) by act or omission change, waive, or abandon any scheme or regulation or enforcement thereof pertaining to architectural approval of improvement of Units, including the architectural design of the exterior appearance of Units, or the upkeep of the Common Elements; (d) fail to maintain the casualty, fire, and extended coverage insurance as elsewhere provided in this Declaration; (e) use hazard insurance proceeds for losses other than the repair, replacement, or reconstruction of Improvements that have been damaged or destroyed; (f) take action to terminate the legal status of the Condominiums after substantial destruction or condemnation occurs; (g) amend any material provision of this Declaration; and (h) establish self-management by the Association when professional management has previously been required by the legal documents for the Condominiums or by an Eligible Holder. An amendment shall not be deemed material if it is for the purpose of correcting technical errors or for clarification only. If an Eligible Holder receives written request for approval of the proposed act, omission, change, or amendment by certified or registered mail with a return receipt requested and does not deliver or post to the requesting party a negative response within 30 days, it shall be deemed to have approved such request.

Section 9.4 Right to Pay Taxes and Insurance Premiums. Any Eligible Holder shall be entitled to pay any taxes or other charges that are in default and which may or have become a lien against a Unit or any of the Common Elements and may pay any overdue premiums on hazard insurance policies or secure new hazard insurance coverage for the Common Elements or Units, and the Eligible Holder making such payments shall be entitled to immediate reimbursement therefor from the Association.

**ARTICLE 10
GENERAL PROVISIONS**

Section 10.1 Enforcement. The Association or an Owner may enforce the restrictions, conditions, covenants, and reservations imposed by the provisions of this Declaration by proceedings at law or in equity against any person or persons, either to recover damages for such violation, including reasonable attorneys' fees incurred in enforcing these covenants, or to restrain such violation or attempted violation. Failure of the Association or of any Owner to enforce any covenant or restriction herein contained shall not be deemed a waiver of the right to do so thereafter.

Section 10.2 Severability. Each of the provisions of this Declaration shall be deemed independent and severable. If any provision of this Declaration or the application thereof to any person or circumstances is held invalid, the invalidity shall not affect other provisions or applications of this Declaration that can be given effect without the invalid provisions or applications.

Section 10.3 Term of Declaration. The covenants and restrictions of this Declaration shall run with and bind the land in perpetuity.

Section 10.4 Amendment of Declaration, Map, or Plat by Declarant. If Declarant determines that any amendments to this Declaration, the plat, or the Map are necessary in order to make non-material changes, such as for the correction of a technical, clerical, or typographical error or clarification of a statement or for any changes to property not yet part of the Condominiums, then subject to the following sentence of this Section 10.4, Declarant shall have the right and power to make and execute any such amendments without obtaining the approval of any Owners. Each such amendment shall be made, if at all, by Declarant prior to the expiration of seven years from the date this Declaration is recorded. In furtherance of the foregoing, a power coupled with an interest is hereby reserved and granted to Declarant to make or consent to an amendment under this section on behalf of each Owner and holder of a Security Interest. Each deed, Security Interest, other evidence of obligation or other instrument affecting a Unit and the acceptance thereof shall be deemed to be a grant and acknowledgment of, and a consent to the reservation of the power of Declarant to make, execute, and record an amendment under this Section. 34

Section 10.5 Amendment of Declaration by Owners. Except as otherwise provided in this Declaration, and subject to provisions elsewhere contained in this Declaration requiring the consent of Declarant or others, any provision, covenant, condition, restriction, or equitable servitude contained in this Declaration may be amended or repealed at any time and from time to time upon approval of at least 67% of the votes in the Association and with the written consent of the Association. The amendment or repeal shall be effective upon recordation in the office of the Clerk and Recorder of Jefferson County, Colorado of a certificate setting forth the amendment in full and certifying that the amendment has been approved as set forth above and containing the written consent and approval of the Association. No amendment to this Declaration shall relieve the Association of any obligations to the City of Littleton to maintain the Common Elements without the written consent of the City of Littleton.

Section 10.6 Amendment Required by Mortgage Agencies. Prior to seven years after recording of this Declaration, any provision, covenant, condition, restriction, or equitable servitude contained in this Declaration that an Eligible Holder, or FHA, VA, FHLMC, GNMA, FNMA, or any similar entity authorized to insure, guarantee, make, or purchase mortgage loans requires to be amended or repealed, may be amended or repealed by Declarant or the Association. Any such amendment or repeal shall be effective upon the recordation in the office of the Clerk and Recorder of Jefferson County, Colorado of a certificate setting forth the amendment or repeal in full.

Section 10.7 Required Consent of Declarant to Amendment. Notwithstanding any other provision in this Declaration to the contrary, any proposed amendment or repeal of any provision of this Declaration reserving Development Rights, Special Declarant Rights, or otherwise for the benefit of the Declarant shall not be effective unless Declarant and its assignees, if any, have given written consent to such amendment or repeal, which consent may be evidenced by the execution by Declarant or its assignees of any certificate of amendment or repeal. The foregoing requirement for consent to any amendment or repeal shall terminate seven years after the

recording of this Declaration, or upon conveyance of 100% of the Units to Owners other than the Declarant, whichever occurs first.

Section 10.8 Master Association. The Real Estate may be or become subject to the Declaration of Covenants, Conditions and Restrictions for Chatfield Green, recorded December 22, 1997 in the office of the Clerk and Recorder of Jefferson County, Colorado, at Reception No. F0528294, as that declaration may be amended and supplemented from time to time. 35

Section 10.9 Required Consent of VA/FHA to Certain Amendments. During the Declarant Control Period, amendments to the Declaration, Articles of Incorporation, or Bylaws must first be approved by the VA or FHA if either VA or FHA has approved the Condominiums for VA guaranteed or FHA insured loans. Further, the Association may not be merged or consolidated with another association without the prior written consent of the VA or FHA if either VA or FHA has approved the Condominiums for VA guaranteed or FHA insured loans.

Section 10.10 Captions. All captions and titles used in this Declaration are intended solely for convenience of reference and shall not enlarge, limit, or otherwise affect that which is set forth in any paragraph, section, or article hereof.

Section 10.11 Interpretation. The provisions of this Declaration shall be liberally construed to carry out their purposes of creating a uniform plan for the development of the Units and of promoting the fundamental concepts as set forth in the recitals of this Declaration. This Declaration shall be construed and governed under the laws of the State of Colorado.

Section 10.12 Singular Includes the Plural. Unless the context otherwise requires, the singular shall include the plural, and the plural shall include the singular, and each gender referral shall be deemed to include the masculine, feminine, and neuter.

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**EXHIBIT A
TO THE
DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS
OF THE STAR CANYON CONDOMINIUMS**

DESCRIPTION OF THE REAL ESTATE

38

Tract E and Tract D, Star Canyon according to the plat thereof recorded on January 24, 2001 at Reception No. F1173962, Jefferson County, Colorado.

CONSENT OF LENDER

37

U.S. Bank National Association, being the beneficiary of that certain Development Loan Deed of Trust, Security Agreement, and Assignment of Rents from Metro Star Canyon LLC, a Colorado limited liability company, dated December 15, 2000, and recorded 12/29/00, 2000, at Reception Number F1164068 ("Deed of Trust"), in the records of the Clerk and Recorder for the County of Jefferson, State of Colorado, hereby consents to the execution and recordation of the foregoing Declaration of Covenants, Conditions, and Restrictions of the Star Canyon Condominiums and the Condominium Map and agrees in the event of foreclosure of its Deed of Trust to recognize the same.

EXECUTED on the 5th day of November, 2001.

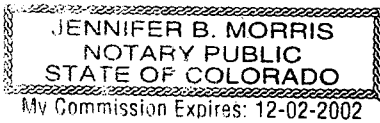
U.S. Bank National Association

By: Karen P. Klerman
Its: Assistant Vice President

STATE OF COLORADO)
CITY AND)ss.
COUNTY OF DENVER)

The foregoing Consent of Lender was acknowledged before me this 5th day of November, 2001, by Karen P. Klerman, as Assistant Vice President of U.S Bank National Association.

WITNESS my hand and official seal.



Jennifer B. Morris
Notary Public

My commission expires: 12-02-2002

**EXHIBIT B
TO THE
DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS OF
THE STAR CANYON CONDOMINIUMS**

PROPERTIES OWNED BY DECLARANT
THAT MAY BE ADDED TO THE DECLARATION

39

All of Tract F, Star Canyon according to the plat thereof recorded on January 24, 2001 at Reception No. F1173962, Jefferson County, Colorado.

**EXHIBIT C
TO THE
DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS OF
THE STAR CANYON CONDOMINIUMS**

40

ALLOCATED INTERESTS

<u>Building, Unit Number</u>	<u>Votes</u>	<u>Proportion of Common Expenses</u>
Building 7, Unit A	1	.04166
Building 7, Unit B	1	.04166
Building 7, Unit C	1	.04166
Building 7, Unit D	1	.04166
Building 7, Unit E	1	.04166
Building 7, Unit F	1	.04166
Building 7, Unit G	1	.04166
Building 7, Unit H	1	.04166
Building 8, Unit A	1	.04166
Building 8, Unit B	1	.04166
Building 8, Unit C	1	.04166
Building 8, Unit D	1	.04166
Building 8, Unit E	1	.04166
Building 8, Unit F	1	.04166
Building 8, Unit G	1	.04166
Building 8, Unit H	1	.04166
Building 9, Unit A	1	.04166
Building 9, Unit B	1	.04166
Building 9, Unit C	1	.04166
Building 9, Unit D	1	.04166
Building 9, Unit E	1	.04166
Building 9, Unit F	1	.04166
Building 9, Unit G	1	.04166
Building 9, Unit H	1	.04166