

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR STONEBRIDGE TOWNHOMES AT DEERCREEK VILLAGE

THIS DECLARATION ("Declaration") is made this 14th day of September, 1998, by Deercreek Village L.L.C., a Colorado limited liability company ("Declarant"), whose address is 405 S.E. Jay Avenue, Cedaredge, Colorado, 81413, and Lester G. Radeliff and Datha D. Radeliff, Timothy M. Callihan, Steven G. Groskopf, Esther Acquafresca, Evelyn R. Lacy, and James Earl Griffin and Betty Lee Griffin ("Owners" as defined below):

RECITALS

- A. Declarant is the owner and developer of two parcels of real property (together, "Property") in the Town of Cedaredge, County of Delta, State of Colorado. Each parcel will be developed with groups of Townhomes. The first parcel will be called Stonebridge Village, a planned community, and is legally described and shown on the Map attached to and made a part of this Declaration as Exhibit A. The second parcel will be called South Village at Stonebridge, a planned community, and is legally described and shown on the Map attached to and made a part of this Declaration as Exhibit B. The Common Interest community created by this declaration is a planned community.
- B. The Property is subject to a Master Declaration of Covenants, Conditions and Restrictions, recorded in Book 770 at Page 271, of the records of the Delta County, Colorado, Clerk and Recorder. The Master Declaration and the Design Guidelines created under it will control issues not addressed by or in conflict with this Declaration.
- C. Declarant desires to establish a plan for the improvement, development and maintenance of the Property, and to adopt and establish this set of covenants, conditions and restrictions upon the Property for the purpose of enhancing, maintaining and protecting the value and desirability of the Property ("Declaration").
- D. Declarant deems it desirable to set aside a portion of the Property as common area for the use of the individual owners of the Property, and to establish a Colorado nonprofit corporation, Stonebridge Townhomes at Deercreek Village Homeowners' Association (the "Association"), to which such common areas from time to time shall be conveyed.
- E. Lester G. Radcliff and Datha D. Radcliff, Timothy M. Callihan, Steven G. Groskopf, Esther Acquafresca, Evelyn R. Lacy, and James Earl Griffin and Betty Lee Griffin have accepted deeds to Lots (defined below) within the Property, and each executes this Declaration in order to subject his or her respective ownership of Lots to this Declaration. By execution of this Declaration, each consents to subject his or her Lot(s) to its terms and agrees that the covenants, conditions and restrictions contained in it shall encumber and run with their Lots as if each had accepted his or her deed after this Declaration had been recorded.

THEREFORE, Declarant covenants, agrees and declares that the Property shall be held, sold, conveyed, encumbered, leased, used, occupied and improved, subject to the following limitations, restrictions, easements, covenants, conditions, reservations, liens and charges, all of which are declared and agreed to be in furtherance of 2 general plan for the improvement and development of the Property. All of the limitations, restrictions, easements, covenants, conditions, liens and charges shall run with the land, shall be binding upon and inure to the benefit of all parties having or acquiring any right, title or interest in the Property or any part of it and the successors in interest of such parties, and are imposed upon the Property and every part of it as equitable servitudes which may be enforced by the Declarant, its successors and assigns, each Owner, his or her successors and assigns, or by the Association, its successors and assigns.





construction, expected or unexpected repair or replacement of any capital improvements (including the necessary fixtures and personal property related to it) on the Common Area or any other portion of the Property upon which the Association may be required or permitted to install, maintain, repair or replace any capital improvements as provided in this Declaration, including without limitation reserves for repair or replacement of existing capital items and acquisition, construction, and installation of new improvements.

- (b) "Regular Assessment" shall mean and refer to a charge against each Lot representing that portion of the Common Expenses attributable to such Lot as provided in Section 4.05 of this Declaration.
- (c) "Special Assessment' shall mean and refer to a charge against any Lot for certain costs incurred by the Association or Declarant for materials or services furnished to the Owner or his Lot at the request of or on behalf of such Owner, or as a result of any Owner failing to maintain any portion of his Lot in accordance with the provisions of this Declaration, or as a result of the negligence, recklessness, or willful misconduct of any Owner, his employees, guests or invitees, or for excessive use or special use of the services or facilities provided by the Association, including, but not limited to, parking, trash removal and maintenance of improvements, or for any other purpose for which this Declaration specifies the imposition of a Special Assessment.

Section 1.03. "Association" shall mean and refer to Stonebridge Townhomes at Deercreek Village Homeowners Association, a nonprofit corporation, incorporated under Colorado law. The Association shall be a sub-association, subject to the Master Association created by the Master Declaration referred to in Recital "B" above.

Section 1.04. "Association Water" shall mean and refer to the Stonebridge Townhomes at Deercreek Village water delivery system, and any water or water rights, ditch or ditch rights, reservoir or water storage rights appurtenant to any portion of the Property or used in connection with any portion of the Property and owned or controlled by the Association.

Section 1.05. "Board" or "Board of Directors" shall mean the board of directors of the Association.

Section 1.06. "By-Laws" shall mean the by-laws of the Association as they may be amended from time to time.

Section 1.07. "CCIOA" means the Colorado Common Interest Ownership Act presently codified at 38-33.3-101, et seq., as it may subsequently be amended from time to time.

Section 1.08. "Common Area" shall mean any and all real property, and the improvements and fixtures on it owned or leased by the Association for the common use and enjoyment of the Members, plus any street or other lighting fixtures owned or controlled by the Association and signage on any Common Area or for the general benefit of the Property or Owners, whether or not located in the Common Area. The Common Area shall be as shown on the Maps of the Property.

Section 1.09. "Common Expenses" shall mean and include expenditures made and liabilities incurred, by or on behalf of the Association, including without limitation, those related to the Common Area.

Section 1.10. "Conveyance," for purposes of transferring membership in the Association, shall mean and refer to conveyance of a fee simple title to a Lot. A Conveyance resulting from the foreclosure of any Mortgage or lien or the transfer of a deed in lieu of foreclosure, shall be effective to transfer



recorded and amended. "Improved Lot" shall mean and refer to a Lot upon which a Residence has been constructed.

- Section 1.13. "Irrigation Facilities" shall mean and refer to all improvements, equipment, facilities, and other real and personal property owned, operated, or maintained by the Association for the purpose of delivering water to the Lots and Common Area for irrigation purposes, and shall include, but not be limited to, all pumps, pipes, pipelines, risers, connectors, controls, siphons, filters, valves, and related parts and materials located in, under, or upon easements within the Property, or elsewhere outside of the Property.
- Section 1.14. "Master Association" shall mean Deercreek Village Homeowners' Association, Inc., and shall also have that meaning contained within C.R.S. § 38-33.3-103(20)(1998); namely, an organization that is authorized to exercise some or all of the powers of one or more associations on behalf of one or more common interest communities or for the benefit of the unit owners of one or more common interest communities.
- Section 1.15. "Member" shall mean and refer to every person or entity who holds a membership in the Association as provided in Article II, Section 2.01.
- Section 1.16. "Mortgage" shall mean any mortgage or deed of trust or other conveyance of a Lot, or any interest in it, including, but not limited to, the improvements on it, to secure the performance of an obligation.
- Section 1.17. "Mortgagee" shall mean and include mortgagees, trustees, beneficiaries and holders of a Mortgage, and the holders of any indebtedness secured by Mortgage.
- Section 1.18. "Mortgagor" shall mean and include mortgagors and trustors under deeds of trust which are Mortgages.
- Section 1.19. "Owner" shall mean and refer to Declarant and to any person or entity holding a record fee simple ownership interest in any Lot which is a part of the Property, including contract purchasers, but excluding Mortgagees (unless and until a Mortgagee acquires record fee ownership) and those having such interest merely as security for the performance of an obligation. Owner, as used in this Declaration, shall specifically include, ... out limitation, Lester G. Radcliff and Datha D. Radcliff, Timothy M. Callihan, Steven G. Groskopf, Esther Acquafresca, Evelyn R. Lacy, and James Earl Griffin and Betty Lee Griffin. Each of these named individuals executes this Declaration in order to subject ownership of his or her Lot(s) to the covenants, conditions and restrictions contained in it. Each has all the rights and duties of Owners, as used in this Declaration, but does not have the rights and duties of the Declarant.
 - Section 1.20. "Residence" means the single family dwelling unit located on a Lot.
- Section 1.21. "Map" or "Plat Map" means the plan maps of the Property attached to this Declaration pursuant to the requirements of CCIOA and includes the plat of the Property if a separate plat is attached to this Declaration. THESE MAPS MAY BE CHANGED IN THE FUTURE AND THEIR ATTACHMENT TO THIS DECLARATION DOES NOT MEAN THE SUBDIVISION OF LOTS SHOWN HAS BEEN APPROVED BY ANY GOVERNMENTAL AUTHORITY.

ARTICLE II THE ASSOCIATION MEMBERSHIP: VOTING RIGHTS: DECLARANT CONTROLS

Section 2.01. Membership. Based upon his or her consent by accepting a deed to a Lot or Lots, every Owner of one or more Lots in the Property shall be required to be a Member of the Association,



Section 2.03. No Cumulative Voting. In the election of directors, cumulative voting shall not be allowed.

Section 2.04. Membership Appurtenant. Membership in the Association shall be appurtenant to and inseparable from a Lot. Membership in the Association may not be transferred except in connection with the conveyance of a Lot and shall be automatically transferred by such Conveyance without additional action or documentation.

Section 2.05. Directors of the Association. The affairs of the Association shall be managed by a board of three (3) directors. Directors shall meet the qualifications described in the Articles of Incorporation and By-Laws of the Association. The number of directors may be increased by amendment of the by-laws.

Section 2.06. Management of the Association.

- (a) Notwithstanding anything stated elsewhere in this Declaration, until the earliest of: (a) ten (10) years after the date of recording of this Declaration in the offices of the Delta County, Colorado Clerk and Recorder; (b) sixty (60) days after conveyance of 75% of the Lots to Owners other than Declarant; or, (c) two (2) years after the last conveyance of a Lot by Declarant in the ordinary course of business, Declarant may appoint and remove all Association officers and all members of the Board of Directors of the Association, subject to the limitations stated in this section.
- (b) Not later than sixty (60) days after conveyance of 25% of the Lots which may be created by the terms of this Declaration to Owners other than Declarant, at least one member, and not fewer than 33-1/3% of the members, of the Board of Directors must be elected by the Owners of Lots other than Declarant.
- (c) Not later than sixty (60) days after conveyance of 50% of the Lots which may be created by the terms of this Declaration to Owners other than Declarant, not fewer than 66-2/3% of the members of the Board of Directors must be elected by Owners other than Declarant.
- (d) Upon the termination of the period of Declarant control specified in subsection 2.06(a) of this Article, the Owners shall elect a Board of Directors of at least three (3) members, who must be Owners other than Declarant or designated representatives of Owners other than Declarant. The Board of Directors so elected and officers shall take office upon termination of the period of Declarant control specified above.
- (e) Notwithstanding anything to the contrary stated elsewhere in this Section 2.06, by a vote of sixty-seven percent (67%) of all persons present and entitled to vote at any meeting of the Owners at which a quorum is present, any member of the Board of Directors may be removed with or without cause, other than a member appointed by Declarant, unless that member was elected by a voting group in which csae that member may be removed by only the voting group.

Association if persons entitled to cast at least 20% of the votes which may be cast for election of the Board of Directors of the Association are present in person or by proxy at the beginning of the meeting. A quorum will be deemed present throughout any meeting of the Board of Directors of the Association if persons entitled to cast at least 50% of the votes on the Board are present, in person or by proxy, at the beginning of the meeting.

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Section 3.02. Members' Easements of Enjoyment of Common Area. Every Member shall have a non-exclusive right and easement in and to the Common Area, including, but not limited to, an easement for ingress and egress over and through the Common Area. Each such easement shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

- (a) The Association shall have the right to adopt uniform rules and regulations pertaining to the use and enjoyment of the Common Area;
 - (b) The Association may borrow money and encumber (by mortgage, deed of trust or otherwise) the Common Area or any part of it for the purpose of improving the Common Area, provided any such encumbrance shall be expressly subordinate to the rights of the Members; and any such encumbrance granted in contravention of this paragraph shall be subordinated to that of the Members by a Court of competent jurisdiction;
 - (c) The right of the Association to suspend a Member's voting rights and Common Area use for any period during which any Assessment against his Lot remains unpaid and delinquent, and for a period not to exceed thirty (30) days for each single infraction of the rules and regulations of the Association; provided that any suspension of such voting rights, except for failure to pay Assessments, shall be made only by the Association or a committee duly appointed committee by it, after notice and hearing given and held in accordance with the By-Laws of the Association;
 - (d) The right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed upon by the Members. No such dedication or transfer shall be effective unless an instrument in any number of counterparts signed by Members entitled to cast two-thirds of the votes has been recorded, agreeing to such dedication or transfer, and provided written notice of the proposed action is sent to every Member no less than thirty (30) days nor more than (60) days in advance;
 - (e) The right of Declarant or its designees to enter upon the Common Area for purposes of construction and development of the Property and for purposes of making repairs and remedying construction defects; provided such entry shall not interfere with the use of any Improved Lot unless authorized by the Lot Owner; and
 - (f) The right of the Association to charge reasonable admission and other fees for the use of any recreational facility situated upon the Common Area.

Section 3.03. Delegation of Use. Any Member may delegate in accordance with the By-Laws, his right of enjoyment to the Common Area to the members of his family, his licensees and invitees, or to his tenants or contract purchasers who are in possession of such Member's Lot.

Section 3.04. Waiver of Use. No Member may exempt himself from personal liability for Assessments duly levied by the Association nor release the Lot owned by him from the liens and charges created by CCIOA and this Declaration, by delegation or waiver of the use and enjoyment of the Common Area or the facilities on it or by abandonment of his Lot.

Section 3.05. General Restrictions. All Owners of Lots, by their acceptance of their respective deeds, covenant and agree that the Common Area shall remain undivided, and that no Owner shall bring any action for partition, it being agreed that this restriction is necessary in order to preserve the rights of Owners with respect to the operation and management of the Property.

- (a) All Assessments and charges levied against that Lot;
- (b) All fees, charges, late charges, attorneys fees, fines, collection costs, interest and other sums charged pursuant to this Declaration or as allowed by Section 38-33.3-316(1), C.R.S. or any other provision of CCIOA (as it may be subsequently amended) or by any other applicable law.

All items set forth in this Section, from the time such items become due, shall be a charge on and covenant running with the land and shall be a continuing lien on the Lot against which each such item is charged. If an Assessment is payable in installments, each installment is a lien from the time it becomes due, including the due date set by any valid Association acceleration of installment obligations. A valid acceleration of installment Assessment obligations may be made by the Board at any time any Assessment installment is at least thirty days overdue.

Each such item, together with interest, costs, and reasonable attorneys' fees, shall also be the joint and several personal obligation of each person and entity who was the Owner of the Lot at the time when the item became due; provided that, this personal obligation shall not pass to an Owner's successors-in-title, unless expressly assumed by them. No Owner will be exempt from liability for Assessments by waiver of use or enjoyment of Common Area, Association Water, or other assets or benefits of the Association, or by abandonment of any Lot.

To the extent permitted by law, all Owners waive any homestead exemption now or hereafter provided by the laws of the State of Colorado or any examption now or hereafter provided by the laws of the United States which would otherwise have priority over such assessment lien. The acceptance of a deed to a Lot subject to this Declaration shall constitute a waiver of the homestead and any other such exemption as against such Assessment lien.

Section 4.02. Purpose of Assessments. The Assessments levied by the Association shall be used exclusively for the following: Common Expenses including, without limitation, the cost of landscape maintenance of each Lot and exterior maintenance of each Residence as specified in Section 10.05 below; Association Water, and to promote the health, safety, or welfare of the residents of the Property; or for the benefit of the Common Area; or for any other purpose of the Association, as those purposes are specified by this Declaration, the Articles of Incorporation of the Association (as amended from time to time); or as otherwise authorized by CCIOA or other applicable law.

Section 4.03. Initial Assessment.

- (a) The initial Regular Assessment for Common Expenses of the Association shall be fixed in an amount set by, and made upon the resolution of, the Board of Directors of the Association.
- (b) After any Assessment has been made by the Association, Regular Assessments shall be made no less frequently than annually based on a budget adopted by the Association as described elsewhere in this Declaration. Assessments may include, without limitation, Capital Improvement Assessments and allocations for reserves for repair or replacement of existing capital items and acquisition, construction, and existing capital items and acquisition, construction, and installation of new improvements, all to the extent set forth in the approved budget upon which such Assessment is based.
- (c) Until the Board of Directors of the Association makes an Assessment, Declarant shall pay all expenses of the Association.

Section 4.04. Date of Commencement of Assessments: Due Dates. The first Regular Assessment



Section 4.05. Expense Allocation. Except as otherwise stated in this Declaration, or as otherwise provided by CCIOA or other applicable law, each Lot shall be allocated a fraction of the Common Expenses of the Association in which the numerator is one and the denominator is the number of Lots then in the Property. If permitted by CCIOA or other applicable law, any Common Expense or portion of any Common Expense benefiting or caused by fewer than all Lots shall be assessed exclusively against the Lots benefited by or causing the Common Expense or other cost or expense.

Section 4.06. Priority of Lien. The lien for Assessments, which includes without limitation all those items specified in item (a) and (b) in Section 4.01 of this Article IV shall have the priority specified in CCIOA which, as of the date of the Declaration, is codified at Section 38-33.3-316(2), C.R.S. or other applicable law.

Section 4.07. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of new construction, if any, to the water delivery system, including fixtures and personal property related to it, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of the members who are voting in person or by proxy at a meeting duly called for this purpose.

Section 4.08. Notice and Quorum for Any Action Under this Article. Written notice of any meeting called for the purpose of taking any action authorized under this Article shall be sent to all members not less than ten (10) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast sixty percent (60%) of all the votes of the membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (½) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than 60 days following the preceding meeting.

ARTICLE V BUDGET AND RECORDS

Section 5.01. Books and Records. The Board of Directors shall cause to be maintained a full set of books and records showing the financial condition of the affairs of the Association. All books, records, and papers of the Association shall be available for inspection and copying by any Member or his representative during regular business hours at the principal office of the Association, including a statement of that member's account, setting forth the amount, if any, of unpaid assessments or other charges due and owning from such member. The Board of Directors may establish reasonable rules concerning notice to be given the custodian of the records by anyone desiring to inspect them, and payment of reproduction costs by the requesting Member.

Section 5.02. Annual Budget. The Board of Directors shall cause to be prepared no less than annually an operating budget, balance sheet, and cash flow statement for the Association.

Section 5.03. Delivery of Budget. Within thirty (30) days after adoption of any proposed budget, the Board of Directors shall mail, by ordinary first-class mail, or otherwise deliver a summary of the budget to all Owners and shall set a date for a meeting of the Owners to consider ratification of the budget not less than fourteen (14) nor more than sixty (60) days after mailing or other delivery of the summary.

Section 5.04. Ratification of Budget. Unless at the meeting to consider the budget, Owners representing a majority of all Lots reject the budget, the budget is ratified, whether or not a quorum is present.

Section 5.05. Rejection of Budget. If the proposed budget is rejected, the budget last ratified by the Owners must be continued until such time as the Owners ratify a subsequent budget proposed by the Board of Directors in accordance with Sections 5.03 and 5.04.



ARTICLE VI NONPAYMENT OF ASSESSMENTS

Section 6.01. Delinquency. Any Assessment allowed under this Declaration which is not paid when due shall be delinquent. If any such Assessment is not paid within thirty (30) days after the date it becomes delinquent, Assessment shall bear interest from the date of delinquency at a rate not to exceed the maximum rate of interest (presently 21% per annum) permitted by CCIOA or other applicable law. The Association may, at its option, bring an action at law against the Owner personally obligated to pay the same or, upon compliance with the notice provisions set forth in Section 6.02 below, foreclose the lien allowed under Section 4.01 above against the Lot(s) as to which the Assessment has not be paid, and in either case there shall be added to the amount of such Assessment and interest thereon, all costs which may be incurred by the Association in its collection thereof, including reasonable attorneys' fees. Each Owner vests in the Association or its assigns the right and power to bring all actions at law or institute judicial foreclosure proceedings against such Owner or other Owners for the collection of such delinquent Assessments.

Section 6.02. Foreclosure Sale. Any foreclosure sale related to an Assessment lien is to be conducted in accordance with those provisions of the laws and rules of the courts of the State of Colorado applicable to the foreclosure of mortgages, or in any other manner then permitted or provided by applicable law. The Association, through its duly authorized agents, shall have the power to bid on the Lot at a foreclosure sale, and to acquire and hold, lease, mortgage and convey the same in the name of the Association.

Section 6.03. Curing of Default. Upon the timely curing of any Assessment delinquency, the Association is authorized to file or record, as appropriate, a certificate setting forth the satisfaction of such claim and release of such lien, upon payment by the defaulting Owner of a fee, to be determined by the Association, to cover the costs of preparing and filing or recording such release, and other expenses incurred.

Section 6.04 Cumulative Remedies The Assessment lien and the 3hts of foreclosure and sale under it shall be in addition to and not in substitution for all other rights and remedies which the Association and its assigns may have under this Declaration and then applicable law, including without limitation a suit to recover a money judgment for unpaid Assessments, as above provided, all of which rights shall be cumulative.

ARTICLE IX ASSOCIATION POWERS

Section 9.01. Authority. The Association shall have all rights, powers, and authority specified or permitted by: (a) CCIOA; (b) any other applicable law; (c) this Declaration; and (d) the Articles and By-Laws of the Association, to the extent not inconsistent with (a), (b) or (c).

Section 9.02. Actions Against Owners. The Association may take judicial action against any Owner to enforce compliance with any provisions of this Declaration, obtain mandatory or injunctive relief, or obtain damages for noncompliance and exercise any other right or remedy for enforcement of this Declaration permitted by law. All of such rights and remedies of the Association shall be cumulative and nonexclusive.

Section 9.03. Conveyance or Encumbrance. The Association shall have the right to encumber, dedicate, or convey all or any part of the Common Area or any other Association asset. However, no such encumbrance, dedication, or conveyance shall be effective except in an instrument signed by seventy-five percent (75%) of all Owners, including seventy-five percent of all Owners other than Declarant, agreeing to such encumbrance, dedication, or transfer has been recorded in the Delta County records. Such instrument demonstrating the requisite number of member signatures may be signed in counterparts which

- (a) The Association may utilize professional management in performing its duties. Any agreement for professional management of the Association's business or any contract providing for the services of Declarant shall have a maximum term of three (3) years and shall provide for termination by either party thereto, with or without cause and without payment of a termination fee, upon thirty (30) days' prior written notice.
- (b) Any contracts, licenses or leases entered into by the Association while the Declarant controls the Association shall provide for termination by either party to the agreement, with or without cause and without payment of a termination fee, at any time after termination of the Declarant's control or the Association, upon no less than thirty (30) days' prior written notice.
- (c) Despite anything to the contrary contained in this Section 9.04, the Association may enter into contracts, licenses and leases in violation of Article IX upon a waiver of any requirements contained in Article IX by the Federal National Mortgage Association.



Residence exteriors, or landscaping, which is the responsibility of the Association under Section 10.05, or any other common expense, is caused by the willful, reckless or negligent act or omission of any Owner, or by the willful, reckless or negligent act or omission of any member of such Owner's family or by a guest or invitee of such Owner or anyone under control of the Owner, the cost of such repair or maintenance shall be the personal obligation of such Owner, and any costs, expenses and fees incurred by the Association for such maintenance, repair or reconstruction shall be added to and become part of the Assessment as a Special Assessment or part of a Regular Assessment to which such Owner's Lot is subject and shall become a lien against such Owner's Lot. A determination of the negligence, recklessness or willful act or omission of any Owner or any member of the Owner's family, a guest, or invitee of any Owner, or anyone under the Owner's control, and the amount of the Owner's liability, shall be determined by the Association at a hearing after notice to the Owner, provided that any such determination which assigns liability to any Owner pursuant to the terms of this Section may be appealed by the Owner to a court of law.

- (a) No Owner shall engage in any activity which will temporarily or permanently deny free access to any part of the Common Area excluding that part of the Common Area which may comprise that Owner's driveway, to all Members, nor shall any Owner place any structure or fence whatsoever upon the Common Area.
- (b) The use of the Common Area shall be subject to such rules and regulations as may be adopted from time to time by the Board of Directors of the Association.

ARTICLE X USE RESTRICTIONS

Section 10.01. Delegation of Use. Any Owner may delegate, subject to any By-Laws of the Association, his right of enjoyment to the Common Area and use of the Association Water to the members of his family residing with him, his tenants, licensees or invitees or contract purchasers who reside on the Lot owned by that Owner.

Section 10.02. Declarant's Use. Despite any provision in this Declaration to the contrary, it shall be permissible for Declarant, its successors and assigns (or any agent, contractor, subcontractor or employee of the Declarant) to maintain during the period of construction and sale upon any portion of the Property, including the Common Area, such facilities as in the sole opinion of Declarant may be reasonably required, convenient or incidental to the construction and sale of the townhomes, including, but without limitation, a business office, storage area, construction yards, signs, model townhomes and



related by blood, marriage, or adoption, and excludes any group of more than four individuals who are not all related by blood, marriage, or adoption.

- (b) No portion of any Lot shall be used other than for residential purposes, except as expressly permitted by this subsection (b). No commercial activities of any kind shall be carried on in any portion of the Property except activities relating to the sale or rental of an Owner's Lot, nor shall any goods, equipment, vehicles, materials, or supplies used in connection with any trade, service, or business be kept or stored on any such Lot. This subsection, however, shall not be construed to prevent or prohibit an Owner from maintaining his professional records or accounts, handling his personal or professional business or professional telephone calls, or occasionally conferring with business or professional associates on his or her Lot.
- (c) All utility lines, fixtures and equipment exclusively serving a Lot (excluding, for example, utilities trunk lines) installed within the perimeter of that Lot, shall be maintained and kept in repair by the Owner thereof. An Owner shall not impair any easement or allow any condition to exist which will adversely affect the other Lots or their Owners.

Section 10.04. Household Pets. No animals, livestock, reptiles, poultry or insects, of any kind, shall be raised, bred, kept nor boarded in or on the Property; provided, however, that the Owners of each Lot may keep a reasonable number of dogs, cats, fish or other domestic animals which are actually household pets, so long as such pets are not kept for any commercial purpose and are not kept in such number or in such manner as to create a nuisance to any resident(s) of the Property. An Owner's right to keep household pet(s) shall be coupled with the responsibility to pay for any costs to the Association for any damages caused by such Owner's pet(s), and to ensure that the Common Area is kept clean and free of his or her pet(s)' refuse.

Section 10.05. Landscaping. Lot and Exterior Residence Maintenance.

(b)

As used in this section, the term "Landscape," in either its noun or verb form, shall mean the design, tayout and choice of materials for ground cover on each Lot, including, but not limited to grass, rock, bark, trees, shrubs, and other vegetative and non-vegetative ground cover. Owners shall not be permitted to alter or modify the Landscaping on his or her Lot except that each Owner shall be entitled and required to Landscape and maintain the ground area encompassing a three foot perimeter surrounding the exterior boundary of his or her residence. Other than as specifically provided in this paragraph, the Association shall be responsible for the Landscape maintenance of Lots; and in so doing, shall ensure that each Lot is properly mowed, trimmed, watered, and otherwise kept in a neat, clean and orderly manner. The cost of such maintenance shall be included within the cost of each Lot Owner's Regular Assessment paid to the Association and shall be a Common Expense of the Association, subject to Section 9.05.

Subject to Section 9.05, Association shall be responsible for maintenance, repair and replacement of the roof and exterior of all doors and windows of the residence on each Lot, together with maintenance and repair excluding normal cleaning) of the driveways and sidewalks serving the Residence on each Lot. The cost of maintenance, repair and replacement which are the responsibility of the Association under this paragraph shall be included within the cost of each Lot Owner's Regular Assessment paid by the Association and shall be a Common Expense of the Association. Despite anything to the contrary stated in this paragraph, the Association shall be responsible only for maintenance, repair and replacement of the exterior surfaces of the Residence. Owners shall



(including, without limitation, the foundation and structural support) shall be the sole expense and responsibility of the Owner.

If any Owner maintains and keeps, or permits the existence of, his yard or (c) home in a condition which violates any of the use restrictions in this Article or Declaration, the Board of Directors of the Association shall have the power to contract with a third party to remedy the violation. This right to remedy shall arise after seven (7) days' written notice of the nature of the violation is given to the Owner of the Lot, and the Owner has failed to remedy the violation within the seven (7) day period. The cost of correcting the violation shall be paid as a Special Assessment and is enforceable by the Association against the Owner of the Lot in violation. The Association shall have the same rights as specified in this paragraph with regard to any act, omission or condition which could result in damage or expense for which the Association would be responsible under this Declaration. With regard to any situation in which the Association shall be empowered to act under this paragraph, the Association may act without notice to the Owner if the Association determines that damage, expense or liability to the Association or any Owner or Lot would occur if such notice and right to cure were given, or that an actual emergency exists. This remedy shall be in addition to other remedies provided for enforcement of the provisions of this Declaration.

Section 10.06. Snow and Trash Removal.

- The Association shall be responsible for snow removal on all driveways, walkways and sidewalks of the Property, and for trash removal from the Residences. The cost of such snow and trash removal shall be part of each Lot Owner's Regular Assessment paid to the Association and shall be a Common Expense of the Association, subject to Section 9.05.
- No garbage, refuse, rubbish, or cuttings shall be deposited on any street, the Common Area, or any Lot, unless placed in a suitable container suitably located, solely for the purpose of garbage pickup. All containers shall be removed from the street the same day and returned to their screened Area. All equipment for the storage or disposal of such materials shall be kept in a clean and sanitary condition. No garbage or trash cans or receptacles shall be maintained in an exposed or unsightly manner. All trash receptacles shall be screened from view of the street, neighboring Lots and the Common Area. No elevated tanks of any kind (oil, gas, water, etc.) shall be constructed on any Lot.

Section 10.07. Maintenance of Common Area. To the extent not performed by the applicable governmental entity, the Association shall be responsible for the landscaping and maintenance of the Common Area, including without limitation, repair of signage, fencing, stone columns, irrigation equipment, lighting and electrical fixtures and equipment, and plantings. No Owner shall, in whole or in part, change the Landscaping, grade or fencing or on any portion of the Common Area.

ARTICLE XI ASSOCIATION WATER

Section 11.01. Management of Association Water. The Association shall have the exclusive authority to allocate, deliver, manage, and control the use of the Association Water. Further, the Association shall have the exclusive authority to own, operate, repair, and maintain the Irrigation Facilities. The Association's authority shall include (without limitation) the promulgation of rules, regulations, policies, and procedures, not inconsistent with this Declaration, concerning the application and use of Association Water, including conservation measures and measures to reduce demand during



ownership, operation, and maintenance of Irrigation Facilities. The Association shall have the authority to remove or alter any structure or improvement which shall interfere with the ownership, operation, and maintenance of the Irrigation Facilities, the costs of such removal to be borne by the Owner of the interfering improvement or structure.

Section 11.03. Flow Restriction: Water Availability. The Association has the right to install and maintain flow restrictor valves on the irrigation pipelines delivering irrigation water to each Lot. Declarant, the Association, and each subsequent Owner understand and agree that the general area of the Property is desert-like in nature, that Irrigation Water availability varies and that use of Irrigation Water may be limited by the Association utilizing any reasonable means, including without limitation water schedules, water use plans, together with rules and regulations and other limitations on the availability and the nature, amount and area of Irrigation Water usage upon the Lots, Common Area and Property.

Section 11.04. Drainage. Release of contaminants or hazardous materials into the Property drainage is prohibited.

Section 11.05. Maintenance and Water Assessments. The Declarant, its successors and assigns shall maintain the Irrigation Facilities and pay all water assessments on Association Water until transfer to the Association; provided, however, that Declarant shall be reimbursed by the Association for all payments of water assessments paid by Declarant under this Section. Upon the transfer to the Association, full responsibility for the Irrigation Facilities and Association Water shall be borne by the Association.

ARTICLE XII INSURANCE

Section 12.01. Insurance. The Association shall obtain and maintain insurance as required by CCIOA, currently codified at C.R.S. § 38-33.3-313., as amended, and this Declaration.

Section 12.02. Type of Insurance. The Association shall obtain a master insurance policy insuring against damage to the Common Area and the exterior of the residences. The master insurance policy insuring the Common Area and the exterior of the residences shall be for broad form covered causes of loss, shall include the Owners as additional named insureds and shall include (or the Association shall obtain separately) commercial general liability insurance with single limited coverage of not less than \$1,000,000.00 with \$500,000.00 medical payments coverage. In addition, if reasonably available, the Association shall maintain directors and officers liability insurance. The master insurance policy shall include coverage for the exterior surfaces of the Residences, and the cost to repair those exterior surfaces shall be included in the calculations for reparations to any insured loss. The association, as attorney-in-fact, shall have the authority conferred upon it in Article 13 of this Declaration to deal with these items in the event casualty to them is an insured loss to the Association under its master insurance policy.

Section 12.03. Waiver of Subrogation. The Association and Lot Owners each waive any and all rights of recovery against the other, their officers, members, agents and employees, occurring on or arising out of the use and occupancy of the Property to the extent such loss or damage is covered or indemnified by proceeds received from insurance carried by the other party, or for which such party is otherwise reimbursed. Each of the parties shall, upon obtaining the insurance required under this Declaration, notify the insurance carrier that the foregoing waiver of subrogation is contained in this covenant, and, to the extent available, shall require the insurance carrier to include an appropriate Waiver of Subrogation Provision in the policy.

Section 12.04. Fidelity Bonds. If any Owner or Association employee controls or disburses Association funds, the Association must obtain and maintain, to the extent reasonably available, a fidelity bond insurance in an aggregate amount equal to not less than two months of current assessments plus reserve calculated from the then-current budget of the Association.



Section 12.06. Fidelity Bond Premiums. Premiums for bonds required of the Association under this provision are Common Expenses of the Association.

DAMAGE OR DESTRUCTION OF COMMON AREA AND EXTERIOR OF RESIDENCES

Section 13.1. Appointment of Association as Attorney-in-Fact. This Declaration mandates each Owner's appointment of the Association as his or her attorney-in-fact to administer repairs, receive and apply insurance funds, and ensure compliance with this Declaration upon the damage, destruction, or obsolescence of the Common Area and the exterior of the Residences. Any Grantee's acceptance of a Deed to any Lot shall constitute the irrevocable appointment of the Association as the grantee's attorney-in-fact, to act with all the powers as provided in this Section.

Section 13.2. Rights of Association as Attorney-in-Fact. By acceptance of a Deed to a Unit within the Property, whether or not such acceptance is from the Declarant or a subsequent Grantee of the Declarant, the Owner irrevocably appoints the Association as the Owner's attorney-in-fact for handling matters connected with damage, destruction or obsolescence of the Common Area and the exterior of the Owner's Residence. As attorney-in-fact, the Association, by its President and Secretary, shall have full and complete authority, right and power to make, execute, and deliver any contract, deed, or any other instrument with respect to the interest of an Owner which is necessary and appropriate to exercise the powers granted in this Declaration. Repair and reconstruction of the Common Area and the exterior of the residences means restoring the the same to substantially the same condition in which it existed prior to the damage. The obsolescence of the Common Area and the exterior of the residences shall be determined by the Association, in its sole and absolute discretion. Except as otherwise provided in this Declaration, any insurance proceeds collected shall be paid to the Association for the purpose of repair, restoration, or replacement.

Section 13.3. Application of Insurance Proceeds. In the event of damage or destruction to any improvement, whether or not such improvement is a fixture or personal property of the Association, installed by the Association within the Common Area or to the exterior of Residences, due to an insured loss, the insurance proceeds, if sufficient to reconstruct or repair the damage, shall be applied by the Association to such reconstruction and repair. If the insurance proceeds with respect to such Common Area damage or destruction are insufficient to repair and reconstruct the damaged or destroyed Common Area, the Association may levy a Capital Improvement Assessment in the aggregate amount of such deficiency and shall proceed to make such repairs or reconstruction, unless:

- (1) the planned community is terminated;
- repair or replacement would be illegal under any state or local statute or ordinance governing health or safety;
- (3) eighty percent (80%) of the Owners, including every Owner of a Lot that will not be rebuilt, vote to not rebuild; or
- (4) prior to the conveyance of any Lot to a person other than Declarant, the holder of a deed of trust or mortgage on the damaged portion of the Common Area rightfully demands all or a substantial part of the insurance proceeds;

provided that distributions of insurance proceeds shall be made to the Association unless made jointly payable to the Owners and First Mortgagees of their respective Lots, if any. The Capital Improvement Assessment provided for in this Article shall be a debt of each Owner and a lien on his or her Lot and the improvements on it, and may be enforced and collected in the same manner as any Assessment lien provided for in this Declaration.



portion thereof, or other duly recorded instrument(s). Within these easements no improvement, structure, planting or other material shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of such utilities or facilities, or which may change the direction of flow or drainage channels in the easements. Declarant, for itself and for the Association, reserves the right to enter upon the Property and Lots to correct any flow of water, to establish and re-establish drainage channels, and to perform its Landscape and other maintenance and upkeep obligations imposed on it by this Declaration

Section 14.03. Conflict of Provisions. In case of any conflict between this Declaration, the Articles of Incorporation or By-Laws of the Association, this Declaration shall control. In case of any conflict between the Articles of Incorporation and the By-Laws of the Association, the Articles of Incorporation shall control.

Section 14.04. Street Lighting. Unless street lighting and its cost is provided by the community in which jurisdiction this Property is situated, all Lots shall be subject to and bound to tariffs or other charges which are now and may in the future be filed with the Public Utilities Commission of the State of Colorado or contracted for by the Association relating to street lighting located within this Property, together with rates, rules, regulations and terms therein provided and subject to all future amendments and changes on file with the Public Utilities Commission of the State of Colorado applicable to such facilities.

Section 14.05. Expansion.

- (a) Reservation of Right to Expand. Declarant reserves the development right to expand the Property to include additional Lots, not to exceed 103 in number so that the total number of Lots potentially subject to this Declaration is 150, and additional Common Areas at any time or times without approval by the Lot Owners. The area of potential expansion is all property described in the deed recorded on ______ in Book ____ at page ___ of the Delta County records.
- (b) Supplemental Declarations and Supplemental Plats. Such expansion may be accomplished by the filing for record by Declarant in the office of the Clerk and Recorder of Delta County, Colorado, one or more Supplemental Declarations and supplemental Maps setting forth the Lots and other real property, if any, to be included in the expansion, or a statement that this Declaration shall govern and apply to that property. The expansion may be accomplished in stages by successive supplements or in one supplemental expansion.
- (c) Expansion of Definitions. In the event of such expansion, the definitions used in this Declaration shall be expanded automatically to encompass and refer to the Property subject to this Declaration as so expanded. All conveyances of Lots shall be effective to transfer rights in the Property as expanded. The recordation in the records of Delta County, Colorado, of supplemental Map(s) or Plat Map(s) incident to any expansion shall operate automatically to grant, transfer, and convey to the Association any new Common Area added to the Property as the result of such expansion. The allocation for Assessments shall be amended pro rata to reflect the increase in the number of Lots added to this Declaration.
- (d) Declaration Operative to New Lots. The new Lots shall be subject to all of the terms and conditions of this Declaration and of any Supplemental Declaration, upon placing the supplemental parcel Map(s) depicting the expansion Property and Supplemental Declaration(s) of public record in the real estate records of

Section 14.06. Term. The provisions of this Declaration shall each constitute covenants, running with the land applicable to all of the Lots, binding Declarant and all persons and entities claiming by, through, or under him for a period of twenty (20) years from the date of recording this Declaration in the Delta County real estate records, which shall be automatically extended for successive periods of twenty (20) years each, without action by or notice to any person or entity unless amended or terminated as provided below.

Section 14.07. Amendment and Termination. Subject to the provisions of Sections 38-33.3-217(1), (4), (5) and (6), 208(3), 209(6), 210, and 222, C.R.S., allowing amendment of this Declaration by the Declarant, and Sections 38-33.3-107, 206(4), 208(2), 212, 213, and 218 (11) and (12) C.R.S., allowing amendment of this Declaration by the Association without a vote of the membership, all or any portion of this Declaration may be supplemented, changed or canceled in whole or in part at any time by the vote or agreement of the Owners of 80% of the Lots. Such agreement may be in any number of counterparts. Such amendment shall be effective when duly recorded in Delta County, Colorado real estate records.

Declarant reserves and is granted the right and power to record technical amendments to this Declaration. Articles of Incorporation or By-Laws of the Association at any time prior to the termination of Declarant's control or the Association, for the purposes of correcting spelling, grammar, dates, typographical errors, or as may otherwise be necessary to clarify the meaning of any provisions of any such document.

Section 14.08. Rights of Declarant Incident to Construction. An easement is retained by and granted to Declarant, its successors and assigns, for access, ingress and egress over, in, upon, under, and across the Common Area and any easements shown on the Maps, including but not limited to the right to store materials on these areas and to make such other use of these areas as may be reasonably necessary or incidental to Declarant's or its designees' construction on the Property, including without limitation construction of improvements indicated on the Maps; provided, however, that no such rights or easements shall be exercised by Declarant in such a manner as to unreasonably interfere with the occupancy, use, enjoyment, or access by any Owner, his family members, guests, or invitees, to or of that Owner's Lot. Declarant, for itself and its successors and assigns, hereby retains a right to store construction materials on Lots owned by Declarant and to make such other use of these Lots as may be reasonably necessary or incidental for the purpose of the completion or improvement of the Property. the performance of Declarant's obligations under this Declaration, and the sale of the Lots. Any special declarant rights created or reserved under this Article or elsewhere in this Declaration for the benefit of Declarant may be transferred to any person by an instrument describing the rights transferred and recorded in the office of the Clerk and Recorder for the County of Delta. The rights of Declarant reserved in this Section 13.07 shall expire ten (10) years after the recording of this Declaration. Any rights granted to Declarant under this Declaration shall expire on the date which is ten (10) years from the recording date of this Declaration, unless otherwise provided herein.

Section 14.09. Sales Office and Models. Despite anything to the contrary stated elsewhere in this Declaration, the Declarant may maintain a sales and/or management office and model townhomes on the Property, including, without limitation, the Common Area. The office may be located on any Lot owned by Declarant and may be relocated to any other Lot owned by Declarant from time to time, at Declarant's sole discretion. When Declarant no longer owns any Lot on the Property, Declarant shall have a period of sixty (60) days in which to remove the office described above from the Property. The Declarant may maintain one or more signs on the Common Area for the purpose of advertising the Property and the sales of Lots. The provisions of this section shall control in the event of any conflict with any other provision contained in this Declaration. Declarant shall have the rights stated in this Section for the same time period as the rights reserved in Section 13.05.

Section 14.10. CCIOA Controls. Any provision of this Declaration in conflict with the provisions of CCIOA shall be void and of no effect.



<u>Section 14.12. Section Headings</u>. The section titles and headings used in this Declaration are for identification purposes only and shall not be utilized to interpret or construe the provisions of this Declaration, which shall remain in full force and effect.

<u>Section 14.13</u>. <u>Severability</u>. Invalidation of all or any part of any one of these covenants or restrictions by judgment or court order shall not affect any of the other provisions of this Declaration, which shall remain in full force and effect.

<u>Section 14.14</u>. <u>Binding Effect</u>. The provisions of this Declaration shall be binding upon and for the benefit of Declarant, each Owner, and each and all of their heirs, personal representatives, successors in interest, and assigns.

<u>Section 14.15</u>. No Rights Given to the <u>Public</u>. Nothing contained in this Declaration shall be deemed to be a gift or dedication of any portion of the Property to the general public or for any public use or purpose.

Section 14.16. Applicability of Governmental Regulations. The covenants, conditions and restrictions contained herein are separate and distinct from any zoning, building or other law ordinance, rule or regulation of the Town of Cedaredge or of any governmental authority having jurisdiction over the Property which now or in the future may contain different requirements from or in addition to those contained herein or which may prohibit uses permitted herein or permit use prohibited herein. In the event of any conflict between the provisions hereof and the provisions of any such law, ordinance, rule or regulation, the Owner must first comply with all governmental laws, ordinances, rules or regulations and then to the extent possible, the Owner must comply with these covenants, conditions and restrictions unless such compliance would result in a violation of such law, ordinance, rule or regulation, in which case, upon a finding that compliance herewith would result in such a violation, the Architectural Control Committee shall waive any such covenants, conditions or restrictions to the extent it results in such a violation, and in connection therewith, the Architectural Control Committee may impose such conditional covenants, conditions and restrictions as may be necessary to carry out the intent of this Declaration.

DECLARANT:

DEERCREEK VILLAGE, L.L.C., a Colorado limited liability company

By: Tim Calliban, Manager

STATE OF COLORADO)
) 88
COUNTY OF DELTA)

WITNESS my hand and official seal.

My commission expires: 2-2-02



Cheryl a Hall Notary Public

OWNERS:

	518499 18/86/1998 82:18P 8813 P839 LiteCracken
STATE OF COLORADO) ss	17 of 25 R 126.00 D 0.00 Delta Cty, CO Clerk &
COUNTY OF DELTA)	
Subscribed and sworn to before me Radcliff and Datha D. Radcliff.	this 14 day of <u>Sp+</u> , 1998, by Lester G.
WITNESS my hand and official sea	al.
My commission expires: 2-2	-02
GRYLA TAR	Notary Public OWNER:
OF COLOR	Timothy M. Callihan
STATE OF COLORADO)	2
COUNTY OF DELTA) ss	# B
Subscribed and sworn to before me Callihan.	this 14 day of Sept, 1998, by Timothy M.
WITNESS my hand and official se	al.
My commission expires: 2-2-	02
S SOTARILL S	Notary Public OWNER:
PUBLING OF COLOR	Steven G. Groskopf
STATE OF COLORADO)	re ·
COUNTY OF DELTA	
Subscribed and sworn to before m Groskopf.	ne this 32 day of Soplember 1998, by Steven G.

WITNESS my hand and official seal.

My commission expires: 01 03 12000



10/86/1998 82:18P B813 P840 LMcCracken 25 R 126.88 D 8.88 Delta Cty, CO Clerk & Re

OWNER:

STATE OF COLORADO COUNTY OF DELTA

Acquafresca.

WITNESS my hand and official seal.

My commission expires: 2-2-02.

Cheryl a Hall



STATE OF COLORADO

COUNTY OF DELTA

Subscribed and sworn to before me this ________, day of ________, 1998, by Evelyn R. Lacy.

OWNER:

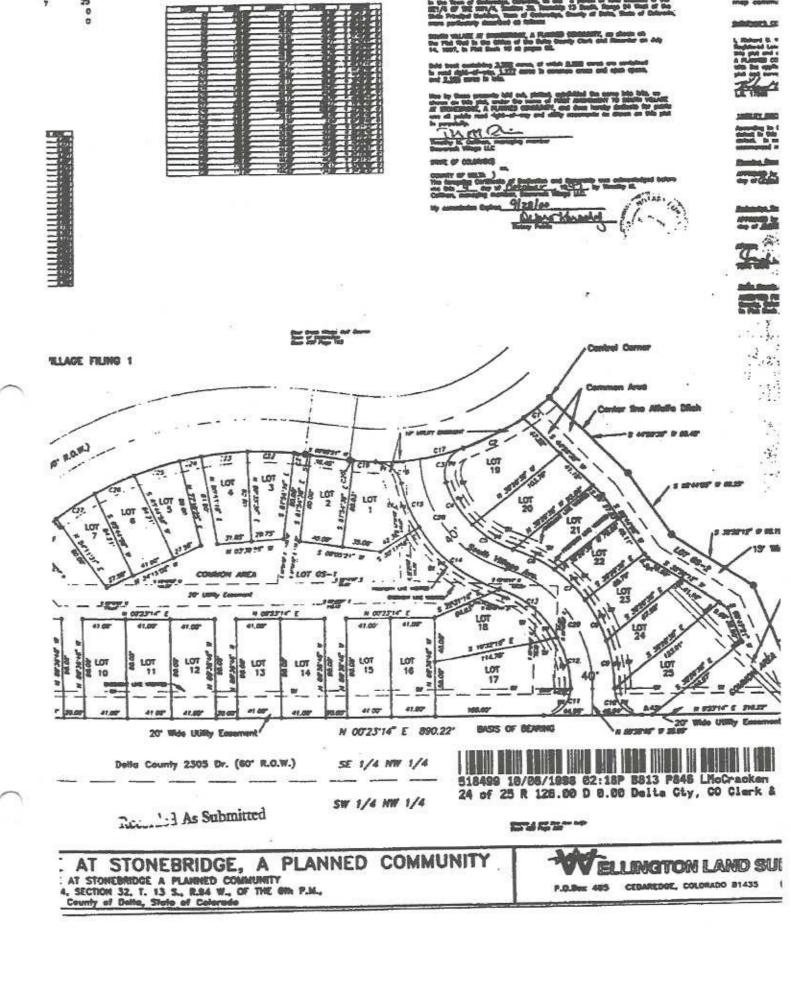
WITNESS my hand and official seal.

My commission expires: 2-2-02

Notary Public Cheryla Hall

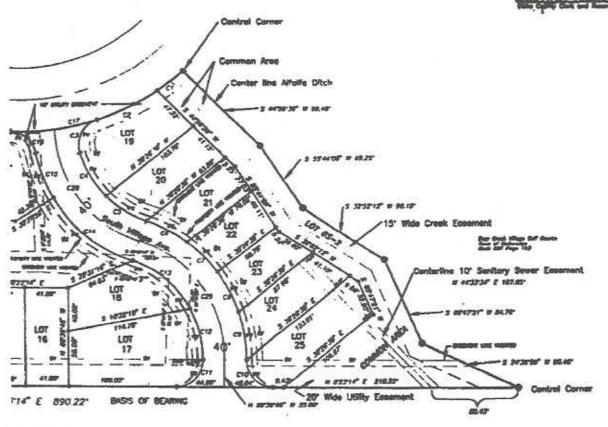
OWNER:

James Barl Griffin



CURVE TABLE:

F. King



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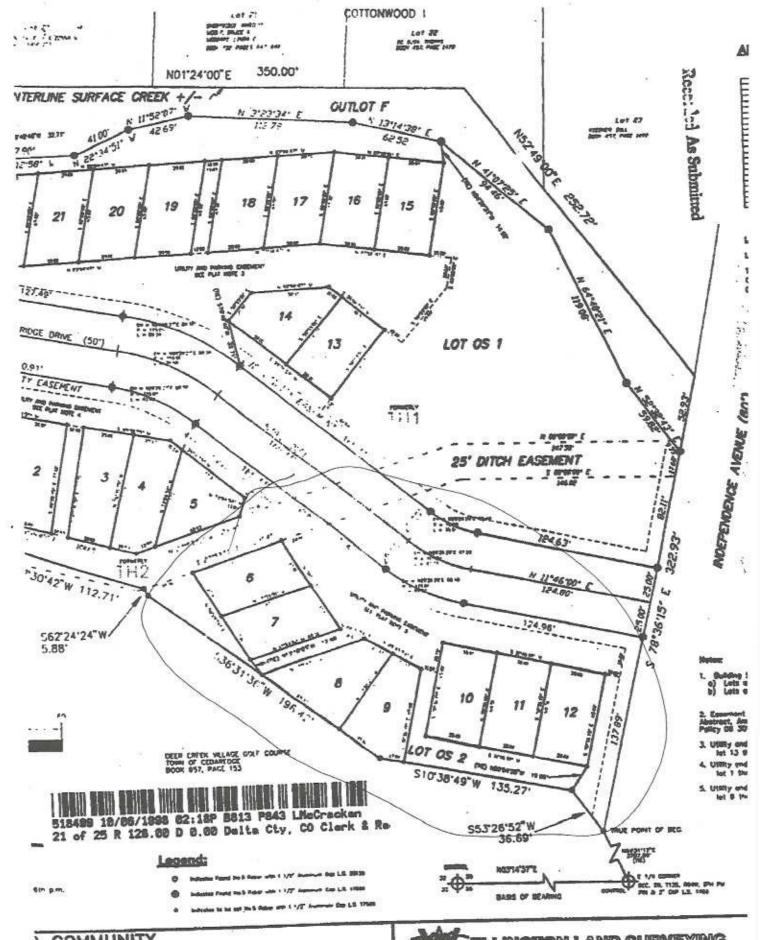
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COMMUNITY

Lington Land Surveying CEDAREDGE, COLORADO 81435

(970) 256-6136

Shoot 1 of 1



COMMUNITY

AT DEER CREEK VILLAGE FILING 2

ELLINGTON LAND SURVEYING (970) 856-8136 CEDAREDGE, COLORADO 81413

Legend:

FIRST AMENDMENT TO SOUTH VILLAGE AT STONEBRIDGE,

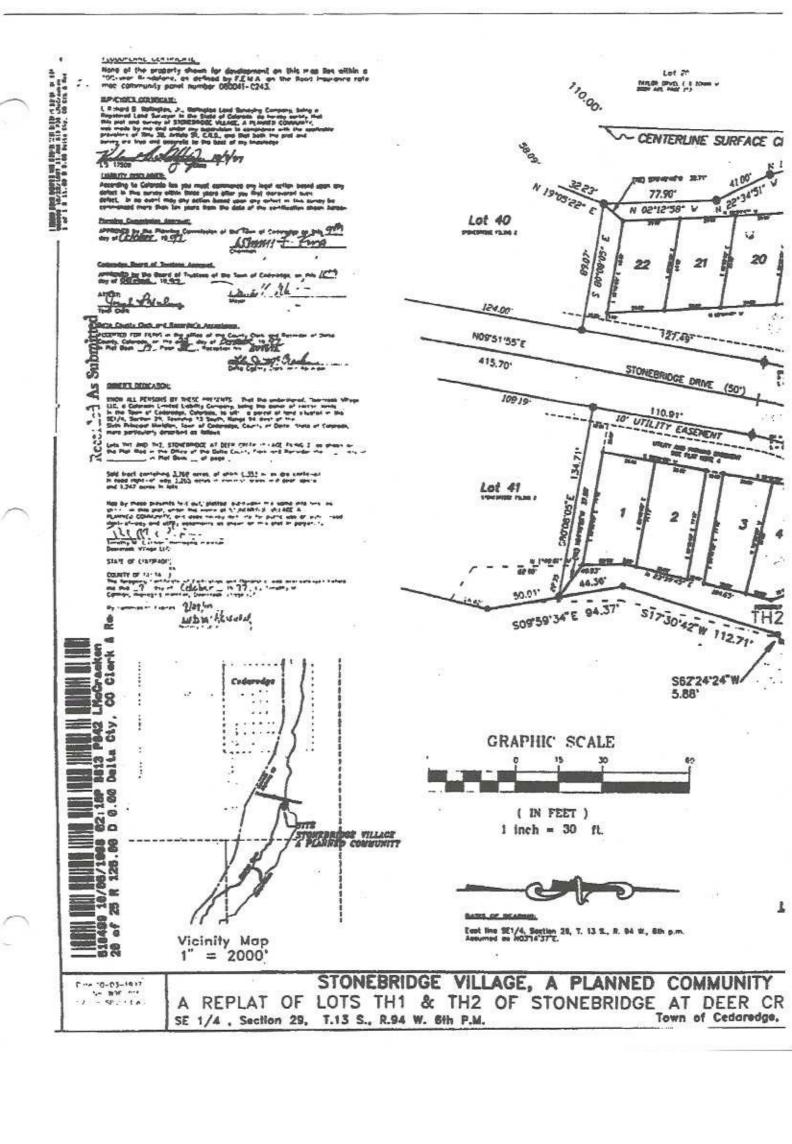
A REPLAT OF SOUTH VILLAGE AT STONEBRIDGE A PLANNED COMMU
LOCATED IN PART OF THE SE 1/4 NW 1/4, SECTION 32, T. 13 S., R.94 W., OF 1

CURVE TAB



Delta County 2305 Dr. (60

107 1/10 Good



STATE OF COLORADO

Subscribed and sworn to before me this 21 day of Sept. 1998, by James Earl Griffin.

WITNESS my hand and official seal.

My commission expires: 2-2-02.

Clery Hall

Notary Public

STATE OF COLORADO

Subscribed and sworn to before me this 20 day of Sept. 1998, by Betty Lee Griffin.

WITNESS my hand and official seal.

My commission expires: 2-2-02.

Clery Hall

Notary Public

Subscribed And Sworn to before me this 20 day of Sept. 1998, by Betty Lee Griffin.

WITNESS my hand and official seal.

My commission expires: 2-2-02.



518499 19/96/1998 92:18P 8813 P841 LiteCracken