

**TABLE OF CONTENTS
DECLARATION FOR
OWL CREEK HOMES**

1.	<u>DECLARATION - PURPOSES AND EFFECT</u>	1
1.1	<u>General Purposes</u>	1
1.2	<u>Declaration</u>	1
2.	<u>DEFINITIONS</u>	1
3.	<u>OWNERSHIP AND USE</u>	5
3.1	<u>Division of Property Into Units and Allocation of Interests</u>	5
3.2	<u>Ownership of Common Elements</u>	5
3.3	<u>Limited Common Elements</u>	5
3.4	<u>Reallocation of Limited Common Elements</u>	6
3.5	<u>Period of Ownership</u>	6
3.6	<u>Inseparability of a Unit</u>	7
3.7	<u>Method of Description</u>	7
3.8	<u>Separate Assessment and Taxation Notice to Assessor</u>	7
3.9	<u>Ownership Title</u>	7
3.10	<u>Non-Partitionability of General Common Elements</u>	7
3.11	<u>The Use of General and Limited Common Elements</u>	7
3.12	<u>Use and Occupancy</u>	8
3.13	<u>Compliance with Law</u>	8
3.14	<u>Nuisances, Noxious or Offensive Activity</u>	8
3.15	<u>Sign Restrictions</u>	8
3.16	<u>Parking Restrictions</u>	8
3.17	<u>Pet Restrictions</u>	9
3.18	<u>Eyesores and Fire Restrictions</u>	9
3.19	<u>Structural Integrity</u>	9
3.20	<u>Easements for Encroachments</u>	9
3.21	<u>Easement for Benefit of Owners</u>	9
3.22	<u>Access for Maintenance, Repair, and Emergencies</u>	10
3.23	<u>Maintenance Responsibilities of the Association</u>	10
3.24	<u>Maintenance Responsibilities of Owners</u>	11
3.25	<u>Compliance With Provisions of Declaration, Articles, and Bylaws of the Association</u>	11
3.26	<u>Additions, Alterations, and Improvements</u>	11
3.27	<u>Right to Combine Units</u>	12
3.28	<u>Management Agreement</u>	12
3.29	<u>Wildlife Enhancement and Management Plan</u>	13
3.30	<u>Prohibition on Alteration of Exteriors of Units</u>	13
3.31	<u>Ski Easements</u>	13
4.	<u>RESERVATION OF RIGHTS TO DECLARANT</u>	13
4.1	<u>Reservation of Rights to Declarant</u>	13

5.	<u>EAST VILLAGE MASTER ASSOCIATION, INC.</u>	15
5.1	<u>East Village Master Association</u>	15
5.2	<u>Voting Members</u>	15
6.	<u>THE ASSOCIATION</u>	15
6.1	<u>Business and Membership</u>	15
6.2	<u>Period of Declarant Control</u>	16
6.3	<u>Binding Effect</u>	16
6.4	<u>Power of the Association</u>	16
6.5	<u>Obligations for Maintenance and Management</u>	17
6.6	<u>Additional Association Functions</u>	17
6.7	<u>Fines</u>	17
6.8	<u>Other Rights of the Association</u>	17
6.9	<u>Certain Provisions Regarding Security Interests</u>	17
6.10	<u>Notice to Maintain</u>	17
6.11	<u>Mechanics' Liens</u>	17
6.12	<u>Maintenance of Common Elements for Ski Access</u>	18
7.	<u>ASSESSMENTS</u>	18
7.1	<u>Obligation to Pay Assessments</u>	18
7.2	<u>General Assessments</u>	18
7.3	<u>Special Assessments</u>	18
7.4	<u>Apportionment of Assessments</u>	19
7.5	<u>Refunds</u>	19
7.6	<u>Assessments Adjustments</u>	19
7.7	<u>Collection and Enforcement Remedies</u>	19
7.8	<u>Grantee and Mortgagee Assessment Obligations</u>	20
8.	<u>INSURANCE</u>	21
8.1	<u>Types of Insurance</u>	21
8.2	<u>Conditions of Insurance</u>	21
8.3	<u>Named Insured and Interests</u>	22
8.4	<u>Invalidation or Reduction of Coverage</u>	22
9.	<u>DAMAGE, DESTRUCTION, AND OBSOLESCENCE</u>	22
9.1	<u>Insurance Proceeds</u>	22
9.2	<u>Mandatory Maintenance</u>	22
9.3	<u>Plan for Maintenance</u>	23
9.4	<u>Payment for Maintenance</u>	23
9.5	<u>Association as Attorney-in-Fact</u>	23
9.6	<u>Repair and Reconstruction</u>	23
9.7	<u>Disbursement of Proceeds</u>	24
9.8	<u>Sale of Entire Project</u>	24
9.9	<u>Rights of Dissenting Owner to Plan</u>	25

10.	<u>EMINENT DOMAIN</u>	25
10.1	<u>Taking of Unit</u>	25
10.2	<u>Partial Taking</u>	26
10.3	<u>Taking of Association Property or Common Elements</u>	26
11.	<u>TERM, REVOCATION, AND AMENDMENT OF DECLARATION</u>	26
11.1	<u>Term Of Declaration</u>	26
11.2	<u>Revocation of Declaration</u>	26
11.3	<u>Disbursement of Proceeds</u>	26
11.4	<u>Amendment of Declaration</u>	27
12.	<u>MISCELLANEOUS</u>	27
12.1	<u>Declarant's Rights Transferable</u>	27
12.2	<u>Provisions Incorporated in Deeds</u>	27
12.3	<u>Number and Gender</u>	27
12.4	<u>Construction</u>	27
12.5	<u>No Dedication</u>	27
12.6	<u>Notices</u>	27
12.7	<u>Registration of Mailing Address</u>	28
12.8	<u>Mortgagee Notice Rights</u>	28
12.9	<u>Disclaimer</u>	28
12.10	<u>Limited Liability</u>	28

DECLARATION
FOR
OWL CREEK HOMES

THIS DECLARATION FOR OWL CREEK HOMES is made this ____ day of _____, 1996, by OWL CREEK HOMES, LLC, a Colorado limited liability company ("Declarant").

1. DECLARATION - PURPOSES AND EFFECT.

1.1 General Purposes. Declarant is the owner of real property in Pitkin County, Colorado, described on Exhibit "A" attached hereto (hereafter "Property") and subject to those matters set forth on Exhibit "B" attached hereto. Pursuant to Declarant's reservation of rights, set forth in Article 4.6 in the Declaration of Covenants, Conditions and Restrictions for East Village P.U.D. recorded on October 14, 1994 in Book 764 at Page 285, Pitkin County Records ("East Village Declaration" or "Master Declaration"), Declarant desires to establish a condominium project under the Colorado Common Interest Ownership Act and submit the Property to this Specific Parcel Declaration in order to provide for the use, operation, administration and maintenance of certain facilities or functions common to the use or benefit of the Property. The meanings of terms defined in the Master Declaration shall have the same meanings herein unless otherwise provided.

This Declaration establishes certain rights and obligations with respect to the Property for the Declarant and all present and future owners of the Property. Declarant intends that such owners, mortgagees, and any other person or entity now or hereafter acquiring any interest in the Property shall hold their interests subject to the rights, privileges, obligations, and restrictions established by this Declaration. All such rights, privileges, obligations and restrictions are declared to be in furtherance of a plan to promote and protect the value, desirability and attractiveness of the Property.

This Declaration further establishes a plan for the ownership in fee simple of the real property estates consisting of the areas or space contained within each of the air space units in the building improvements, together with the real property located under such improvements, and the co-ownership by the individual owners thereof, as tenants-in-common of all the remaining property hereinafter defined and referred to as the General and Limited Common Elements or as Association Property.

1.2 Declaration. Declarant hereby submits the Property to this Declaration and declares that the Property shall at all times be owned, used or occupied subject to the provisions of this Declaration, and the provisions of the Plat and the Land Use Plan which are incorporated herein by reference, which provisions shall constitute covenants running with the land and shall be binding upon and inure to the benefit of Declarant and any person or legal entity acquiring any interest in the Property.

2. DEFINITIONS.

The terms listed below, as used in this Declaration, shall have the meanings set forth as follows:

2.1 "Act" means the Colorado Common Ownership Interest Act, Colorado Revised Statutes Section 38-33.3-101 et seq. In the event the Act is repealed, the Act on the effective date of this Declaration shall remain applicable. When this Declaration makes reference to defined terms appearing in the Act such terms shall, unless otherwise provided, have the same meaning as provided in the Act.

2.2 "Additional Property" shall mean Parcel H, together with all buildings, structures and improvements of any kind thereon, which Declarant may make subject to this Declaration in the future.

2.3 "Allocated Interests" means the undivided interests in the Common Elements, the Common Expenses, and the votes in the Association. The Allocated Interest for each Unit (except for the additional Common Expense applicable to any Units created on the Additional Property and described in Section 4.1(d) below relating to a shared expense applicable to those Units in connection with the shared ski lift and ski trail) have been allocated so that each Unit's share shall be computed with the numerator being one (1) and the denominator being the total number of Units created and existing at any one time.

2.4 "Articles" means the Articles of Incorporation of the Association as amended from time to time.

2.5 "Association" means Owl Creek Homes Association, Inc., a Colorado no stock, non-profit corporation, and its successors and assigns, through which all Owners act as a group under the Articles, the Bylaws and this Declaration.

2.6 "Association Property" means any property designated on the Plat as "Association Property", any property so designated herein as Association Property, and any personal property owned or leased by the Association for the use, enjoyment and benefit of the owners.

2.7 "Board" or "Board of Directors" or "Executive Board" means the governing board of the Association.

2.8 "Bylaws" means the Bylaws of the Association adopted and amended by the Board from time to time.

2.9 "Common Expenses" means and includes expenses for maintenance, repair, replacement, operation, management and administration, expenses declared Common Expenses by the provisions of this Declaration, the Bylaws of the Association or by the Executive Board, all sums lawfully assessed against the General Common Elements or Units by the Executive Board of the Association and the estimated and actual expenditures made or liabilities incurred by or on behalf of the Association together with allocations to reserves.

2.10 "Condominium" means Owl Creek Homes, a condominium created pursuant to this Declaration.

2.11 "Declarant" means Owl Creek Homes, LLC, a Colorado limited liability company, and its successors and assigns specifically designated as such by an instrument executed by Declarant and recorded in the office of the Clerk and Recorder of Pitkin County, Colorado.

2.12 "Declaration" means this Declaration as it may be amended from time to time.

2.13 "East Village Association" shall mean the East Village Master Association, Inc., a Colorado non-profit corporation, its successors and assigns. The Executive Board of this Association shall be voting members of the Master Association, by virtue of holding that office, as set forth in the Master Declaration.

2.14 "East Village Declaration" means the Declaration of Covenants, Conditions and Restrictions for East Village P.U.D. recorded on October 14, 1994 in Book 764 at Page 285 in the Clerk and Recorder's Office of Pitkin County, Colorado.

2.15 "General Common Elements" or "Common Elements" shall mean those Common Elements reserved for use by all the Owners by virtue of not being Limited Common Elements. The General Common Elements shall include all tangible physical properties of this Property including, but not limited to, the land described in Exhibit "A", except to the extent such land constitutes a portion of the Unit; the air above such land; the buildings' structural components including, but not limited to, the foundations, girders, beams, supports, roofs and bearing and structural walls; to the extent not designated on the Map as Limited Common Elements, the yards, gardens, uncovered parking areas, chimneys, electrical, mechanical and plumbing service installations such as gas lines, pipes, wires, conduits or systems; roads which are not dedicated to the public; and any improvements or areas of the Property provided for the community use, recreation or common use of all of the Owners. General Common Elements also include all other parts of and improvements upon the Property necessary or convenient to its existence, maintenance and safety, except the Units. Unless the context otherwise clearly requires, Common Elements shall include "Association Property," which shall mean all real and personal property, other than a Unit, owned or leased by the Association for the use, enjoyment or benefit of the Owners or other occupants of the Property or any part hereof; no recreational or athletic facilities are included as any part of the Common Elements.

2.16 "Land Use Plan" means the Land Use Plan for East Village P.U.D. recorded on October 14, 1994 in Plat Book 35 at Page 60 in the office of the Clerk and Recorder of Pitkin County, Colorado, or as the same may be hereafter amended.

2.17 "Limited Common Elements" means those parts of the General Common Elements which are either limited to, or reserved for, the exclusive use of the Owners of one or more, but less than all, of the Units and as may otherwise be depicted on the Map or described herein. All garages, front entry areas, parking spaces or areas, shutters, awnings, window boxes, doorsteps, stoops, porches, balconies, patios, garden or landscaped areas, outside jacuzzis, fireplaces, if any, and all exterior doors and windows or other fixtures designed to serve a single Unit, but located outside the Unit's boundaries, are Limited Common Elements allocated exclusively to that Unit. Any part of the General Common Elements designated on the Map as "Limited Common Elements" or "LCE" shall be deemed a Limited Common Element.

2.18 "Maintenance" means such operation, management, maintenance, repair, renovation, restoration, or replacement of any property as may be necessary to maintain such property in substantially the same condition as originally or subsequently constructed, altered or improved including the removal of snow as necessary for customary use and enjoyment.

2.19 "Map" means the Map of Owl Creek Homes, as recorded on _____ in Plat Book _____ at Page _____ in the office of the Clerk and may be hereafter amended or supplemented and includes a certificate of completion by an independent licensed or registered engineer, surveyor or architect stating that all buildings containing or comprising any Units thereby created are substantially completed. The Map shall be supplemented as the Declarant rights to create, complete, and add Units or Additional Property are exercised.

2.20 "Master Association" shall mean the East Village Association.

2.21 "Master Declaration" shall mean the East Village Declaration.

2.22 "Mortgage" means any mortgage, deed of trust or other security instrument creating a real property security interest in the Association Property, or any part thereof of Common Elements, or in any Unit, excluding any statutory, tax or judicial liens. "Mortgagee" shall include any grantee, beneficiary or assignee of a Mortgage, and "Mortgagor" shall include any grantor or trustor of a Mortgage. First Mortgagee means a Mortgagee having priority as a Mortgage against the property thereby but only if the Mortgagee of such Mortgage claims in a written notice delivered to the Association.

2.23 "Owner" means the person or legal entity holding fee simple title to a Unit. Any person holding an interest therein as Mortgagee is excluded unless such Mortgagee acquired fee title to a Unit pursuant to foreclosure or proceedings in lieu thereof. The Declarant shall be an Owner so long as any Unit remains unsold.

2.24 "Parcel H" shall mean Parcel H East Village P.U.D., according to the Plat thereof recorded on October 14, 1994 in Plat Book 35 at Page 54-59 and according to the Declaration of Covenants, Conditions and Restrictions for East Village P.U.D. recorded on October 14, 1994 in Book 764 at Page 285 in the office of the Clerk and Recorder of Pitkin County, Colorado.

2.25 "Plat" means the Final Plat of the East Village Planned Unit Development recorded on October 14, 1994 in Plat Book 35 at Page 54 in the office of the Clerk and Recorder of Pitkin County, Colorado, as the same may be amended or supplemented.

2.26 "Project" means all of the land and improvements initially and subsequently submitted by this Declaration or any supplements or amendments hereto.

2.27 "Property" means the real property described in Exhibit A attached hereto.

2.28 "Town" means the Town of Snowmass Village, Colorado.

2.29 "Unit" means the fee simple interest and title in and to a Unit together with the undivided percentage interest in the Common Elements appurtenant to such Unit and all other rights

and burdens hereunder. In addition, Unit means an individual air space Unit which is contained within the unfinished perimeter walls, floors, and ceilings of such Unit in the building as shown on the Map (as supplemented from time to time), together with the land located beneath the individual air space in the building or portion of the building wherein the Unit is located, together with all fixtures and improvements therein contained, but not including any of the structural components of the building or the General and Limited Common Elements. All lath, furring, wallboard, plasterboard, plaster, paneling, tiles, wallpaper, paint, and finished flooring and any other materials constituting any part of the finished surfaces thereof are a part of the Unit, and all other portions of the walls, floors, ceilings are a part of the Common Elements. If any chute, flue, duct, wire, conduit bearing wall, bearing column, or other fixture lies partially within and partially outside the designated boundaries of a Unit, any portion thereof serving only that Unit is a Limited Common Element allocated solely to that Unit. Any portion thereof serving more than one Unit or any portion of the Common Elements is a part of the General Common Elements. Subject to the above, all spaces, interior partitions, land located under such spaces and interior partitions, and other fixtures and improvements within the boundaries of a Unit are part of the Unit.

Each capitalized term herein contained, not otherwise defined in this Declaration or the Map, shall have the meanings specified or used in the Act.

3. OWNERSHIP AND USE.

3.1 Division of Property Into Units and Allocation of Interests. The real Property is hereby divided into fee simple estates, each such estate consisting of the separately designated Units as shown on the Map and Supplemental Maps which shall hereafter be recorded to define Units as each is substantially completed. The Allocated Interest in and to the General Common Elements appurtenant to each Unit and in the Common Expenses shall be a fractional interest with the numerator being one (1) and the denominator being the total number of Units depicted on the Map and Supplemental Maps which may be recorded from time to time. Each Unit shall be allocated one (1) vote in the Association.

In the event any Units or Property is added to the Project, pursuant to reserved Declarant development rights, the resulting Allocated Interest of the Unit(s) in the Common Elements, Common Expenses, and votes in the Association shall be adjusted so that each Unit has an identical fractional interest with the numerator being one and the denominator being the total number of Units created and shown on the Map as may be supplemented and amended from time to time.

3.2 Ownership of Common Elements. Such undivided fee interests shall not be amended without the prior written consent of all Owners having a fee ownership in the Common Elements and all first priority Mortgagees, except as provided herein with respect to Declarant's reservation of rights and the reallocation of Limited Common Elements.

3.3 Limited Common Elements. A portion of the General Common Elements is reserved for the exclusive use of the individual Owners of the respective Units, and such areas are referred to as "Limited Common Elements." The Limited Common Elements so reserved shall be identified on the Map specifying to which Unit or Units each Limited Common Element is allocated and are further identified in the definitions above. Any garage, decks, patios, balcony or balconies which are accessible only from within, associated only with and which adjoin a single Unit shall, without further

reference thereto, be used in connection with such Unit to the exclusion of the use thereof by the other Owners of the General Common Elements, except by invitation. No reference thereto, whether such Limited Common Elements are exclusive or nonexclusive, need be made in any deed, instrument of conveyance, or other instrument. An exclusive easement consisting of the right to use and occupy the Limited Common Elements appurtenant to a particular Unit is hereby declared and established for the benefit of each such Unit. The driveway appurtenant to each Unit and shown on the Map shall constitute a Limited Common Element appurtenant to such Unit, regardless of whether designated as such on the Map and the Owner of such Unit have the exclusive right to park on same.

3.4 Reallocation of Limited Common Elements. The allocation of Limited Common Elements may not be altered without the consent of the Unit Owners whose Units are affected. Subject to the provisions of this Declaration, a Limited Common Element may be reallocated between or among Units after compliance with the following procedure as set forth in the Act.

(a) The Unit Owners of those Units, as the applicants, must submit an application for approval of the proposed reallocation to Executive Board, which application shall be executed by those Unit Owners and shall include:

(1) the proposed form for an amendment to the Declaration as may be necessary to show the reallocation of Limited Common Elements between or among Units;

(2) a deposit against attorneys' fees and costs which the Association will incur in reviewing and effectuating the application, in an amount reasonably estimated by the Executive Board; and

(3) such other information as may be reasonably requested by the Executive Board. No reallocation shall be effective without the approval of the Executive Board. The reallocation shall be effectuated by an amendment signed by the Association and by those Unit Owners between or among whose Units the reallocation is made, which amendment shall be recorded in Pitkin County, Colorado, and indexed in the grantee's index in the name of the Association and in the grantor's index in the name of each person executing the amendment. All costs and attorneys' fees incurred by the Association as a result of the application shall be the sole obligation of the applicants.

(b) A Common Element not previously allocated as a Limited Common Element may be subsequently allocated by the Declarant pursuant to its reserved development and Declarant rights. These allocations must be made by amendments to the Declaration prepared, executed and recorded by the Declarant.

3.5 Period of Ownership. The separate Units which are created by this Declaration, the Map, and Supplemental Maps shall continue until this Declaration is revoked or terminated in the name provided in this Declaration.

3.6 Inseparability of a Unit. Each Unit, the appurtenant undivided interest in the General Common Elements, and the appurtenant Limited Common Elements, shall together comprise one (1) Unit, shall be inseparable and may be conveyed, leased, devised or encumbered only as a Unit.

3.7 Method of Description. Every contract for the sale of a Unit and every other instrument affecting title to a Unit may describe that Unit by the Unit number shown on the Map appearing in the records of the County Clerk and Recorder of Pitkin County, Colorado, in the following fashion:

Unit _____ according to the Map thereof recorded on _____
in Plat Book _____ at Page _____ and according to the Declaration for Owl
Creek Homes, a recorded on the ____ day of ____, 199__ in Book _____
at Page _____ in the office of the Clerk and Recorder of Pitkin County,
Colorado.

Such description will be construed to describe the Unit, together with the appurtenant undivided interest in the Common Elements, and to incorporate all the rights incident to ownership of a Unit and all the limitations on such ownership as described in this Declaration and any amendments hereto.

3.8 Separate Assessment and Taxation Notice to Assessor. Declarant shall give written notice to the Assessor of the County of Pitkin, Colorado, of the creation of Common Interest Community ownership in this Property, as is provided by law, so that each Unit and the undivided interest in the General Common Elements appurtenant thereto shall be deemed subject to separate assessment and taxation. Upon the filing for recording of this Declaration, the Declarant shall deliver a copy of such filing to the assessor of Pitkin County, Colorado. In the event that for a period of time any taxes or assessments are not separately assessed to each Unit Owner, but are assessed on the Property as a whole, then each Unit Owner shall pay his proportionate share thereof in accordance with his percentage ownership of the General Common Elements.

3.9 Ownership Title. A Unit may be held and owned by more than one person as joint tenants or as tenants in common, or in any real property tenancy relationship recognized under the laws of the State of Colorado. The Owner of a Unit shall designate one person or entity and one address for voting and notice purposes.

3.10 Non-Partitionability of General Common Elements. The General Common Elements shall be owned in common by all of the Owners of the Units and shall remain undivided, and no Owner shall bring any action for partition or division of the General Common Elements. However, an Owner of a Unit consisting of two or more Units combined pursuant to this Declaration may partition or subdivide each Unit into Units conforming to the dimensions of the original Units described in the Map. An Owner shall also have the right, upon obtaining written approval of the Board and of the first priority Mortgagee of each Unit affected, to create a doorway between the Units in any common wall if such Owner owns two adjacent Units. This Section is not intended, however, to prohibit joint or common ownership of a Unit by two or more persons or entities.

3.11 The Use of General and Limited Common Elements. Each Owner shall be entitled to exclusive ownership and possession of his Unit. Each Owner may use the General and Limited Common Elements in accordance with the purpose for which they are intended, without hindering or

encroaching upon the lawful rights of the other Owners, subject to such reasonable rules and regulations as may, from time to time, be established pursuant to the Bylaws of the Association.

3.12 Use and Occupancy. All Units shall be used and occupied solely for lodging and residential purposes by the Owner, by the Owner's family or the Owner's guests and tenants. Leasing and renting of the Units for residential purposes shall not be considered a violation of this covenant subject to any zoning ordinances or statutes existing from time to time. A Unit may be used for professional or administrative occupations provided that there is no external evidence thereof. Any such use must be merely incidental to the primary use of the Unit as a residence. A Unit owned by Declarant or by the Association may be used as the residence and office of a manager or managing agent appointed by the Association.

3.13 Compliance with Law. No Owner, their lessees, nor their family members and guests, shall do anything, or keep anything, in or on the Association Property which would be in violation of this Declaration, or any statute, rule, ordinance, regulation, permit or other validly imposed requirement of any governmental or quasi-governmental body.

3.14 Nuisances, Noxious or Offensive Activity. No noxious or offensive activity or sound shall be carried on upon any portion of the Property at any time nor shall anything be done or permitted which may become a nuisance to, or unreasonably disturb, the Owners or occupants of the Units, or be injurious to the reputation of the Property. The Board shall have the right to determine if any activity, noise or odor constitutes a nuisance. No Owner shall permit or cause anything to be done or kept on the Property which will increase the rate of insurance obtained hereunder or which will result in the cancellation of such insurance. Each Owner shall be accountable to the Association and the other Owners for the conduct and behavior of persons visiting his Unit. Any damage to the Common Elements, Association Property, or the property of another Owner, which is caused by any such visitors, shall be repaired at the sole expense of the Owner in whose Unit such persons are visiting.

3.15 Sign Restrictions. No sign or advertising device shall be displayed to the public view on any portion of the Common Elements, except as may be used by Declarant or its designated agents to advertise the availability of Units or as may be used by an Owner or Declarant advertising the presence of security systems protecting the Property.

3.16 Parking Restrictions. No Owner shall park any vehicle on the Property except wholly within a designated parking area. No inoperable vehicle of any kind shall be stored on the Property. If any vehicle remains on the Property for thirty (30) consecutive days without being moved, the Board may cause said vehicle to be towed and stored off the premises, at the expense of said Unit Owner. Any fees attendant to such removal and storage shall be an assessment against that Unit Owner as provided in Article 7 and the Association shall be entitled to injunctive relief and any and all remedies provided by law and in Article 7 for the collection of assessments. No Owner shall park any large commercial-type vehicle on the Property. Parking on the Property of trailers, camper-type vehicles and motor homes is prohibited. No Owner shall conduct major repairs or restorations of a vehicle or permit any such activity to be conducted upon the Property. Garages will only be used for the storage of operable motor vehicles, activities incidental to that storage, and storage of personal property. No conversion of garages to other uses shall be allowed.

3.17 Pet Restrictions. Only Owners may keep usual and customary domestic animals in a Unit, provided that they are not kept, raised or bred for commercial purposes or in unreasonable numbers. The Board shall have the right to issue any rules it deems appropriate concerning the keeping of pets and the obligations of Owners and residents in connection therewith. Lessees may not keep pets of any kind. An Owner shall be absolutely liable to the Association and to all other Owners, their guests and lessees for any unreasonable noise or damage to any person or property caused by an animal brought or kept on the Property by such Owner or by members of his family, his guests or lessees. It is also the absolute responsibility of each Owner and his lessees to clean up after any animal which has used the Common Elements, the Association Property or any other portion of the Property in any manner.

3.18 Eyesores and Fire Restrictions. Nothing shall be hung out or exposed on any part of the Common Elements visible to the public. The Common Elements shall be kept free and clear of rubbish, debris and other unsightly materials. Trash, garbage or other waste shall be disposed of in a designated trash container. No portion of the Common Elements visible to the public shall be used for the storage of building materials, refuse or any other materials, other than in connection with approved construction. There shall be no exterior fires except in contained barbecues, unless otherwise regulated or prohibited by the Board.

3.19 Structural Integrity. Except as otherwise provided in this Declaration, nothing shall be done in any Unit or to the Common Elements which will impair the structural integrity of, or structurally change any, improvement on the Property.

3.20 Easements for Encroachments. If any portion of the General Common Elements encroaches upon a Unit or Units, a valid easement for the encroachment and for the Maintenance of same, so long as it stands, shall and does exist. If any portion of a Unit, as shown on the Map, encroaches upon the General Common Elements, or upon an adjoining Unit or Units, a valid easement for the encroachment and for the Maintenance of same, so long as it stands, shall and does exist. In the event that any one or more of the Units or other improvements comprising part of the General Common Elements are partially or totally destroyed and are then rebuilt or reconstructed in substantially the same location and as a result of such rebuilding any portion thereof shall encroach as provided in the preceding sentence, a valid easement for such encroachment shall and does exist. Such encroachments and easements shall not be considered or determined to be encumbrances either on the General Common Elements or on the Units.

3.21 Easement for Benefit of Owners. Appurtenant to each Unit shall be a nonexclusive easement to all General Common Elements, except the Limited Common Elements as provided otherwise herein. All of the Owners of Units in this Project shall have a nonexclusive right in common with all of the other Owners to use of sidewalks, pathways, roads and streets located within the entire Project, if any. This easement is subject to the following rights of the Association:

(a) the right to reasonably limit the number of guests (not including lessees or members of the Owner's or lessee's family residing in a Unit) using any facilities on the Property;

(b) the right to establish uniform rules as to the use of any facilities on the Property, including without limitation the right to establish and enforce parking restrictions;

(c) the right to charge uniform and reasonable admission and any other fees to persons other than Owners, their families and guests and guests residing with Owners for the use of any limited capacity facilities on the Property; and

(d) the right to suspend the right of an Owner, his lessees and their families or guests to use any facilities on the Property for any period of time during which any assessment against a Unit remains unpaid and delinquent and also for a period of time not exceeding thirty (30) days for any single infraction of the rules of the Association.

3.22 Access for Maintenance, Repair, and Emergencies. The Owners and the Association shall have the irrevocable right, to be exercised by the Executive Board of the Association, to have access to each Unit from time to time during reasonable hours under the particular circumstances as may be necessary for the Maintenance of any of the General Common Elements therein or accessible therefrom or for making emergency repairs therein necessary to prevent damage to the General Common Elements or to another Unit or Units. In case of emergency, as determined by the Executive Board or its designated agent, the right of entry shall be immediate. Damage to the interior of any part of a Unit or Units resulting from the Maintenance of any of the Common Elements or as a result of emergency repairs within another Unit at the instance of the Association shall be a Common Expense of all of the other Owners; provided, however, that if such damage is the result of the misuse or negligence of a Unit Owner, then such Owner shall be responsible and liable for all of such damage. All damaged improvements shall be restored to substantially the same condition of such improvements prior to damage. All Maintenance as to the Common Elements, whether located inside or outside of Units (unless necessitated by the negligence or misuse of a Unit Owner, in which case such expense shall be charged to such Unit Owner), shall be a Common Expense of all of the Owners.

3.23 Maintenance Responsibilities of the Association. The Association is responsible for Maintaining as a Common Expense:

(a) all Common Elements;

(b) limited Common Elements including, without limitation, landscaped garden areas, if such areas were originally planted by the Declarant or the Association, parking spaces, balconies, patios and decks, exterior windows and doors, and the Maintenance and cleaning of fireplaces, and excluding the interior spaces, walls and ceilings, the garages;

(c) a Unit to the extent of incidental damage caused through Maintenance or the need therefor by the Association;

(d) a Unit to the extent the Owner thereof defaults in his responsibility therefor, but only if Maintenance is deemed desirable by the Association. Any such Maintenance shall be subject to the reimbursement to the Association by such Owner by way of a special assessment which, together with interest at 18% or as otherwise determined from time to time by the Board, shall, until paid by the Owner, constitute a lien against their Unit upon the same terms and with the same remedies as set forth in Article 7 of this Declaration.

Maintenance responsibility for the Common Elements shall include, at a minimum, professional landscaping, general grounds maintenance, reseeding, replanting, reshrubbing and rechipping.

3.24 Maintenance Responsibilities of Owners. Each Owner is responsible for providing all Maintenance within their Unit at their own expense. Such responsibility shall include, without limitation, maintenance of the interior surfaces of the walls, ceilings, doors, windows and floors which define the Unit and any finished or additional surfaces, decoration or materials installed by Declarant, the Owner, or their predecessors-in-interest such as carpets, wallpaper, counter tops, painting or staining, plug-in appliances and personalty of any kind in the Unit. Each Owner is also responsible, at their own expense, for all machines, attachments, installations and fixtures within the Unit, the interior surfaces of the walls, ceilings, doors, windows and floors of the garages and the outside jacuzzis located on Limited Common Elements.

3.25 Compliance With Provisions of Declaration, Articles, and Bylaws of the Association. Each Owner shall comply strictly with the provisions of this Declaration, the Articles of Incorporation and Bylaws of the Association, and the decisions and resolutions of the Association adopted pursuant thereto as the same may be lawfully amended from time to time. Failure to comply with any of the same shall be grounds for an action to recover sums due, for damages or injunctive relief or both, for the appointment of a receiver and for reimbursement of all costs and attorneys' fees incurred in connection therewith, which action shall be maintainable by the Executive Board in the name of the Association in behalf of the Owners or, in a proper case, by an aggrieved Owner.

3.26 Additions, Alterations, and Improvements. Subject to the reservation of rights of Declarant hereof, no improvement to the Property (other than for Maintenance) which results in a Common Expense shall be constructed except with the prior approval of the members of the Association having at least sixty-seven percent (67%) of the total number of votes outstanding and entitled to be cast at a membership meeting as provided in the Bylaws. Dissenting Owners shall not be relieved of their obligation to pay their proportionate share of any Common Expenses. An individual Unit Owner shall do no alterations, additions, or improvements (for his individual benefit or for the benefit of their Unit) to the General Common Elements or the Limited Common Elements without prior written approval of the Executive Board. No Owner shall decorate or fence any of the Limited Common Elements without the prior written approval of the Board. Utilities shall not be disturbed or relocated by an Owner without the written consent and approval of the Board. All repairs, alterations or remodels are coupled with the obligation to replace materials removed with similar or better quality materials. An Owner shall do no act nor any work that will or may impair any easement or hereditament without the written consent of the Executive Board, after first proving to the satisfaction of the Executive Board that such structural soundness or integrity will be maintained during and after any such act or work shall be done or performed. Any expense to the Executive Board for investigation under this paragraph shall be borne by the Owner. However, nothing herein contained shall be construed to permit structural modification, and any decision relating thereto shall be in the absolute discretion of the Executive Board, including, but not limited to, the engagement of a structural engineer at the Owner's expense for the purpose of obtaining an opinion. The Executive Board may also require, as a condition of approval, the posting of security for the completion of any approved alterations, and costs attendant thereto with respect to recording and effecting the approval. Further, any augmentation or increase in the landscaping of the landscaped garden areas or Limited Common Elements shall include a plan for the Maintenance thereof. Such approved additional landscaping shall be maintained at the sole cost and expense of the Unit Owner whose Limited Common Elements are affected in accordance with the approved plan of Maintenance. In the event the Owner fails to maintain this approved landscaping in accordance with the approved plan of Maintenance, the Association may seek any remedy available at law to enforce it, including suit for

damages and injunctive relief and may, but without obligation to do so, maintain the landscaped area and levy an assessment against that individual Unit Owner with the same lien and foreclosure rights and remedies as set forth in Article 7 herein. In the event that any such approved alterations, additions, or improvements create encroachments by a Unit upon the Common Elements or by the Common Elements upon a Unit, a valid easement for such encroachment and for the Maintenance of same, so long as it stands, shall and does exist. All costs of recording Supplemental Declarations or Maps, including the Association's expenses and attorneys' fees shall be borne by the Owner seeking the alteration, addition or improvement.

3.27 Right to Combine Units. Subject to any approvals and permits which may be required by the Town of Snowmass Village, an Owner has the right to combine a Unit with one or more adjoining Units after obtaining written approval from the Board and from each first priority Mortgagee of the Units affected. A combination of Units shall become effective only when the Owner of the Units which are to be combined and an officer of the Association execute and record in the office of the Clerk and Recorder of Pitkin County, Colorado, a written statement describing such Units and declaring that the same are to be combined. Such combination, however, shall not affect the designation or prevent the separate ownership of the Units in the future. Upon the combination of Units, the undivided interest in Common Elements appurtenant thereto shall be the total of such interest prior to combination, with no change in the undivided interest in the Common Elements appurtenant to the other Units. For such time as the combination remains effective, any part of the building within the new perimeter boundaries of the combined Units which was a General Common Element shall automatically become a Limited Common Element appurtenant to the combined Unit if such part of the building would not have constituted Common Elements had the combined Units been originally designated on the Map as a single Unit. The Owners of the Units requesting the relocation of boundaries must submit a signed application to the Executive Board including the following:

(a) evidence sufficient to the Executive Board that the applicant has complied with all local rules and ordinances and that the proposed relocation of boundaries does not violate the terms of any document evidencing a security interest;

(b) the proposed form for amendments to the Declaration, including the plats or maps, as may be necessary to show the change in altered boundaries of the combined Units, and their dimensions and identifying numbers;

(c) a deposit against attorneys' fees and costs which the Association will incur in reviewing and effectuating the application, in an amount reasonably estimated by the Executive Board; and

(d) such other information as may be reasonably requested by the Executive Board.

All costs and attorneys' fees incurred by the Association as a result of such an application shall be the sole obligation of the applicant.

3.28 Management Agreement. The Association shall enter into a management agreement (the "Agreement") with a professional managing agent which shall provide for the management of the Property. No Agreement shall be for a term exceeding one (1) year but it may be renewed by

agreement of the parties for successive one (1) year periods. There shall be no on-site management facilities. Professional managing agents shall be selected by the Board. Each Owner, his successor and assigns shall be bound by the Agreement for the purposes therein expressed, including, but not limited to:

(a) adopting, ratifying, confirming, and consenting to the execution of the Agreement by the Association;

(b) covenanting and promising to perform each and every one of the covenants, promises, and undertakings to be performed by Owners as provided in the Agreement; and

(c) recognizing that some or all of the persons comprising the original Board are or may be partners, shareholders, officers, directors or employees of the managing agent or the Declarant, and that such circumstances shall not and cannot be construed or considered as a breach of their duties and obligations to the Association, nor as grounds to invalidate the Agreement, in whole or in part.

3.29 Wildlife Enhancement and Management Plan. The Association shall be responsible for maintaining a copy of the Wildlife Enhancement and Management Plan for the East Village P.U.D. and delivering a copy of same to every Unit Owner.

3.30 Prohibition on Alteration of Exteriors of Units. No Owner shall make any change, modification or alteration to the Exterior of their Unit without first receiving the written consent from the Executive Board which may be withheld in the exercise of the Executive Board's sole and absolute discretion.

3.31 Ski Easements. The Common Elements shall at all times be maintained by the Association as a Common Expense so that reasonable ingress and egress is available to the Owners to access and depart the adjoining ski areas which use shall be subject to reasonable rules and regulations adopted from time to time by the Association.

4. RESERVATION OF RIGHTS TO DECLARANT.

4.1 Reservation of Rights to Declarant. In order that the Declarant's work may be completed and the Property may be established as a fully developed common interest community, Declarant reserves the following rights with respect to the Property (including both the Association property, if any, the General Common Elements and the Units), which rights shall be reserved to and remain vested in Declarant for fifty (50) years from the recording date of this Declaration, without restriction as to the order thereof, notwithstanding the conveyance of any Association property by Declarant to the Association or the conveyance of the Unit(s) by Declarant to any other persons or entities:

(a) The right of Declarant, and its agents, employees and contractors, to enter upon the Property and to do whatever Declarant deems necessary or advisable in connection with the performance of the work to be performed by Declarant for the development of the Property, including, without limitation, the construction and installation of drainage and irrigation facilities, the installation of all utilities, including trash storage and removal, the

construction of road(s), the grading and landscaping of the Property, the construction of all other improvements to be constructed by Declarant, the erection or placement of temporary structures and the temporary storage of materials and fill dirt as may be reasonably necessary to facilitate the development of the Property, and the placement of such sign or signs on the Property as Declarant may deem advisable in connection with the sale of, development of, or construction of the Units or Property;

(b) The right of Declarant to grant additional non-exclusive easements or licenses, and to relocate existing easements as shown on the Plat or Map, including, without limitation for utilities, trash storage and removal, irrigation, drainage, grading, driveway access and similar purposes as may be reasonably required for the performance and completion of Declarant's development work and to establish reservations, exceptions and exclusions consistent with the common interest community ownership and for the best interests of the Unit Owners and the Association in order to serve the entire Project;

(c) The right of Declarant, without the obligation to do so, to develop, create and sell up to twenty-one (21) Units on the Property. Prior to the closing of any sale of any particular Unit, a Declaration or a supplemental Declaration and a Map or a Supplemental Map shall be recorded upon the completion of such Unit which Map shall define the airspace, horizontal and vertical boundaries, Common Elements, and the Limited Common Elements of the Units created. The allocation of each Owner's undivided interest in the Common Elements, the Common Expenses, and votes in the Association is to be determined by one as the numerator and the total number of Units created and existing on the Property from time to time as evidenced by a Map or Supplemental Map of record as the denominator. Except as specifically provided in the Supplemental Declaration, all of the provisions of this Declaration shall apply to all Units following the recording by Declarant of the Supplemental Map and Supplemental Declaration.

(d) The right of Declarant to add and annex Parcel H to the Property and subject it to this Declaration by recording a statement of intent to annex said Parcel H to this Declaration. Upon annexation, the Declarant reserves the right, without the obligation to do so, to develop, create and sell up to eleven (11) Units to be located on Parcel H which development shall be evidenced by the recording of a Supplemental Declaration subjecting Parcel H to this Declaration. A Supplemental Map shall be recorded defining the airspace and horizontal and vertical boundaries, Common Elements, and Limited Common Elements of the Units created. The allocation of each Owner's undivided interest in the Common Elements, the Common Expenses, and votes in the Association is to be determined by one (1) as the numerator and the total number of Units created and existing on the Property and Parcel H as annexed as the denominator. Upon the recording of a Supplemental Declaration and Map, the definitions used in this Declaration shall automatically be expanded to encompass and refer to the Property as so expanded. If Parcel H is annexed and made a part hereof, the Supplemental Declaration shall provide that the Association shall be obligated to collect assessments from the Units Located on Parcel H for the use of the ski lifts operated and maintained by The Pines Homeowner's Association, Inc. The cost of Maintenance, operation and management of that ski lifts and ski trails shall be shared pro-rata with the Owners of Lots within Parcel G-The Pines, provided an easement for such use is granted by the Declarant or The Pines East Village Homeowner's Association, Inc. Such Easement shall provide that each

Owner, its guests, invitees and licensees shall, as a condition precedent to such use, defend, waive, indemnify, and hold the Association, the Declarant and The Pines East Village Homeowner's Association, Inc. harmless from any loss, damage, claim, liability, and expense, including attorney's fees of any kind whatsoever;

(e) Prior to the sale of a Unit within a separate building or with the consent of any Unit Owners directly affected, Declarant reserves the right to physically combine the space or a combination of parts of the space within one Unit, with the space within one or more adjoining Units or divide into separate Units the space of one Unit; or to subdivide Units or convert Units into Common Elements. A Supplemental Map and Supplemental Declaration shall be recorded to evidence any such amendment to the combination or division of space or allocation of Limited Common Elements which shall show the newly defined airspace, horizontal and vertical boundaries and the Limited Common Elements. Nothing herein shall affect or alter the formula to be used to determine the allocation of undivided interests of each Unit;

(f) The rights of Declarant reserved in the Master Declaration, incorporated by reference herein.

(g) The special declarant rights defined in the Act in Section 38-33.3-103(29) incorporated by referenced herein.

5. EAST VILLAGE MASTER ASSOCIATION, INC.

5.1 East Village Master Association. By virtue of ownership of a Unit, each Owner shall be a member of the East Village Association as is provided in the East Village Declaration and the Articles and Bylaws of the East Village Association and subject to the provisions of the East Village Declaration.

5.2 Voting Members. The Board of Directors of this Association shall have the right to elect an equal number of Directors of the East Village Association as each of the other Specific Parcel Associations which are created pursuant to the East Village Declaration. As set forth in the Articles of Incorporation and Bylaws of the East Village Association, the members of the Executive Boards of each Specific Parcel Association, including this Association, shall, by reason of holding that office, be the voting members of the East Village Association.

6. THE ASSOCIATION.

6.1 Business and Membership. All Owners shall automatically be members of the Association, and such membership shall automatically cease upon termination of the Owner's interest in their Unit, and shall be subject to the right of the Declarant to appoint the Board of Directors as set forth in this Declaration. Membership shall be appurtenant to a Unit and shall not be separately conveyed, encumbered or abandoned. During the period of Declarant control as set forth in this Declaration, the Board of Directors of the Association shall consist of three (3) persons who shall be appointed by the Declarant. Thereafter, the number of Directors shall be as set forth in the Bylaws of the Association. The Board of Directors need not be owners of the Units. The Association, through its Board of Directors, shall govern and manage the Association Property or Common

Elements and shall enforce the provisions of this Declaration. During the period of Declarant control, Declarant shall be entitled to approve any and all actions of the Association. The Owners, by a vote of sixty-seven percent (67%) of the quorum entitled to vote at any meeting, may remove any member of the Board with or without cause, other than any member of the Board appointed by the Declarant.

6.2 Period of Declarant Control.

(a) Subject to the limitations of (b) below, Declarant shall have the right to appoint and remove members of the Board until the occurrence of either of (i) sixty (60) days after conveyance of seventy-five percent (75%) of the Units that may be created to Owners other than the Declarant; (ii) two (2) years after the last conveyance of a Unit by the Declarant in the ordinary course of business or (iii) two (2) years after any right to add Units or Parcels is last exercised. Declarant may voluntarily surrender the right to appoint and remove Officers and Members of the Board before termination of the foregoing period of Declarant control, but in that event, the Declarant may require, for the duration of the period of Declarant control, that any action specified in the document by which Declarant voluntarily surrenders such rights be approved by the Declarant prior to any such action becoming effective.

(b) In addition to the limitation on Declarant's right to appoint and remove members of the Board set forth in (a) above, sixty (60) days after conveyance to Owners other than Declarant of twenty-five percent (25%) of the Units that may be created, twenty-five percent (25%) of the Board shall be elected by Owners other than Declarant and sixty (60) days after conveyance of fifty percent (50%) of the Units that may be created to Owners other than Declarant, thirty-three and one-third percent (33-1/3%) of the Board shall be elected by Owners other than the Declarant.

6.3 Binding Effect. Each Owner, his lessees, their families and guests and any other persons using or occupying a Unit shall be bound by and shall strictly comply with the provisions of this Declaration, the Bylaws, the Articles, any deed restrictions and covenants and all rules, regulations and agreements lawfully made by the Association. The Association shall have the right and power to bring suit in its own name for either legal, equitable or injunctive relief for any lack of compliance with any such provisions. The failure of the Association to insist upon the strict performance of any such provisions or to exercise any right or option available to it, or to serve any notice or to institute any action, shall not be a waiver or a relinquishment for the future of any such provision. An Owner aggrieved by lack of compliance may also bring suit for legal and equitable remedies. If any court proceedings are instituted in connection with the rights of enforcement and remedies provided in this Declaration, the prevailing party shall be entitled to reimbursement of its costs and expenses, including reasonable attorneys' fees in connection therewith.

6.4 Power of the Association. Each Owner agrees that the Association has all the powers granted it by the Act and/or the Colorado Non-Profit Corporation Act and any amendments thereto or replacements thereof, such powers shall include, without limitation, the adoption of rules and regulations, levying assessments against Owners, imposing a lien on Units together with that Unit's undivided interest in the Common Elements for any such assessments and foreclosing any such liens, enforcing any deed restrictions and covenants, and acquiring, holding, leasing, mortgaging or conveying of the Common Elements or Association Property, for itself and on behalf of all Owners as their

attorney-in-fact. Each Owner shall be deemed to have waived all rights of partition, homestead or exemption under state or federal law, including bankruptcy laws.

6.5 Obligations for Maintenance and Management. Except for those obligations to be performed by Declarant with respect to the development of the Association Property or Common Elements, the Association shall assume and perform all obligations for the Maintenance and management of the Association Property, the Common Elements, utility easements, and the roads as provided for in this Declaration, and Declarant shall automatically be released from said obligations.

6.6 Additional Association Functions. The Association may undertake, to the extent the Board, in its sole discretion, so elects to provide any other function for the benefit of or to further the interests of all, some or any Owners on a self-supporting, special assessment, or general assessment basis. The Board shall determine, in its sole discretion, whether the expenses in connection with any such function shall be designated as Common Expenses or as charges allocated solely to Owners utilizing such services. Any such charge shall be reasonable and shall be uniformly applied. Such functions may be provided by the Association's employees or by an independent contractor retained by the Association.

6.7 Fines. In addition to the enforcement actions provided herein, the Board shall have the right, after affording notice and an opportunity to be heard to a Unit Owner, to fine the Unit Owner, in a reasonable amount, for any violation of these Covenants. Any sum that a Unit Owner is fined shall be deemed a personal obligation and/or lien against such Owner or that Owner's Unit and may be collected and foreclosed on in the manner as is provided herein for the collection of Common Expense assessments, including reasonable attorneys' fees and costs.

6.8 Other Rights of the Association. The Association may exercise any other right, power or privilege given to it expressly by this Declaration, the Articles and Bylaws, or bylaw, and every other right, power or privilege reasonably to be implied from the existence of any right, power or privilege given to it herein or reasonably necessary to effectuate any such right, power or privilege.

6.9 Certain Provisions Regarding Security Interests. The Association may not convey or subject to a security interest, the General Common Elements without the prior written consent of eighty percent (80%) of all Owners and such conveyance of a security interest shall otherwise comply with the provisions of the Act.

6.10 Notice to Maintain. An Owner shall immediately report to the Association the need for any Maintenance which is the Association's responsibility to provide. In the event of any disagreement as to the need for or the responsibility of the Association to provide the Maintenance, the decision of the Board shall be final.

6.11 Mechanics' Liens. Declarant shall be responsible for the release of all mechanics' liens filed with respect to the Common Elements or Association Property, or any part thereof, if any such liens arise or are alleged to arise from labor performed or materials furnished at the instance of Declarant, its agents, contractors or subcontractors. Except as the result of labor performed or materials furnished at the instance of the Board, no labor performed or materials furnished with respect to the Common Elements or Association Property or Units shall be the basis for filing a lien against the Association Property or Common Elements. No labor performed or materials furnished at the

instance of the Board shall be the basis for filing a lien against any Unit. Each Owner shall indemnify and hold harmless each of the other Owners and the Association from and against all liability arising from the claim of any lien claimant against the Unit of any other Owner or against the Common Elements for labor performed or materials furnished at such Owner's request or with his consent. The Association may pay the amount necessary to discharge any lien or encumbrance levied against any portion of the Property which may, in the Board's sole opinion, constitute a lien against the Property or Common Elements rather than merely a lien against a Unit of the particular Owner with whose consent the labor was performed or material furnished. Such Owner shall be liable to the Association for the cost, including reasonable attorneys' fees, of discharging such lien or encumbrance. Such cost, together with interest thereon at eighteen percent (18%) or such interest determined by the Board from time to time, shall be specifically assessed to such Owner and shall, until paid, constitute a lien on the Owner's Unit subordinate only to the first priority Mortgage on the Unit. Any such lien shall be evidenced by a statement executed by the Association and filed in the office of the Clerk and Recorder of Pitkin County, Colorado, and may be foreclosed as a mortgage on real property.

6.12 Maintenance of Common Elements for Ski Access. The Association shall be obligated, during the winter months, to maintain and groom the Common Elements intended to provide ingress and egress to and from the ski areas adjoining the Property as described in paragraph 3.30 above and to make same accessible from such adjoining ski slopes.

7. ASSESSMENTS.

7.1 Obligation to Pay Assessments. Each Unit shall be subject to such general or special assessments as the Association may levy from time to time. The assessments collected shall be used exclusively to promote and pay for the Maintenance of the Association Property, Common Elements, the insurance requirements set forth herein and the Property for the use and benefit of all Owners. Each Owner shall be obligated to pay, and agrees to pay, all such assessments levied against their Unit and may not exempt themselves from liability by waiver of the use and enjoyment of the Association Property, Common Elements or by an abandonment of their Unit.

7.2 General Assessments. Annually, it shall be the responsibility of the Board to establish and adopt an operating budget for the Association's fiscal year. The budget shall be estimated based on the previous year's budget and projected expense for the coming year. The budget shall provide for the allocation of any surplus funds remaining from any prior budget period. Within thirty (30) days after adoption of the proposed budget by the Board, the Board shall mail, by ordinary first class mail, or otherwise deliver a summary of the budget to all the Owners and shall set a date for a meeting of the Owners to consider ratification of the budget which date shall not be less than fourteen (14) days nor more than sixty (60) days after the date of mailing or delivery of the summary. Unless at that meeting a majority of all Owners reject the budget, the budget is ratified and adopted. In the event the Owners reject the proposed budget, the last budget ratified by the Owners must be continued until such time as the Owners ratify a subsequent budget proposed by the Board.

7.3 Special Assessments. If the estimated cash requirements set forth in the budget prove to be inadequate for any reason, including non-payment of any Owner's assessment, or inadequate funds in the reserve, the Board may levy special assessments from time to time. This Section shall not be construed as an independent source of authority for the Board to incur expenses, but shall be construed to prescribe the manner of assessing for expenses authorized by other Sections.

7.4 Apportionment of Assessments. Except as otherwise provided in this Declaration, amounts assessed shall be equally allocated and assessed among the Owners in accordance with that Unit's respective allocated undivided interest in the Common Elements. Assessments which are attributable to only particular Units may be allocated, in the sole judgment of the Board, on an appropriate equitable basis; provided, however, the assessments for maintenance of the fireplaces and the Limited Common Elements shall be shared equally and based on the above formula.

7.5 Refunds. If in any fiscal year the assessments collected by the Board exceed Common Expenses incurred, the Board shall have the right, but not the obligation, to make refunds or give credits against future assessments. Refunds or credits shall be apportioned in the same manner as the general and special assessments which created such surplus. Owners whose Units were subject to this Declaration for less than the full fiscal year shall receive only a proportionate refund or credit based upon the number of days the Unit was subjected to this Declaration. Any credit received by Declarant as an Owner under this Subsection shall be applied to another Unit owned by Declarant or, if there is no such Unit, shall be converted into a cash refund.

7.6 Assessments Adjustments. With respect to any assessment, credit or refund, the Board shall have the power to round off and make other minor adjustments of less than \$10.00 in each Owner's allocation for the following purposes: (i) to create whole round numbers for the convenience of the payor, or (ii) to correct any discrepancy between the total of each Unit's allocation of any such assessment, credit, or refund, and the total amount of either the expenses actually subject to assessment or the surplus actually available for a refund or credit.

7.7 Collection and Enforcement Remedies.

(a) All assessments or installments thereof shall be due and payable at the time or times designated by the Board by written notice delivered to the Owners. Overdue assessments shall bear interest at eighteen percent (18%) per annum, or such other lawful rate or charge as the Board may determine from time to time. The payment of any assessment payable in installments may be accelerated by the Board for failure to pay any installment when due.

(b) An assessment shall be the personal obligation of the Owner of the Unit at the time the assessment is levied against the Unit. A suit to recover a money judgment for unpaid assessments may be maintained against any Owner without waiving or otherwise prejudicing the Association's right to pursue its remedies otherwise provided herein. The Association shall be entitled to recover the costs, expenses, and reasonable attorneys' fees as additional sums due under any lien which may be filed or otherwise which are incurred in bringing any action for payment of assessments or to enforce compliance with any provision contained herein including those set forth in the Land Use Plan or by Rule and Regulation adopted by the Association and shall become additional assessments due from the delinquent Owner and shall be added to the lien described below.

(c) The Association shall have a lien against a Unit for any assessments against the Unit which are due and unpaid from the effective date of the assessment. Costs of collection, including without limitation, reasonable attorneys' fees and other court costs, shall be added to the assessment lien amount. All amounts unpaid may be evidenced by a statement executed

by the Association and recorded in the office of the Clerk and Recorder of Pitkin County, Colorado. The assessment lien against a Unit shall be subordinate only to the First Mortgage on the Unit. The Association shall have the right to foreclose such lien in the manner provided by Colorado law for Mortgages upon real Property to the appointment of a receiver to prove the reasonable rental value of the Unit during the period of delinquency through the period of foreclosure until the expiration of the period of redemption. The Association shall have the power to bid on the Unit at a foreclosure sale and to acquire, hold, lease, Mortgage and convey the same.

(d) For the purposes of this Section, the term "assessments" includes any amounts due in accordance with the terms of this Declaration.

(e) The Association shall have a lien against a Unit for any assessments against the Unit which are due and unpaid from the date of the assessment. Costs of collection, including without limitation, reasonable attorneys' fees and other court costs, shall be added to the assessment lien amount. All amounts unpaid may be evidenced by a statement executed by the Association and recorded in the office of the Clerk and Recorder of Pitkin County, Colorado. The assessment lien shall be a continuing lien upon the Unit against which any assessment is made. The assessment lien is prior to all other liens and encumbrances on a Unit except: (1) liens and encumbrances recorded before the recordation of the Declaration; (2) a first lien Mortgage on the Unit recorded before the date on which the Assessment sought to be enforced became delinquent; and (3) liens for real estate taxes and other governmental assessments or charges against the Unit. The assessment lien shall also be prior to the Mortgage described in (2) above to the extent of an amount equal to the assessment based on the periodic budget adopted by the Association which would have become due, in the absence of any acceleration, during the six (6) months immediately preceding institution by either the Association or any party holding a lien senior to the assessment lien of an action or a nonjudicial foreclosure either to enforce or to extinguish the lien. This Section does not prohibit an action to recover sums for which this Section creates a lien or prohibit the Association from taking a deed in lieu of foreclosure. Sale or transfer of any Unit shall not affect the Association's lien 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 Association's lien to the extent required by the Act. 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 Assessments thereafter becoming due, nor from the lien thereof.

7.8 Grantee and Mortgagee Assessment Obligations. No Owner shall convey or Mortgage their Unit unless and until all sums due the Association, whether or not evidenced by a recorded statement, are currently paid, but no Mortgage transaction shall be voidable by the Association nor shall the superior position of a First Mortgagee be adversely affected by a lien of the Association. At least five (5) business days prior to any conveyance or Mortgage, the Owner shall deliver written notice to the Association advising it of the proposed transaction and the names and addresses of all transferees and Mortgagees involved. If any assessment is due and owing by the Owner, his grantee or Mortgagee shall apply the proceeds of any such transaction to the payment of delinquent amounts due the Association before paying or disbursing any amount to the Owner. The grantee of a Unit shall

be jointly and severally liable with his grantor for all unpaid assessments against the latter up to the time of the grant or conveyance, without prejudice to the grantee's right to recover from the grantor any amounts paid by the grantee. Therefore upon written request and payment of such reasonable fee as may be set by the Association, the Association shall issue a written statement to such grantee or Mortgagee verifying the status of all assessments or charges affecting the Unit. Any statement as to the existence or amount of any delinquencies shall conclusively bind the Association. A First Mortgage, who takes title to a Unit pursuant to the remedies in the deed of trust encumbering that Unit shall take such Unit free and clear of all unpaid assessments and the lien therefor.

8. INSURANCE.

8.1 Types of Insurance. The Association shall obtain and keep in full force and effect, if appropriate, the following insurance coverage individually naming the Declarant, as a Unit Owner and each Owner as an additional insured:

(a) Property and fire insurance with extended coverage and standard all-risk endorsements, including vandalism and malicious mischief, of the Association Property. The total amount of insurance, after application of deductibles shall be one hundred percent (100%) of the replacement value of the insured Property exclusive of land, foundations and other items normally excluded from Property policies;

(b) Public liability and Property damage insurance, including medical payments insurance, in an amount to be determined by the Board from time to time and in sums no less than required by the Act covering all occurrences commonly insured against for death, bodily injury and Property damage arising out of or in connection with the Maintenance, or other use of Association Property or the Common Elements. This policy shall also cover operation of automobiles on behalf of the Association;

(c) Workmen's compensation and employees liability insurance in the amounts and in the forms required by law;

(d) Fidelity coverage against the dishonesty of employees, destruction or disappearance of money or securities, and forgery. This policy shall also cover persons who serve the Association without compensation;

(e) Coverage of members of the Board and officers of the Association against libel, slander, false arrest, invasion of privacy and errors and omissions and other forms of liability generally covered in officers and directors liability policies; and

(f) Coverage against such other risk of a similar or dissimilar nature as the Board deems appropriate.

8.2 Conditions of Insurance. Such insurance shall be at standard premium rates as established by the Colorado Insurance Commissioner and written with companies licensed to do business in Colorado having a Best insurance report rating of Class 6 or better. No policy shall be obtained where:

- (a) contributions or assessments may be made against the Mortgagor (or Mortgagee's designee) under the terms of the insurance company's charter, bylaws or policy;
- (b) by the terms of the carrier's charter, bylaws or policy, loss payments are contingent upon action by the company's Board of Directors, policyholders or members; or
- (c) the policy includes any limiting clauses (other than insurance conditions) which could prevent Mortgagees from collecting insurance proceeds.

8.3 Named Insured and Interests. Policies of Property insurance shall name the Association and each Unit Owner as the insured and the entity to which payment is to be made. The certificate or memoranda of insurance, duplicate originals of all policies and renewals, and proof of payment of premiums shall be issued to the Association, and upon request, to any Owner or Mortgagee.

8.4 Invalidation or Reduction of Coverage. Insurance policies must provide the following:

- (a) that the insurer waives its right to subrogation under the policy against any Owner, any lessee and their families;
- (b) that no act or omission by any occupant will void the policy or be a condition to recovery under the policy, unless that person is acting within the scope of his authority as an officer of the Association or as a member of the Board;
- (c) that if, at the time of a loss under the policy, there is other insurance in the name of an Owner or any lessee covering the same Property covered by the policy, the policy is primary insurance not contributing to the Owner's individual insurance; and
- (d) that each Unit Owner is an insured person under the policy with respect to liability arising out of such Unit Owner's membership in the Association or arising from any ski trail easements created pursuant to either this Declaration, the East Village Declaration, the Land Use Plan, the Plat, or the Map.

9. DAMAGE, DESTRUCTION, AND OBSOLESCENCE.

9.1 Insurance Proceeds. The Association shall receive the proceeds of any insurance purchased by the Association as the Owner of the Association Property or as attorney-in-fact regarding the Common Elements. Any proceeds shall be used for the purpose of Maintenance unless the Owners decide to terminate this Declaration in accordance with the provisions set forth in this Declaration. In the event of Maintenance, all present and future Mortgagees hereby release all rights to the proceeds under all insurance policies purchased by the Association.

9.2 Mandatory Maintenance. In the event of damage or destruction due to fire or other disaster, if the insurance proceeds are sufficient to reconstruct the improvements, the Association shall promptly cause such Maintenance to occur. If the insurance proceeds are not sufficient for such purpose, the Association may levy special assessments against the Owners for such deficiency. The Association shall have the right to require a larger contribution from fewer than all Owners under any

rule regarding liability for negligent or willful facts or emissions. Assessments for Common Expense shall not be abated during the period of insurance adjustments and repair and reconstruction.

9.3 Plan for Maintenance. Members holding eighty percent (80%) or more of the votes outstanding and entitled to be cast under the Bylaws may agree that the Association Property or Common Elements, or any part thereof, is obsolete and may adopt a written plan for Maintenance. The Association shall duly record such plan in the office of the Clerk and Recorder of Pitkin County, Colorado. Any such plan shall have the approval of eighty percent (80%) of the first priority Mortgagees of record at the time of adoption of such plan.

9.4 Payment for Maintenance. The expense of Maintenance shall be payable by all of the Owners as Common Expenses. Assessments for the estimated cost of Maintenance shall be levied in advance pursuant to Article 7 hereof and shall be allocated as a Common Expense and collected as provided in that Article. Further levies may be made in like manner if the amounts collected prove insufficient to complete the Maintenance. Dissenting Owners shall not be relieved of their obligation to pay their proportionate share of any Common Expenses. If the Association collects more money pursuant to this Section than is ultimately required for Maintenance, the Association shall return such excess to the Owners by a credit against the next installments of the annual assessment, or by a cash distribution to each Owner, in an amount proportionate to the respective amount collected from each Owner. The Association shall have full authority, right, and power to maintain, repair or replace the improvements on the Association Property or Common Elements notwithstanding the failure of an Owner to pay the assessment.

9.5 Association as Attorney-in-Fact. This Declaration does hereby make mandatory the irrevocable appointment of an attorney-in-fact to deal with the Property including, without limitation, the Association Property, Common Elements, and Units upon its damage, destruction, obsolescence or condemnation. Title to any Unit is declared and expressly made subject to the terms and conditions hereof, and acceptance by any grantee of a deed or other instrument of conveyance from the Declarant or from any Owner or grantor shall constitute appointment of the attorney-in-fact herein provided. All of the Owners irrevocably constitute and appoint the Association their true and lawful attorney in their name, place and stead for the purpose of dealing with the Property upon its damage, destruction or obsolescence as is hereinafter provided. As attorney-in-fact, the Association, by its President and Secretary or Assistant Secretary, shall have full and complete authorization, right and power to make, execute and deliver any contract, deed or any other instrument with respect to the interest of a Unit Owner which are necessary and appropriate to exercise the powers herein granted. If the Association is dissolved or becomes defunct, a meeting of the Owners shall be held within thirty (30) days after such event. At that meeting, a new attorney-in-fact shall be appointed upon its destruction, damage, obsolescence or condemnation. This appointment must be approved by Owners of eighty percent (80%) or more of the total number of votes entitled to be cast under the Bylaws and at least eighty percent (80%) of the first priority Mortgagees.

9.6 Repair and Reconstruction. Repair and reconstruction of the improvements as used in this Article 9 means restoring the improvements to substantially the same condition in which they existed prior to the damage, with each Unit and the General and Limited Common Elements having substantially the same vertical and horizontal boundaries as before. The proceeds of any insurance collected shall be available to the Association for the purpose of repair, restoration or replacements unless eighty percent (80%) of the Owners and eighty percent (80%) of the first Mortgagees agree

not to rebuild. In the event of damage or destruction due to fire or other disaster, the insurance proceeds, if sufficient to reconstruct the improvements, shall be applied by the Association, as attorney-in-fact, to cause the repair and restoration of the improvements. If the insurance proceeds are insufficient to repair and reconstruct the improvements, such damage or destruction shall be promptly repaired and reconstructed by the Association, as attorney-in-fact, using the proceeds of insurance and the proceeds of an assessment, if the insurance proceeds are insufficient, to be made against all of the Owners and their Units. Such deficiency assessment shall be a Common Expense and made pro rata according to each Owner's percentage interest in the General Common Elements and shall be due and payable within thirty (30) days after written notice thereof. The Association shall have full authority, right and power, as attorney-in-fact, to cause the repair or restoration of the improvements using all of the insurance proceeds for such purpose notwithstanding the failure of an Owner to pay the assessment. The assessment provided for herein shall be a debt of each Owner and a lien on their Unit and may be enforced and collected as is set forth in this Declaration. In addition thereto, the Association, as attorney-in-fact, shall have the absolute right and power to sell the Unit of any Owner refusing or failing to pay such deficiency assessment, within the time provided, and if not so paid, the Association shall cause to be recorded a notice that the Unit of the delinquent Owner shall be required to pay the Association the costs and expenses for filing the notices, interest on the amount of the assessment at the rate of eighteen percent (18%) or as otherwise provided by the Board from time to time, and all reasonable attorneys' fees and costs incident to a sale.

9.7 Disbursement of Proceeds. The proceeds derived from the sale of such Unit shall be used and disbursed by the Association, as attorney-in-fact, in the following order: (a) for payment of taxes and special assessments liens in favor of any assessment entity and customary expense of sale; (b) for payment of the balance of the lien of any first Mortgage; (c) for payment of unpaid Common Expenses and all costs, expenses and fees incurred by the Association; (d) for payment of junior liens and encumbrances in the order of and to the extent of their priority; and (e) the balance, if any, shall be paid to the Unit Owner.

9.8 Sale of Entire Project. Notwithstanding the above, if the insurance proceeds are insufficient to repair and reconstruct the improvement(s), eighty percent (80%) of the Owners and eighty percent (80%) of first Mortgagees of record may agree not to repair or reconstruct the improvements and in such event, the Association shall forthwith record a notice setting forth such fact or facts, and upon the recording of such notice by the Association's President and Secretary or Assistant Secretary, the entire Project shall be sold by the Association pursuant to the provisions of this paragraph, as attorney-in-fact for all of the Owners, free and clear of the provisions contained in this Declaration, the Map, Articles of Incorporation and Bylaws. Assessments for Common Expenses shall not be abated during the period prior to sale. The insurance settlement proceeds shall be collected by the Association, and such proceeds shall be divided by the Association according to each Owner's interest in the Common Elements, and such divided proceeds shall be paid into separate accounts, each such account representing one of the Units. Each such account shall be in the name of the Association, and shall be further identified by the Unit designation and the name of the Owner. From each separate account, the Association, as attorney-in-fact, shall forthwith use and disburse the total amount of each of such accounts, without contribution from one account to another, toward the partial or full payment of the lien of any first Mortgagee encumbering the Unit represented by such separate account. Thereafter, each such account shall be supplemented by the apportioned amount of the proceeds obtained from the sale of the entire Property. Such apportionment shall be based upon each Unit Owner's interest in the Common Elements. The total funds of each account shall be

used and disbursed, without contribution, from one account to another by the Association, as attorney-in-fact, for the same purposes and in the same order as is provided in this Article.

9.9 Rights of Dissenting Owner to Plan. The Owners representing an aggregate ownership interest of eighty percent (80%), or more, of the General Common Elements may agree that the General Common Elements are obsolete and adopt a plan for the renewal and reconstruction, which plan has the approval of eighty percent (80%) of the first Mortgagees of record at the time of the adoption of such plan. If a plan for the renewal or reconstruction is adopted, notice of such plan shall be recorded, and the expense of renewal and reconstruction shall be payable by all of the Owners as Common Expenses; provided, however, that an Owner not a party to such a plan for renewal or reconstruction may give written notice to the Association within fifteen (15) days after the date of adoption of such plan that such Unit shall be purchased by the Association for the fair market value thereof. The Association shall then have thirty (30) days thereafter within which to cancel such plan. If such plan is not canceled, the Unit of the requested Owner shall be purchased according to the following procedures. If such Owner and the Association can agree on the fair market value thereof, then such sale shall be consummated within thirty (30) days thereafter. If the parties are unable to agree, the date when either party notifies the other that he or it is unable to agree with the other shall be the "commencement date" from which all periods of time mentioned herein shall be measured. Within ten (10) days following the commencement date, each party shall nominate in writing (and give notice of such nomination to the other party) an appraiser. If either party fails to make such a nomination, the appraiser nominated shall, within five (5) days after default by the other party, appoint and associate with him another appraiser. If the two designated or selected appraisers are unable to agree, they shall appoint another appraiser to be umpire between them, if they can agree on such person. If they are unable to agree upon such umpire, each appraiser previously appointed shall nominate two appraisers, and from the names of the four appraisers so nominated one shall be drawn by lot by the appraiser appointed by the Owner in the presence of the other appraiser, and the person whose name was so drawn shall be the umpire. The nominations from whom the umpire is to be drawn by lot shall be submitted within ten (10) days of the failure of the two appraisers to agree, which, in any event, shall not be later than twenty (20) days following the appointment of the second appraiser. The decision of the appraisers as to the fair market value, or in the case of their disagreement, then the decision of the umpire, shall be final and binding. The expenses and fees of such appraisers shall be borne equally by the Association and the Owner. The sale shall be consummated within fifteen (15) days thereafter, and the Association, as attorney-in-fact, shall disburse the proceeds for the same purposes and in the same order as is provided in this Article.

10. EMINENT DOMAIN.

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

10.2 Partial Taking. Except as provided above, if part of a Unit is acquired by eminent domain, the award must compensate the Unit Owner for the reduction in value of the Unit and its interest in the Common Elements whether or not any Common Elements are acquired. Upon acquisition, unless the decree otherwise provides that Unit's allocated interests are reduced in proportion to the reduction in the size of the Unit or on any other basis specified in the Declaration, and the portion of allocated interests divested from the partially acquired Unit is automatically reallocated to that Unit and to the remaining Units in proportion to the respective interests of those Units before the taking, with the partially acquired Unit participating in the reallocation on the basis of its reduced allocated interests.

10.3 Taking of Association Property or Common Elements. If any portion of all of the Association Property or Common Elements is taken or condemned by any authority having the power of eminent domain, all compensation and damages on account of the taking of the Association Property or Common Elements, exclusive of compensation for consequential damages to affected Units, shall be payable to the Association. Such proceeds shall be used promptly by the Association to the extent necessary for repair and reconstruction of such remaining Association Property or Common Elements in as substantial compliance to the original plan of development as possible. If there is an award in excess of the amount necessary to so substantially repair or reconstruct such remaining Association Property or Common Elements, it shall, at the Board's discretion, be either refunded or retained by the Association for such uses as it deems appropriate. Any portion of the award attributable to the acquisition of a Limited Common Element must be equally divided among the Owners of the Units to which that Limited Common Element was allocated at the time of acquisition if not used to repair or reconstruct the remaining Limited Common Element of that Unit.

11. TERM, REVOCATION, AND AMENDMENT OF DECLARATION.

11.1 Term Of Declaration. The term of this Declaration shall be perpetual.

11.2 Revocation of Declaration. This Declaration may be revoked if all of the Owners agree to such revocation by an executed, acknowledged instrument recorded in the office of the Clerk and Recorder of Pitkin County, Colorado. The prior written approval of each First Mortgagee of a Unit or the Association Property or Common Elements will be required for any such revocation, except in the case of obsolescence, substantial destruction by fire or other casualty, taking by condemnation or eminent domain, or abandonment or termination provided by law or elsewhere in this Declaration.

11.3 Disbursement of Proceeds. Upon revocation of this Declaration, the Association Property shall be sold by the Association, in whole or in parcels, as the Board may deem appropriate. All sales proceeds and all amounts recovered under any insurance policy shall be allocated among the Owners in accordance with their undivided interest in and to the General Common Elements. The funds shall be disbursed without contribution from one Owner to another, by the Association for the following purposes and in the following order:

- (a) payment in full of the customary expenses of sale;
- (b) payment in full of the allocable taxes and special assessment liens in favor of any governments assessing entity;

(c) payment in full of the balance of the lien of any First Mortgage on the Association Property;

(d) payment in full of allocable unpaid Common Expenses and the unpaid costs, expenses, and fees incurred by the Association; and

(e) payment in full of recorded junior liens and encumbrances on the Association Property in the order of and to the extent of their priority, and payment of any balance to the Owners.

11.4 Amendment of Declaration. This Declaration may be amended if the Owners holding sixty-seven percent (67%) or more of the votes outstanding and entitled to be cast under the Bylaws agree thereto by an executed, acknowledged instrument recorded in the office of the Clerk and Recorder of Pitkin County, Colorado. During the period of Declarant control, no amendment to the Declaration may be made without Declarant's prior written consent. Nothing contained herein shall be construed to restrict or amend or limit the Declarant's reservation of rights and powers stated herein, and the Declarant shall have the right, without necessity of consent from any other party, to amend the Declaration in order to exercise the rights of the Declarant herein contained. For so long as the Declarant owns any of the Units, no amendment shall be made to the Declaration which affects its rights without first receiving the Declarant's consent. No material amendment to the Declaration shall be made without the prior written approval of each first priority Mortgagee.

12. MISCELLANEOUS.

12.1 Declarant's Rights Transferable. Any right or interest of the Declarant established or reserved in this Declaration may be transferred by Declarant either separately or with one or more of such rights or interests.

12.2 Provisions Incorporated in Deeds. Each provision contained in this Declaration shall be deemed incorporated in each deed or other instrument by which any right, the or interest in the property is granted, devised or conveyed, whether or not set forth or referred to in such deed or other instrument.

12.3 Number and Gender. Unless the context shall otherwise provide, a singular number shall include the plural, a plural number shall include the singular, and the use of any gender shall include all genders.

12.4 Construction. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the development of certain common facilities and functions and for the Maintenance of the Association Property.

12.5 No Dedication. Nothing contained in this Declaration shall be deemed to be a gift or dedication of all or any part of the Property to the public or for any public use.

12.6 Notices. Any notice permitted or required to be delivered as provided in this Declaration shall be in writing and may be delivered either personally or by mail. If delivery is made by mail, it shall be deemed to have been delivered forty-eight (48) hours after a copy of the same has

been deposited in the United States mail, postage prepaid for first class mail and addressed to the receiving party at the address last given by such party to the Association. Any notice to the Association shall be sent to such address as it may from time to time designate in writing to each Owner or if not so designated, to its last known address.

12.7 Registration of Mailing Address. Each Owner shall register his mailing address with the Association, and all notices or demands, except routine statements and notices, intended to be served upon an Owner shall be sent by certified mail, postage prepaid, addressed in the name of the Owner at such registered mailing address. If more than one person or entity owns a Unit, the Unit Owner shall register one address only with the Association and that address shall be deemed the registered address for all Owners of that Unit. All notices, demands or other notices intended to be served upon the Executive Board of the Association or the Association shall be sent certified mail, postage prepaid, to the mailing address of the Association in Pitkin County, Colorado.

12.8 Mortgagee Notice Rights. Any First Mortgagee will, upon request, be entitled to:

- (a) inspect the books and records of the Association during normal business hours;
- (b) receive financial statements of the Association certified by the Association within ninety (90) days following the end of any fiscal year;
- (c) receive written notice of meetings of the Association and be permitted to designate a representative to attend all such meetings; and
- (d) receive written notice of any default on the part of its respective Mortgagors regarding any obligations imposed under this Declaration which are not cured within thirty (30) days.

12.9 Disclaimer. No representations or warranties of any kind, express or implied, have been given or made by Declarant or its agents or employees in connection with the Property, or any portion thereof, or any improvement thereon, its physical condition, zoning, compliance with the applicable laws, fitness or intended use, or in connection with the subdivision sale, Maintenance, cost of Maintenance, taxes or registration hereof as a planned Unit development, except as expressly set forth in this Declaration.

12.10 Limited Liability.

- (a) Except as otherwise provided in the Act or this Declaration for Board members and officers appointed by the Declarant, neither the Association nor its past, present or future officers, directors, nor any other employee, agent or committee member of the Association shall be liable to any Owner or to any other person for actions taken or omissions made except for wanton and willful acts or emissions. Without limit to the foregoing, the Association and the Board shall not be liable to any party for any action or for any failure to act with respect to any matter if the action taken or failure to act was in good faith and without malice. Acts taken upon the advice of legal counsel, certified public accountants, registered or licensed

engineers, architects or surveyors shall conclusively be deemed to be in good faith and without malice; and

(b) Any Board member or officer of the Association appointed by the Declarant as provided for herein shall exercise in the performance of their duties the standard of care required of fiduciaries of the Owners.

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

OWL CREEK HOMES, LLC, a Colorado
limited liability company

By: _____,
Manager

STATE OF COLORADO)
) ss.
COUNTY OF PITKIN)

The foregoing Declaration was acknowledged before me this ____ day of _____, 1996 by _____ as Manager of Owl Creek Homes, LLC, a Colorado limited liability company.

Witness my hand and official seal.

My commission expires:

Notary Public

EXHIBIT "A"
TO DECLARATION FOR
OWL CREEK HOMES

LEGAL DESCRIPTION

PARCEL E, EAST VILLAGE P.U.D., according to the Plat recorded on October 14, 1994 in Plat Book 35 at Page 54-59, and according to the Declaration of Covenants, Conditions and Restrictions for East Village PUD recorded on October 14, 1994 in Book 764 at Page 285 of the real estate records of Pitkin County, Colorado.

Such property being situated in Pitkin County, Colorado.

EXHIBIT "B"
TO DECLARATION FOR
OWL CREEK HOMES

Attached to and forming a part of the DECLARATION for Owl Creek Homes, dated the
_____ day of _____, 199____.

MATTERS TO WHICH TITLE TO THE COMMON AREA, IF ANY, MAY BE SUBJECT.

1. Real property taxes and assessments for 1996, payable in 1997.
2. Right of the proprietor of a vein or lode to extract and remove his ore therefrom; should the same be found to penetrate or intersect the premises hereby granted as reserved in United States Patents recorded September 2, 1898 in Book 55 at Page 13 and April 6, 1923 in Book 55 at Page 271.
3. Dedications, easements, rights-of-way, reservations, conditions and all matters as disclosed on the Plat of East Village P.U.D. recorded October 14, 1994 in Plat Book 35 at Page 54-59 and Land Use Plan of East Village P.U.D. recorded October 14, 1994 in Plat Book 35 at Page 60-61.
4. Terms, conditions, provisions, reservations, obligations, easements, restrictions, assessments and all matters as set forth in the Declaration of Covenants, Conditions and Restrictions for East Village P.U.D. recorded October 14, 1994 in Book 764 at Page 285.
5. Terms, conditions, provisions, obligations and all matters as set forth in Ordinance No. 06, Series of 1994 by Snowmass Village Town Council recorded October 14, 1994 in Book 764 at Page 207 and in Ordinance No. 03, Series of 1995.
6. Terms, conditions, provisions, and obligations as set forth in Agreement for the Operation of East Village recorded April 7, 1995 in Book 778 at Page 89.
7. Terms, conditions, provisions, obligations and all matters as set forth in Improvements Agreement for Parcel E, East Village, recorded July 11, 1995 in Book 786 at Page 669.
8. Supplemental Declaration with Snowmass Resort Association recorded on the _____ day of _____, 1995 in Book _____ at Page _____.

NOTE: All references to the recorded documents refer to the Real Estate Records of Pitkin County, Colorado.