

CONDOMINIUM DECLARATION

FOR

TRIANGLE PARK LOFTS

Basalt, Colorado

(This Declaration is preliminary and subject to change)

**TABLE OF CONTENTS
OF
CONDOMINIUM DECLARATION FOR
TRIANGLE PARK LOFTS**

ARTICLE I - RECITALS 1

 Section 1.1. The Declarant. 1

 Section 1.2. The Property. 1

 Section 1.3. The Development 1

 Section 1.4. The Community 1

 Section 1.5. The Name of the Community 2

 Section 1.6. The Name of the Association 2

 Section 1.7. The Condominium Map 2

 Section 1.8. Maximum Number of Units 2

 Section 1.9. Master Declaration 2

 Section 1.10. Master Association 2

 Section 1.11. The Purpose 2

ARTICLE II - DEFINITIONS 3

 Section 2.1. Property 3

 Section 2.2. Condominium Map 3

 Section 2.3. Unit 3

 Section 2.4. Owner 3

 Section 2.5. Association 3

 Section 2.6. Executive Board 3

 Section 2.7. Master Association 3

 Section 2.8. Master Declaration 3

 Section 2.9. WTCRB 3

 Section 2.10. Mortgage 3

 Section 2.11. Mortgagee 4

 Section 2.12. Common Expenses 4

 Section 2.13. Common Elements 4

 Section 2.14. Limited Common Elements 4

 Section 2.15. General Common Elements 4

 Section 2.16. Community 4

 Section 2.17. Commercial Units 4

 Section 2.18. Residential Loft Units 4

ARTICLE III - CONDOMINIUM OWNERSHIP	4
Section 3.1. <u>Separate Interests</u>	4
Section 3.2. <u>Title</u>	5
Section 3.3. <u>Enjoyment of Common Elements</u>	5
Section 3.4. <u>Inseparability</u>	5
Section 3.5. <u>No Partition</u>	5
Section 3.6. <u>Separate Titles and Taxation</u>	5
Section 3.7. <u>Mechanic's Lien Rights</u>	6
Section 3.8. <u>Description of Units</u>	6
 ARTICLE IV - EASEMENTS; ENCROACHMENTS	 6
Section 4.1. <u>Condominium Map Dedications</u>	6
Section 4.2. <u>Enjoyment and Access</u>	6
Section 4.3. <u>Utilities</u>	6
Section 4.4. <u>Maintenance Easement</u>	7
Section 4.5. <u>Encroachments</u>	7
Section 4.6. <u>Constructive Grant of Reciprocal Easements</u>	7
 ARTICLE V - BOUNDARIES AND COMMON ELEMENTS	 7
Section 5.1. <u>Unit Boundaries</u>	7
Section 5.2. <u>Allocation of Limited Common Elements</u>	8
Section 5.3. <u>Reallocation of Limited Common Elements</u>	9
 ARTICLE VI - MAINTENANCE AND REPAIRS	 10
Section 6.1. <u>Owner's Duties - Units and Limited Common Elements</u> ..	10
Section 6.2. <u>Association's Duties - Common Elements</u>	10
Section 6.3. <u>Maintenance Costs - Common Elements</u>	11
Section 6.4. <u>Parking Spaces</u>	11
Section 6.5. <u>Association's Right of Access</u>	11
Section 6.6. <u>Snow Removal</u>	12
Section 6.7. <u>Owner Caused Damage</u>	12
Section 6.8. <u>Association's Right to Maintain</u>	12
Section 6.9. <u>Declarant's Right to Maintain</u>	13
Section 6.10. <u>Landscaping and Lawn Care</u>	13
Section 6.11. <u>Owner Responsibility</u>	13
Section 6.12. <u>Determination of Obligation and Supervision</u>	13

ARTICLE VII - THE ASSOCIATION	14
Section 7.1. <u>Purposes and Powers</u>	14
Section 7.2. <u>Membership</u>	14
Section 7.3. <u>The Executive Board</u>	14
Section 7.4. <u>Bylaws and Articles</u>	14
Section 7.5. <u>Voting</u>	14
Section 7.6. <u>Exercise of Powers</u>	15
Section 7.7. <u>Membership in Master Association</u>	15
Section 7.8. <u>Assessments</u>	15
Section 7.9. <u>Assessments for Common Expenses</u>	16
Section 7.10. <u>Payment of Assessments</u>	17
Section 7.11. <u>Periodic Assessments</u>	17
Section 7.12. <u>Added Charges</u>	17
Section 7.13. <u>Collection of Assessments</u>	17
Section 7.14. <u>Assessment Liens</u>	17
Section 7.15. <u>Budgets to be Approved by the Members</u>	18
Section 7.16. <u>Rules and Regulations</u>	18
 ARTICLE VIII- ARCHITECTURAL CONTROL - DESIGN REVIEW	
BOARD	18
Section 8.1. <u>Design Controls</u>	18
Section 8.2. <u>Alterations</u>	18
Section 8.3. <u>Variances</u>	19
Section 8.4. <u>No Waiver</u>	19
Section 8.5. <u>Non-Liability</u>	19
 ARTICLE IX - ALLOCATED INTERESTS	19
Section 9.1. <u>Common Elements</u>	19
Section 9.2. <u>Liability For Common Expenses</u>	20
Section 9.3. <u>Voting Rights</u>	20
Section 9.4. <u>Allocation of Interests</u>	20
Section 9.5. <u>Reallocation Upon Declarant's Exercise of Declarant's</u> <u>Exercise of Development Rights to Subdivide</u>	21
Section 9.6. <u>Combining Units</u>	21
 ARTICLE X - DECLARANT'S RESERVED DEVELOPMENT RIGHTS ...	21
Section 10.1. <u>Rights Reserved</u>	21

Section 10.2. Exercise of Development Rights 22

Section 10.3. Reserved Construction Easement 23

Section 10.4. Signs and Marketing 23

Section 10.5. Removal of Declarant's Property 23

Section 10.6. No Interference 23

Section 10.7. Promotional Activity of the Declarant 23

Section 10.8. Time Limit 24

Section 10.9. Release or Assignment of Declarant's Rights 24

Section 10.10. Controlling Authority 24

ARTICLE XI - DECLARANT'S RIGHTS TO CONTROL THE ASSOCIATION AND LIMITATIONS 24

Section 11.1. This Article Controls 24

Section 11.2. Period of Declarant Control 24

Section 11.3. Voluntary Surrender 25

Section 11.4. Association's Records 25

ARTICLE XII - USE RESTRICTIONS 26

Section 12.1. Master Covenants 26

Section 12.2. Leases 26

Section 12.3. Animals 26

Section 12.4. Vehicle Repairs 27

Section 12.5. No Storage in Parking Areas 27

Section 12.6. Restrictions on Floor Loads 27

Section 12.7. Signs 27

Section 12.8. No Nuisance or Hazard 27

Section 12.9. Commercial Units 27

Section 12.8. Residential Loft Units 27

ARTICLE XIII - INSURANCE 28

Section 13.1. Association to Maintain Insurance 28

Section 13.2. Non-Availability 29

Section 13.3. Additional Coverage Required 29

Section 13.4. Adjustment of Property Loss 29

Section 13.5. Procedures; Deductibles; Assessments 30

Section 13.6. Owner's Insurance 30

Section 13.7. Officers and Directors 30

Section 13.8. <u>Fidelity Bonds and Insurance</u>	30
Section 13.9. <u>Managing Agent Insurance</u>	30
Section 13.10. <u>Worker's Compensation and Employer's Liability Insurance</u>	31
Section 13.11. <u>Other Insurance</u>	31
Section 13.12. <u>Insurance Expense</u>	31
Section 13.13. <u>Annual Review</u>	31
Section 13.14. <u>Duty to Repair</u>	31
ARTICLE XIV - ASSESSMENT CERTIFICATES AND NOTICES	31
Section 14.1. <u>Assessment Certificates</u>	31
Section 14.2. <u>Notice of Assessment Liens</u>	32
ARTICLE XV - GENERAL PROVISIONS	32
Section 15.1. <u>Notices to Owners</u>	32
Section 15.2. <u>Recording Data</u>	32
Section 15.3. <u>Easement Rights</u>	32
Section 15.4. <u>Covenants to Run with the Land</u>	33
Section 15.5. <u>Enforcement</u>	33
Section 15.6. <u>Amendments</u>	33
Section 15.7. <u>Termination of Declaration</u>	33
Section 15.8. <u>Restoration</u>	34
Section 15.9. <u>Duration</u>	34
Section 15.10. <u>Severability</u>	34

CONDOMINIUM DECLARATION

FOR

TRIANGLE PARK LOFTS

(Basalt, Colorado)

KNOW ALL MEN BY THESE PRESENTS that Triangle Park Lofts LLC, does hereby declare and adopt the following Condominium Declaration (the "Declaration"), which shall run with the land and be binding upon all parties acquiring any interest therein or thereto.

ARTICLE I - RECITALS

Section 1.1. The Declarant. Triangle Park Lofts LLC (the "Declarant") is a limited liability company duly organized and existing under and by virtue of the laws of the State of Colorado.

Section 1.2. The Property. The real property submitted to this Declaration is owned by the Declarant, is located in the Town of Basalt, County of Eagle, State of Colorado, and is described, as follows:

BLOCK 5, ACCORDING TO THE FINAL PLAT OF
WILLITS TOWN CENTER, FILING NO. 5,
RECORDED AS RECEPTION NO. _____ OF
THE EAGLE COUNTY, COLORADO RECORDS.

(the "Property")

Section 1.3. The Development. The Property shall be developed as a mixed-use condominium project, including three (3) 3-story buildings. Each building consists of below grade (basement) parking, commercial condominium Units on the main floor (ground floor) and residential loft condominium Units on the second and third floors.

Section 1.4. The Community. The Development shall constitute a common interest community within the meaning of the Colorado Common Interest Ownership Act (the "Act"). The Development will constitute a "condominium,"

within the meaning of the Act. The Development shall be located, in its entirety, within Eagle County, Colorado.

Section 1.5. The Name of the Community. The name of the common interest community is TRIANGLE PARK LOFTS.

Section 1.6. The Name of the Association. The name of the Association that shall manage the Community in accordance with the provisions of this Declaration and the Act is TRIANGLE PARK LOFTS OWNERS ASSOCIATION.

Section 1.7. The Condominium Map. The Development is depicted on the Condominium Map of Triangle Park Lofts, recorded as Reception No. _____ of the Eagle County, Colorado records.

Section 1.8. Maximum Number of Units. Maximum Number of Units. The Community shall initially consist of sixty (60) Units consisting of forty-two (42) residential loft Units and eighteen (18) commercial Units. Declarant reserves the right to subdivide and successively re-subdivide any Unit now existing or hereafter created, provided that, the maximum number of Units created in the Community shall not exceed seventy-eight (78) Units, consisting of no more than fifty (50) residential loft Units and twenty-eight (28) commercial Units. All commercial Units shall be confined to the ground floor and all residential loft Units shall be confined to the upper levels of the buildings.

Section 1.9. Master Declaration. The Property is subject to the Willits Town Center Declaration of Covenants and Restrictions recorded as Reception No. 763045 of the Eagle County, Colorado records. The provisions thereof are incorporated herein by this reference.

Section 1.10. Master Association. The Master Declaration (Reception No. 763045) is administered by Willits Town Center, Inc., a Colorado corporation, not for profit, which serves as the Master Association governing the project, within the Willits Town Center Planned Unit Development.

Section 1.11. The Purpose. The purpose of this Declaration is to further the interests of the Community, to protect and enhance the property values, to set forth Declarant's reserved development rights and to otherwise effectuate the terms and provisions of the Act.

ARTICLE II - DEFINITIONS

The following terms shall have the following meanings when used herein unless the context otherwise requires:

Section 2.1. Property. “Property” means the property described in Section 1.2 above, all of which is submitted to this Declaration.

Section 2.2. Condominium Map. “Condominium Map” means the Condominium Map of Triangle Park Lofts, referenced in Section 1.7 above.

Section 2.3. Unit. “Unit” means a physical portion of the Property designated for separate ownership and shall refer to any of the numbered Units shown on the Condominium Map, as the same may be amended from time to time.

Section 2.4. Owner. “Owner” or “Unit Owner” means and refers to any person or entity, including the Declarant, at any time owning a Unit.

Section 2.5. Association. “Association” means and refers to TRIANGLE PARK LOFTS OWNERS ASSOCIATION, a Colorado corporation not for profit.

Section 2.6. Executive Board. “Executive Board” means the Executive Board of the Association.

Section 2.7. Master Association. “Master Association” means Willits Town Center, Inc., the association established pursuant to the Master Declaration.

Section 2.8. Master Declaration. “Master Declaration” means the Declaration of Covenants and Restrictions for Willits Town Center recorded as Reception No. 763045 of the Eagle County, Colorado records.

Section 2.9. WTCRB. “WTCRB” means the Willits Town Center Review Board established pursuant to the provisions of the Master Declaration.

Section 2.10. Mortgage. “Mortgage” means and refers to any Mortgage, deed of trust or other security instrument by which a Unit or any part thereof is encumbered.

Section 2.11. Mortgagee. “Mortgagee” means and refers to any person or entity named as a mortgagee or beneficiary under any deed of trust or mortgage under which the interest of any Owner is encumbered.

Section 2.12. Common Expenses. “Common Expenses” means and refers to expenditures made or liabilities incurred by or on behalf of the Association, together with any allocations to reserves.

Section 2.13. Common Elements. “Common Elements” means and includes all parts of the Property, grounds, improvements, installations and facilities which are not included within a Unit.

Section 2.14. Limited Common Elements. “Limited Common Elements” means that portion of the Common Elements allocated by the Declaration or the Condominium Map for the exclusive use of one or more, but fewer than all of the Units.

Section 2.15. General Common Elements. “General Common Elements” means the Common Elements exclusive of the Limited Common Elements.

Section 2.16. Community. “Community” means and includes all the Property submitted to this Declaration.

Section 2.17. Commercial Units. “Commercial Units” means and includes all the Units located on the main floor (ground level) of a building.

Section 2.18. Residential Loft Units. “Residential Loft Units” means and includes all of the Units located above the main floor on the two (2) upper levels (the second and third floors) of a building.

ARTICLE III - CONDOMINIUM OWNERSHIP

Section 3.1. Separate Interests. The Property shown on the Condominium Map is hereby divided into Common Elements and separate fee simple interests in the individual Units depicted thereon. The ownership of a Unit includes and is subject to the easements, rights, and obligations created by this Declaration and the By-Laws of the Association.

Section 3.2. Title. Title to a Unit may be held or owned by any person or entity in any manner by which title to any other real property may be held or owned in the State of Colorado.

Section 3.3. Enjoyment of Common Elements. Subject to the limitations contained in this Declaration, every Owner shall have the nonexclusive right to use and enjoy the General Common Elements and the exclusive right to use and enjoy those Limited Common Elements designated by the Condominium Map or this Declaration as appurtenant to his Unit. Limited Common Elements designated by the Condominium Map or this Declaration as appurtenant to more than one, but fewer than all of the Units shall vest each of the Units so designated with the non-exclusive right to use and enjoy those Limited Common Elements.

Section 3.4. Inseparability. Every conveyance, transfer, gift, devise, encumbrance, or other disposition of a Unit, or any part thereof, shall be presumed to be a conveyance, transfer, gift, devise, encumbrance, or disposition, as the case may be, of the entire Unit, together with all appurtenant rights created by this Declaration. No part of a Unit or of the legal rights appurtenant thereto may be separated from any other part thereof.

Section 3.5. No Partition. No Owner may bring any action for partition of the Common Elements.

Section 3.6. Separate Titles and Taxation. Each Unit, together with its interest in the Common Elements, constitutes for all purposes a separate parcel of real estate and must be separately assessed and taxed. The value of the Common Elements shall be assessed proportionately to each Unit in accordance with such Unit's allocated interest in the Common Elements. The Common Elements shall not be separately taxed or assessed. Upon the filing for recordation of this Declaration and the Condominium Map, the Declarant shall deliver a copy of such filing to the Assessor of Eagle County, Colorado. Thereafter, all taxes, assessments, and other charges of the State, or any political subdivision, or of any special improvement district, or of any other taxing or assessing authority shall be assessed against and collected on each Unit, each of which shall be carried on the tax roles as a separate and distinct parcel for that purpose. No forfeiture or sale of any Unit for delinquent taxes, assessments, or other governmental charges shall divest or in any way affect the title of the other Units.

Section 3.7. Mechanic's Lien Rights. No labor performed or materials furnished for use in connection with any Unit with the consent or at the request of an Owner, his agent, or subcontractor shall create any Mechanic's Lien or right to file a statement of Mechanic's Lien against the Unit of any other Owner, or against any interest in the Common Elements.

Section 3.8. Description of Units. Every deed for the conveyance of a Unit and every other instrument affecting title to a Unit shall identify the County in which the Unit is located and may describe that Unit by the number shown on the Condominium Map with appropriate reference to the Condominium Map and to this Declaration, as each shall appear in the records of Eagle County, Colorado, in the following fashion:

UNIT _____,
TRIANGLE PARK LOFTS,
according to the Condominium
Map recorded as Reception No. _____
and the Condominium Declaration
recorded as Reception No. _____
of the Eagle County, Colorado, records.

ARTICLE IV - EASEMENTS; ENCROACHMENTS

Section 4.1. Condominium Map Dedications. All dedicated easements shown on the Condominium Map or provided herein are hereby dedicated or reserved for the purposes intended.

Section 4.2. Enjoyment and Access. Every Owner shall have a non-exclusive right and an easement appurtenant to his Unit for the enjoyment and use of the Common Elements and for access to his Unit and the Limited Common Elements appurtenant to his Unit, including an easement for ingress and egress for pedestrian traffic over, through, and across sidewalks, paths, walks, and lanes as the same may from time to time exist upon the Common Elements and for pedestrian and vehicle traffic over, through, and across such roads, drives and parking areas as from time to time may be paved and intended for such purposes.

Section 4.3. Utilities. The Property shall be subject to a blanket easement in favor of the Association over, across, and through the Common Elements to install,

repair, replace, and maintain all utilities, including, without limitation, water, sewer, gas, telephone, electricity, telecommunications and internet services and cable TV. The Units themselves shall be subject to easements in favor of the Association to maintain, repair, replace or reconstitute common utility service lines, fixtures, equipment and facilities serving the Units.

Section 4.4. Maintenance Easement. The Common Elements, and to the extent necessary, the Units themselves, shall be subject to a non-exclusive right and easement in the Association, including its agents, employees, contractors, and subcontractors, as may be necessary or appropriate for the performance of the duties and functions which the Association is permitted or obligated to perform under this Declaration and for providing maintenance and repairs.

Section 4.5. Encroachments. If a Unit shall encroach upon any other Unit by reason of original construction or by the non-purposeful or non-negligent act of the Owner, then an easement appurtenant to such encroaching Unit, to the extent of such encroachment, shall exist so long as such encroachment shall exist. If any Common Element shall encroach upon any Unit by reason of original construction, or the non-purposeful or non-negligent act of the Association, then an easement appurtenant to such Common Element to the extent of such encroachment shall exist so long as such encroachment shall exist.

Section 4.6. Constructive Grant of Reciprocal Easements. All conveyances of Units hereafter made, whether by the Declarant or otherwise, shall be construed to grant and reserve such reciprocal easements as shall give effect to the preceding Sections of this Article, even though no specific reference to such easements appear in the conveyance. Such easements and covenants are intended and hereby are declared to run with the land and to be appurtenant to the respective Units, and each of them.

ARTICLE V - BOUNDARIES AND COMMON ELEMENTS

Section 5.1. Unit Boundaries. The boundaries of each Unit are shown on the Condominium Map. Unit boundaries consist of unfinished walls, floors and ceilings provided that:

(a) 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 or ceilings are a part of the Common Elements.

(b) 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, and any portion thereof serving more than one Unit or serving any portion of the Common Elements is a part of the General Common Elements, EXCEPT THAT heating, cooling and ventilating systems (“HVAC Systems”) and equipment, the use of which is limited to Residential Loft Units, are Limited Common Elements allocated to the Residential Loft Units served thereby, and provided further, that HVAC systems and equipment, the use of which is limited to Commercial Units are Limited Common Elements allocated to the Commercial Units served thereby.

(c) Subject to the provisions of paragraph (b) of this Section, all spaces, interior partitions and other fixtures and improvements within the boundaries of a Unit are a part of the Unit.

(d) Any shutters, awnings, window boxes, doorsteps, stoops, porches, terraces, balconies and patios 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.

(e) With respect to those Units which encompass two (2) floor levels, all interior floors, floor systems and ceilings (i.e., those floors, floor systems and ceilings located within the vertical perimeter walls and between the first and second level of the Unit) are a part of the Unit.

Section 5.2. Allocation of Limited Common Elements. In addition to the Limited Common Elements identified in Sections 5.1(b) and 5.1(d) above, the following portions of the Common Elements are designated Limited Common Elements and assigned to the Unit or Units so designated:

(a) The lobby on the main floor of each building, including the sitting area, mailroom, exercise room, elevator and elevator shaft, the stairs and stairwell

extending from the main floor (ground level) to the upper levels and all upper floor stairways, stairwells, and hallways are designated Limited Common Elements and allocated to the Residential Loft Units served thereby.

(b) The utility areas, the use of which is limited to Residential Loft Units are designated Limited Common Elements and allocated the Residential Loft Units served thereby.

(c) The utility areas, the use of which is limited to Commercial Units are designated Limited Common Elements and allocated to the Commercial Units served thereby.

(d) All guest parking spaces below grade are designated Limited Common Elements and allocated to the Residential Loft Units located in the same building.

(e) The Roof Terrace identified on the Condominium Map is designated a Limited Common Element and allocated to the Residential Loft Units located in the same building.

(f) Any balcony or other terrace designated a Limited Common Element is allocated to the particular Unit designated on the Condominium Map.

(g) Any parking space designated a Limited Common Element is allocated to the particular Unit designated on the Condominium Map.

(h) Any porch, courtyard or patio designated a Limited Common Element is allocated to the particular Unit or Units designated on the Condominium Map.

(i) Doors and windows, including storm windows and storm doors, are Limited Common Elements allocated to the Unit which they serve.

(j) Any other portion of the Common Elements, designated a Limited Common Element is allocated to the particular Unit or Units designated on the Condominium Map.

Section 5.3. Reallocation of Limited Common Elements. The Declarant may reallocate the Common Elements, including any Limited Common Element designated as appurtenant to a Unit or Units owned by the Declarant, in the exercise

of Declarant's reserved development right to further subdivide a Unit. A Limited Common Element may be reallocated by the Association between or among Units only to the extent permitted and in the manner authorized by the Act. Likewise, a Common Element not previously allocated as a Limited Common Element may be allocated as a Limited Common Element by the Association only to the extent permitted and in the manner authorized by the Act.

ARTICLE VI - MAINTENANCE AND REPAIRS

Section 6.1. Owner's Duties - Units and Limited Common Elements. Each Owner shall be responsible for maintenance and repair of his Unit and all Limited Common Elements (except parking spaces) exclusively serving such Unit, including fixtures and improvements and all utility lines and equipment located therein and serving such Unit. Each Owner shall, at all times, maintain and keep in good condition and repair, his Unit and all Limited Common Elements serving his Unit. In performing such maintenance or repair, or in improving or altering a Unit, an Owner shall obtain all necessary permits and licenses, and shall comply with all applicable laws, rules and regulations, including the rules and regulations of the Association. Notwithstanding the foregoing, no Owner shall do any maintenance, repair or improvement work that impairs the structural soundness of the building in which such Owner's Unit is located or that interferes with any easement. No Owner shall change or alter the appearance or the structural integrity of any Limited Common Element without the written permission of the Association. No Owner shall have the right to make or cause to be made any additions, alterations or repairs to the General Common Elements.

Section 6.2. Association's Duties - Common Elements. The Association shall be responsible for the maintenance and repair of all the Common Elements, except for those Limited Common Elements appurtenant to a single Unit. Without limiting the generality of the foregoing, the Association shall provide lawn, grounds and landscaping care, shall water, trim, prune and winter wrap trees and shrubs, maintain and operate the raw water irrigation system for the benefit of the Community and otherwise maintain and keep in good repair and condition all sidewalks, yards, grounds, greenbelt areas, all drives, all parking lots and facilities, traffic control devices and signage, recreational equipment, if any, and all other improvements and facilities which form a part of the General Common Elements. The Association shall provide for the removal of snow from steps, stairs, walkways, sidewalks, roadways, drives and parking lots which form a part of the General

Common Elements. The Association shall provide for the removal of snow and ice from the roofs and gutters, as and when necessary or otherwise advisable. The Association shall maintain the Common Elements to substantially the same or better standards as originally installed.

Section 6.3. Maintenance Costs - Common Elements. The costs of the maintenance, repair and upkeep of the General Common Elements shall be a Common Expense of all the Owners; provided that, any such costs attributable to any Limited Common Element allocated to the Residential Loft Units shall be assessed exclusively to those Residential Loft Units served thereby, and any such costs attributable to any Limited Common Element allocated to the Commercial Units shall be assessed exclusively to those Commercial Units served thereby; and provided further that, the cost of maintenance, repair and upkeep of any of the General Common Elements necessitated by excessive wear or abuse caused by or attributable to the Owner or Owners of one or more of the Units, may by resolution adopted by the Executive Board, be assessed to the Owner or Owners responsible for the excessive wear or abuse in such proportions as the Executive Board reasonably determines to be proper.

Section 6.4. Parking Spaces. Notwithstanding anything herein contained to the contrary, all parking spaces, whether or not designated a Limited Common Element assigned to a particular Unit or Units, shall be maintained exclusively by the Association. The Association shall keep and maintain the markings and striping which delineates the parking spaces in good condition and repair. Although the Association shall maintain the parking areas in an uniform manner, such costs shall be allocated among the parking spaces on a prorata basis and shall be assessed to the Unit or Units to which any such parking space is allocated as Limited Common Element.

Section 6.5. Association's Right of Access. The Association shall have the right of access to any Unit, at any time, for the purpose of making emergency repairs necessary to prevent damage to the Common Elements or to another Unit or Units and the right of access to any Unit at reasonable times to perform routine maintenance and repairs upon the Common Elements. The costs of repairing any damage to a Unit resulting from entry therein for the purpose of repairing or maintaining the Common Elements or preventing damage to the Common Elements or another Unit, shall be a Common Expense of all the Owners. The costs of repairing any damage to a Unit resulting from entry therein for the purpose of

repairing or maintaining a Limited Common Element shall be charged to the Owner of the Unit or Units served by such Limited Common Element.

Section 6.6. Snow Removal. No Owner of any Unit shall allow any snow or ice to accumulate or remain upon any terrace or balcony located other than on the ground floor, which constitutes a Limited Common Element appurtenant exclusively to his Unit for more than twenty-four (24) hours from the time the latest accumulation of snow has occurred. Should the Owner fail to remove the snow in compliance with the provisions of this Section, the Association shall have the right to access any such terrace or balcony at reasonable hours, through the Unit or otherwise, in order to perform the snow removal function mentioned. The costs of performing the snow removal function by reason of the Owner's neglect or failure to maintain the same, shall be charged to the Owner of the Unit to which the deck or balcony is allocated as a Limited Common Element. The Association may also levy a fine or successive fines in accordance with such rules and regulations as the Executive Board may adopt. (The purpose of this provision is to minimize or eliminate the discharge or release of waters from snow melt dripping from the upper terraces or balconies which may damage the Common Elements, pose a hazard by the buildup of ice on walkways below or inconvenience persons passing below).

Section 6.7. Owner Caused Damage. Notwithstanding the foregoing, if damage to the Common Elements or to any Unit is caused by the negligence or intentional act of an Owner or if entry into a Unit is required because of any negligence or intentional act on the part of an Owner, such Owner shall pay, or reimburse the Association, for all costs of repairing such damage and shall be liable to the Association and the other Owners for all additional losses or expenses suffered as a result of his negligence or intentional acts, including without limitation, reasonable attorney's fees.

Section 6.8. Association's Right to Maintain. If in the judgment of the executive Board, any Owner has failed to keep and maintain his Unit or any Limited Common Element serving his Unit exclusively in good condition and repair, the Association may, after thirty (30) days notice to the Owner, perform all work necessary to maintain the Unit or the Limited Common Elements in good condition and repair and the Association shall have access to the Unit for such purposes. The Owner shall reimburse the Association for the cost of such work.

Section 6.9. Declarant's Right to Maintain. If, in the judgment of Declarant, the Association has failed to keep and maintain the Common Elements in good condition and repair, the Declarant may, after thirty (30) days notice to the Association, perform all work necessary to maintain the Common Elements in good condition and repair and Declarant shall have access to any Unit and the Common Elements for such purposes. The Association shall reimburse Declarant for the cost of such work, which shall be a Common Expense of all Owners.

Section 6.10. Landscaping and Lawn Care. Any landscaping in addition to that provided by the Declarant in connection with the initial construction of the buildings shall be at the discretion of the Association and subject to the prior approval of the Willits Town Center Review Board ("WTCRB") established under the Master Declaration, which may assess a review fee.

Section 6.11. Owner Responsibility. Any maintenance or repair required by reason of the willful or negligent act of the Owner, members of his family or guests, tenants or occupants of the Owner's Unit, shall be attributed to the Owner and shall be the responsibility and obligation of such Owner. The Association shall have the right to perform any such maintenance or repairs and recover the costs incurred from the Owner responsible.

Section 6.12. Determination of Obligation and Supervision. The responsibility for the performance of any maintenance, repair, lawn care, snow removal or other work not expressly delineated above shall be determined by the Association. In the event any dispute should arise as to the construction or interpretation of the foregoing Sections, the determination with regard thereto made by the Association shall be conclusive. The Association shall have the right to prescribe minimum standards with regard to an Owner's performance of any maintenance for which the Owner is responsible. The Owner shall comply with all guidelines and requirements prescribed by the Association in this connection, and in furtherance hereof, the Association shall have the right to require any Owner at any time, to forthwith correct any repair or any maintenance deficiency then existing.

ARTICLE VII - THE ASSOCIATION

Section 7.1. Purposes and Powers. The Association through the Executive Board or a Managing Agent shall perform the functions and hold and manage property as provided in this Declaration so as to further the interests of the Unit Owners in the Project. The Association shall have all the powers necessary or desirable to effectuate such purposes.

Section 7.2. Membership. Every Owner shall be entitled and required to be a member of the Association. An Owner shall be entitled to one (1) membership for each Unit owned. Each such membership shall be appurtenant to and inseparable from the Unit upon which it is based, and shall be transferred automatically by the transfer (in whatsoever form) of that Unit. Ownership of a Unit shall be the sole qualification for membership. No person or entity other than an Owner may be a member of the Association.

Section 7.3. The Executive Board. The affairs of the Association shall be managed by an Executive Board which may by resolution delegate any portion of its authority to an Executive Committee or to a Managing Agent for the Association. There shall be no fewer than three members of the Executive Board, the specific number to be set forth from time to time in the Bylaws.

Section 7.4. Bylaws and Articles. The purposes and powers of the Association and the rights and obligations with respect to Owners set forth in this Declaration may and shall be amplified by provisions of the Articles and Bylaws of the Association.

Section 7.5. Voting. The voting rights allocated to the respective Units within the Community are as specified in Article IX below. Owners of more than one (1) Unit shall have the right to cast the aggregate number of votes that the Units which they own represent. If any Unit is owned by multiple parties, all such parties shall be members; provided, however, that the votes to which such Unit is entitled shall be exercised as the several Owners among themselves shall determine, but in no event shall more votes be cast with respect to any Unit than the total number of votes allocated to that Unit. Cumulative voting shall not be permitted in the election of the Executive Board or for any other purpose.

Section 7.6. Exercise of Powers. The Association may exercise any right or privilege given it expressly by this Declaration, by the Act or otherwise by law, and every other right, privilege and power reasonably to be implied from this Declaration or reasonably necessary to effectuate its function and purposes.

Section 7.7. Membership in Master Association. The Association is treated as the Owner of the Property for purposes of the Master Declaration. The Association representing the collective interests of the Owners shall serve as the member of the Master Association, Willits Town Center, Inc. Assessments levied by the Master Association shall be paid by the Association and assessed against the Units as a Common Expense.

Section 7.8. Assessments. The Association shall have the right to levy and make assessments for Common Expenses, in accordance with this Declaration and its By-Laws, for the following purposes:

- (a) To promote the recreation, health, safety, and welfare of the Owners and the residents of the property;
- (b) To pay assessments levied against the Property by the Master Association;
- (c) To pay the costs and expenses of maintaining the Common Elements as set forth in this Declaration;
- (d) To pay the premiums for all insurance which the Association is required or permitted to maintain;
- (e) To pay taxes and special assessments levied against any property of the Association, whether real or personal;
- (f) To provide lawn, grounds and landscaping care for the Common Elements, maintain and operate the raw water irrigation system for the benefit of the Common Elements, and to otherwise maintain the common elements;
- (g) To provide for the removal of snow from sidewalks, roadways, driveways, and parking lots which form a part of the Common Elements and from the roofs and gutters as needed;

(h) To pay all charges for lighting, utilities, irrigation water, trash removal and other services attributable to the Common Elements;

(i) To pay wages for Association employees, Association management expenses, legal and accounting fees;

(j) To pay any deficit remaining from any previous assessment period;

(k) To create a reasonable contingency reserve, surplus and/or sinking fund;

(l) To pay any other expenses and liabilities which may be incurred by the Association for the benefit of the Owners under or by reason of this Declaration, its Articles of Incorporation or By-Laws; and

(m) For any other purpose permitted by the Act.

Section 7.9. Assessments for Common Expenses. Each Owner shall pay his prorata share of the Common Expenses. Such proration shall be made on the basis of each Owner's allocated interest in the Common Elements, except as follows:

(a) Any heating, cooling and ventilation system (HVAC system) serving the Commercial Units shall be metered separately from any HVAC system serving Residential Loft Units. The utility, maintenance and repair costs associated with any HVAC system serving only Residential Loft Units shall be apportioned and assessed among the residential Units served thereby on a proportionate square foot basis. The utility, maintenance and repair costs associated with any HVAC system serving more than one Commercial Unit shall be apportioned and assessed among those Commercial Units served thereby on a basis weighted to account for reasonably projected differences in usage among the different Units, as from time to time determined and certified by a mechanical engineer or other qualified technician; and

(b) The utility, maintenance and repair costs associated with any Limited Common Element serving more than one Unit shall be apportioned and assessed among the Units served thereby on a proportionate square foot basis, except that

maintenance and repair costs attributable to parking spaces shall be on a prorata basis as provided in Section 6.4. above.

(c) Nothing contained herein shall prohibit certain Common Expenses from being apportioned to a particular Unit or Units as provided elsewhere in this Declaration or in the Bylaws of the Association.

Section 7.10. Payment of Assessments. Each Owner shall pay to the Association, in accordance with its By-Laws, such assessments as may be periodically made by the Association. Until the Association makes an assessment for Common Expenses, the Declarant shall pay all Common Expenses.

Section 7.11. Periodic Assessments. After any assessment has been made by the Association, assessments shall thereafter be made monthly or on such other periodic basis as the Executive Board shall determine, but no less frequently than annually, and shall be based on a budget adopted no less frequently than annually.

Section 7.12. Added Charges. The Association may impose charges for late payment of assessments, recover reasonable attorney's fees and other costs of collection and levy fines for violations of the Declaration, the By-Laws or the Rules and Regulations of the Association. All such charges shall be enforceable as assessments. Any past due common expense assessment or installment shall bear interest at the rate of eight percent (8%) per annum or at such greater rate as may be established by the Executive Board, but not exceeding twenty-one percent (21%) per year.

Section 7.13. Collection of Assessments. The Association shall have the right to bring an action at law against the Owner personally obligated to pay any delinquent assessment or fines.

Section 7.14. Assessment Liens. The Association shall also have a statutory lien on any Unit for any assessment levied against that Unit or fines imposed against the Unit Owner. The amount of the lien shall include any fees, charges, late charges, attorney's fees, fines and interest. This Declaration constitutes record notice and perfection of the statutory lien. No further recordation of any claim of lien or assessment is required. The statutory lien for unpaid assessments is extinguished unless proceedings to enforce the lien are instituted within six (6) years after the full amount of assessments become due. The Association's lien for

assessments and enforcement rights in respect thereto shall be governed by the applicable provisions of the Act, as now in effect or hereafter amended.

Section 7.15. Budgets to be Approved by the Members. It shall be the duty of the Executive Board to formulate and propose a budget of expenses, not less frequently than annually. Within thirty (30) days after adoption of any proposed budget for the common interest community, the Executive Board shall mail, by ordinary first-class mail, or otherwise deliver a summary of the budget to all the Unit Owners (members) and shall set a date for a meeting of the Unit Owners to consider ratification of the budget not less than fourteen (14) nor more than sixty (60) days after mailing or other delivery of the summary. Unless at that meeting a majority of all Unit Owners reject the budget, the budget is ratified, whether or not a quorum is present. In the event that the proposed budget is rejected, the periodic budget last ratified by the Unit Owners must be continued until such time as the Unit Owners ratify a subsequent budget proposed by the Board.

Section 7.16. Rules and Regulations. In furtherance of the intent, purposes and provisions of this Declaration, rules and regulations may be adopted, amended or repealed from time to time by the Executive Board. All rules and regulations adopted by the Association shall be applied uniformly in a non-discriminatory manner. The Executive Board may also establish and enforce penalties and fines for the infraction of any rule or regulation, which fines shall be collectable as assessments in the manner provided above.

ARTICLE VIII- ARCHITECTURAL CONTROL - DESIGN REVIEW BOARD

Section 8.1. Design Controls. An Architectural Review Committee, known as the Willits Town Center Review Board ("WTCRB"), is established under the provisions of the Master Declaration, i.e., the Declaration of Covenants, Conditions and Restrictions for Willits Town Center, recorded as Reception No. 763045 of the Eagle County, Colorado records. Overall architectural and design controls set forth in the Master Declaration apply. The requirements and procedures set forth in this Article are in addition to any and all procedures and requirements that may apply under the Master Declaration.

Section 8.2. Alterations. No structural alterations to the interior of a Unit nor any alteration of the Common Elements, including but not limited to, painting or staining of exterior siding, shall be undertaken unless the complete plans and specifications have been first submitted to and approved in writing by the Executive

Board. Upon the review of any plans, specifications or submittals, the Executive Board may require that the Applicant(s) reimburse the Committee for any actual expense incurred with engineers, architects, attorneys or other professionals in reviewing such plans and specifications. The Executive Board shall not arbitrarily refuse to permit an Owner to make reasonable modifications to that Owner's Unit or a Limited Common Element appurtenant to the Owner's Unit, if such modification is deemed necessary under the Americans With Disabilities Act or other Federal, State or local law, ordinance or regulation.

Section 8.3. Variances. The Executive Board may grant reasonable variances or adjustments from any design standards or guidelines or from any conditions or restrictions imposed by this Declaration in order to overcome practical difficulties and unnecessary hardships arising from the application of the same. Such variances or adjustments shall be granted only when not materially detrimental or injurious to other Units or the Common Elements. No such variance shall deviate substantially from the general intent and purpose of this Declaration. Any variance shall be deemed unique and shall not constitute a precedent for the future. The Executive Board may impose special conditions or requirements in connection with the grant of any variance. A variance may be granted by a majority vote of the Executive Board.

Section 8.4. No Waiver. The approval or consent of the Executive Board to any application for design approval shall not be deemed to constitute a waiver of any right to deny approval or consent as to any similar or related application in the future.

Section 8.5. Non-Liability. No review or approval by the Executive Board of any alteration or improvement shall be deemed approval of the alteration or improvement for compliance with building codes or other governmental laws and regulations, nor shall it be deemed approval for safety purposes.

ARTICLE IX - ALLOCATED INTERESTS

Section 9.1. Common Elements. Each Unit's undivided interest in the Common Elements is a fractional share, the numerator of which is the square footage of the floor area contained within the Unit and the denominator of which is the square footage of the floor area contained in all of the Units combined. The resulting fractional interest is then converted and expressed as a percentage interest,

rounded to the nearest one hundredth (1/100th) of a percentage point where practical. However, in order for the sum of the percentage interests in the Common Elements to equal one hundred percent (100%), the rounding necessary to express a Unit's percentage interest may include the rounding of a fractional percentage point to either the next higher or the next lower one hundredth (1/100th) of a percentage point, regardless of which is nearest.

Section 9.2. Liability For Common Expenses. Each Unit's share of liability for Common Expenses shall be in the same percentage as that Unit's percentage interest in the Common Elements, except as provided in Section 7.9. above.

Section 9.3. Voting Rights. The aggregate number of votes authorized and allocated among the Units shall total one hundred (100) votes. The number of votes allocated to each Unit is determined by multiplying the Unit's percentage interest in the Common Elements by one hundred (100), the total number of votes authorized.

Section 9.4. Allocation of Interests. With reference to the foregoing criteria, the interests of each Unit have been determined and are hereby allocated as follows:

<u>Unit</u>	<u>Undivided Interest in the Common Elements</u>	<u>Liability for Common Expenses</u>	<u>Votes</u>
-------------	--	--	--------------

TOTALS

The foregoing allocation of interests shall be deemed binding and conclusive, subject however, to the provisions of Section 9.5. below.

Section 9.5. Reallocation Upon Declarant's Exercise of Development Right To Subdivide. In the exercise of its reserved development rights, if the Declarant subdivides a Unit into two (2) or more Units, whether or not any part of the Unit is converted into Common Elements, the Declarant shall prepare, execute and record the requisite amendments to this Declaration and the Condominium Map and assign a identifying number to each new Unit created. Such amendment to this Declaration shall reallocate all of the allocated interests of the Unit so subdivided among the Units created by the subdivision in the manner described above or in such other reasonable manner as the Declarant may prescribe. No such subdivision or reallocation of the allocated interests in the Unit subdivided shall change the allocated interests of any Unit which is not then owned by the Declarant.

Section 9.6. Combining Units. If an Owner combines two or more Units with the intent of creating one (1) Unit therefrom, such resulting Unit shall continue to have the full allocated interests and voting rights originally assigned to the Units so combined.

ARTICLE X - DECLARANT'S RESERVED DEVELOPMENT RIGHTS

Section 10.1. Rights Reserved. The Declarant hereby reserves, to the fullest extent permitted by law, the following development rights and the right to supplement and amend this Declaration in the exercise of any or all of the following development rights:

(a) The right to construct and complete the Units and Common Elements shown on the Condominium Map, in any sequence and order that the Declarant shall determine;

(b) The right to construct underground utility lines, pipes, wires, ducts conduits and other facilities across any portion of the Property for the purpose of furnishing utilities and other services to building and improvements to be constructed on the Property;

(c) The right to withdraw and grant easements and licenses to public utility companies and to convey improvements within those easements anywhere in the Community not occupied by the building for the purposes mentioned;

(d) The right to reconfigure any or all of the Units and construct and complete the Units as reconfigured, together with the Common Elements, provided that the Declarant shall have no right to reconfigure a Unit the Declarant does not own;

(e) The right to subdivide or convert a Unit previously created into additional Units, Common Elements or both and to reallocate all of the allocated interests of the Unit among the Units created by the subdivision in any reasonable manner, together with the right to construct and complete the additional Units and Common Elements created, in any sequence and order that the Declarant shall determine;

(f) The right to use so much of the Common Elements as it may deem necessary or convenient for the purpose of the construction and development of the improvements on the Property; provided, however, that such use shall not unreasonably interfere with an Owner's access to his Unit;

(g) To assign or reassign any parking space within the Common Elements, which is not designated as a Limited Common Element on the Condominium Plat; and

(h) To exercise the "Special Declarant Rights" defined in the Act, including the rights to construct and complete the improvements, to exercise any development right, including those expressly reserved in this Declaration, to maintain sales offices, management offices, model Units and signs advertising the Development, to use easements through the Common Elements for the purpose of making improvements within the Property and to appoint and to remove any officer of the Association or any Executive Board member during the period of Declarant controls herein set forth.

Section 10.2. Exercise of Development Rights. Any development right may be exercised with respect to different portions of the Property, at different times and in such sequence as the Declarant may determine. No assurances are made as to which portions of the Property may be subjected to the exercise of each development right, or in which order each development right may be exercised or applied to any portion of the Property. If any development right is exercised in any portion of the Property that development right need not be exercised in all or any portion of the remainder of the Property. The exercise of development rights with

respect to some portions of the Property will not obligate the Declarant to exercise any development rights as to other portions. No assurances are made by Declarant as to whether Declarant will exercise its development rights herein reserved or any of them or as to the order in which any portion of the Property may be developed.

Section 10.3. Reserved Construction Easement. Declarant reserves the right to perform warranty work, repairs and construction work in the Units and Common Elements, to store materials in secure areas, and to control and have the right of access to work and make repairs until completion of the entire project. All work may be performed by the Declarant without the consent or approval of the Executive Board or the Association. The Declarant reserves an easement through the Common Elements as may be reasonably necessary for the purpose of discharging the Declarant's obligations or exercising Declarant's rights, whether arising under the Act or reserved in this Declaration. This easement and the reserved rights attendant thereto includes the right to convey access, utility and drainage easements to the Town of Basalt and Midvalley Metropolitan District or any other special district, governmental authority, public utility or the State of Colorado.

Section 10.4. Signs and Marketing. Declarant reserves the right to post and maintain signs and displays in Units owned by the Declarant and in the Common Elements in order to promote sales of Units. Declarant also reserves the right to conduct general sales activities in a manner which will not unreasonably disturb the rights of Unit Owners.

Section 10.5. Removal of Declarant's Property. Declarant reserves the right to remove and retain all of its property and equipment used in the sales, management, construction and maintenance of the property whether or not the same have become fixtures.

Section 10.6. No Interference. Neither the Association nor any Unit Owner may take any action or adopt any rule that will interfere with or diminish any reserved rights of the Declarant, without the prior written consent of the Declarant.

Section 10.7. Promotional Activity of the Declarant. The Declarant may maintain a sales office or management office within any Unit or Units located on the Property. Any Unit or Units may be used as a model for promotional purposes.

The Declarant reserves the right to maintain signs on the Common Elements, so long as the Declarant owns any Unit held for sale within the Community.

Section 10.8. Time Limit. The development rights reserved to the Declarant must be exercised within twenty-five (25) years from the date of this Declaration.

Section 10.9. Release or Assignment of Declarant's Rights. Declarant may release or transfer any or all the Declarant's rights reserved under this Article or elsewhere in this Declaration, but only by instrument acknowledged in the manner of a Deed and recorded in the records of the Clerk and Recorder of Eagle County, Colorado. Declarant may restrict or limit the exercise of any rights and interests so assigned. Any successor in interest to Declarant, in respect to any portion of the Declarant's rights hereunder, may further assign and transfer such rights and interests in like manner, but only to the extent expressly permitted in the assignment from the Declarant.

Section 10.10. Controlling Authority. The provisions of this Article supercede and control all conflicting provisions contained elsewhere in this Declaration or in the Bylaws of the Association, including those provisions which otherwise apply to the Declarant as a Unit Owner.

ARTICLE XI - DECLARANT'S RIGHTS TO CONTROL THE ASSOCIATION AND LIMITATIONS

Section 11.1. This Article Controls. The provisions of this Article shall control all inconsistent and conflicting provisions contained elsewhere in this Declaration or in the Bylaws of the Association.

Section 11.2. Period of Declarant Control. There shall be a period of Declarant control of the Association, during which a Declarant, or persons designated by the Declarant, may appoint and remove the officers of the Association and members of the Executive Board.

(a) The period of Declarant control shall terminate no later than the earlier of (i) sixty (60) days after conveyance of seventy-five percent (75%) of the Units that may be created in the Community to Unit Owners other than a Declarant; or (ii) two years after the last conveyance of a Unit by the Declarant in the ordinary

course of business; or (iii) two years after any right to add new Units was last exercised.

(b) Not later than sixty (60) days after conveyance of twenty-five percent (25%) of the Units that may be created to Unit Owners other than a Declarant, at least one member and not less than twenty-five percent (25%) of the members of the Executive Board shall be elected by Unit Owners other than the Declarant. Not later than sixty (60) days after conveyance of fifty percent (50%) of the Units that may be created to Unit Owners other than a Declarant, not less than thirty-three and one-third percent (33 1/3%) of the members of the Executive Board must be elected by Unit Owners other than the Declarant.

(c) Except as otherwise provided in C.R.S. §38-33.3-220(5), not later than the termination of any period of Declarant control, the Unit Owners shall elect an Executive Board of at least three members, at least a majority of whom must be Unit Owners other than the Declarant or designated representatives of Unit Owners other than the Declarant; and the Executive Board shall elect the officers and the Executive Board members and officers shall take office upon election.

(d) Notwithstanding any provision of this Declaration or the Bylaws to the contrary, following notice under C.R.S. § 38-33.3-308, the Unit Owners, by a vote of sixty-seven percent (67%) of all Unit Owners present and entitled to vote at a meeting of the Unit Owners at which a quorum is present may remove a member of the Executive Board with or without cause other than a member appointed by the Declarant.

Section 11.3. Voluntary Surrender. The Declarant may voluntarily surrender the right to appoint and remove officers and members of the Executive Board before termination of the period of Declarant control set forth above. In that event, the Declarant may require that, for the duration of the period of Declarant control, specified actions of the Association or Executive Board as described in a recorded instrument executed by the Declarant, be approved by the Declarant before becoming effective.

Section 11.4. Association's Records. Within sixty (60) days after termination of Declarant's control and the election of a new Executive Board by the members, the Declarant shall deliver to the Association all records and property of the

Association held or controlled by the Declarant as prescribed by the Colorado Common Interest Ownership Act.

ARTICLE XII - USE RESTRICTIONS

Section 12.1. Master Covenants. The Master Declaration sets forth use restrictions which apply to the Property. The restrictions imposed by this Article are in addition to the restrictions imposed under the Master Declaration.

Section 12.2. Leases. Any lease agreement shall provide that the terms of the lease shall be subject in all respects to the provisions of this Declaration, the Articles of Incorporation, By-Laws and duly promulgated Rules and Regulations of the Association, and that any failure by the tenant to comply with the terms of such documents shall be a default under the lease. All leases shall be in writing. Other than as provided in this Section, there is no restriction on the right of any Owner to lease his property.

Section 12.3. Animals. No animals of any kind shall be raised, bred or kept upon the Property, except that dogs and cats may be kept, provided that they are not kept, bred or maintained for any commercial purpose and that such pets are at all times under the control of their Owner, well-mannered and behaved; and provided further that, in no event shall any Owner or occupant of any Unit keep more than a total of two (2) such animals, in any combination, at any time. Any Owner or occupant of a Unit harboring an animal upon the Property shall at all such times keep and maintain, in full force and effect, a homeowners insurance policy or other liability insurance coverage, with limits of not less than \$500,000, the covered risks of which shall include bodily injury, death and property damages caused by such animal. Notwithstanding the foregoing, the Executive Board may promulgate rules and regulations concerning the keeping of dogs and cats within the Community, which are more restrictive than those limitations set forth above. By way of example and not by way of limitation, the Executive Board shall have the right to absolutely prohibit the keeping of dogs or cats, or to implement a plan of special pet assessment dues which shall be payable by any Owner who keeps a dog or cat upon the Property. This Section shall have no application to a Commercial Unit approved by the WTCRB and the Town of Basalt for use as a pet shop, for pet grooming, or for any other commercial pet related business conducted in a Commercial Unit.

Section 12.4. Vehicle Repairs. No maintenance, servicing, repair, dismantling or repainting of any type of vehicle, boat, camper, trailer, machine or equipment may take place on the Property.

Section 12.5. No Junk Vehicles. No disabled, junk or inoperable vehicle may be stored in any parking space, parking area or upon any other part of the Property.

Section 12.6. Restrictions on Floor Loads. No Owner may place a load on any floor which exceeds the load for which the floor was designed. No Owner shall install or maintain any item of heavy furniture or equipment or make any other installation, except in a manner designed to achieve a proper distribution of weight.

Section 12.7. Signs. Before the Owner of any Unit shall display any signage, posters or other advertising devices upon any part of the Common Elements, the written approval of the Executive Board must first be procured. The provisions of this Section are in addition to any approvals that may be required by the WTCRB and the Town of Basalt.

Section 12.8. No Nuisance or Hazard. No nuisance shall be permitted within the Unit or upon the Property, nor any use, activity or practice which would reasonably constitute an annoyance or hazard or which otherwise would tend to disturb or offend any Unit Owner or interfere with another Unit Owner's peaceful possession or enjoyment of his Unit or any part of the Common Elements shall be permitted. No unsafe, hazardous or unlawful use shall be permitted upon the Property or any portion thereof. All applicable laws, ordinances and governmental regulations shall, at all times, be observed.

Section 12.9. Commercial Units. No Commercial Unit shall be used for residential purposes.

Section 12.10. Residential Loft Units. Residential Loft Units shall be used for single family residential purposes only.

ARTICLE XIII - INSURANCE

Section 13.1. Association to Maintain Insurance. Commencing not later than the time of the first conveyance of a Unit to a person other than the Declarant, the Association shall maintain to the extent reasonably available:

(a) Property insurance on the Common Elements for broad form covered causes of loss. Such coverage shall afford protection against loss or damage by fire and other hazards covered by a standard extended coverage endorsement and such other risks as from time to time shall be customarily covered with respect to buildings similar in construction, location and use, as the buildings on the Property, including, but not limited to vandalism and malicious mischief. The amount of insurance must be not less than the full insurable replacement cost of the insured property, less applicable deductibles at the time the insurance is purchased and at each renewal date, exclusive of land, excavations, foundations and other items normally excluded from property policies; provided that the casualty protection on the buildings and improvements maintained by the Association shall insure the improvement only to the interior bare walls as initially constructed and installed by the Declarant. It shall be the responsibility of each Owner to insure the finish of the interior walls and all cabinets, furnishings, fixtures, appliances, personal property, and other contents of his Unit. The named insured shall be the Association, individually, and as agent for the Owners and their Mortgagees, without naming them. Provisions shall be made for the issuance for mortgagee endorsements and memoranda of insurance to the Mortgagees of the Owners. Such insurance policy shall provide that payments by the insurer for losses shall be made to the Association or to an insurance trustee in the State of Colorado designated by the Association for that purpose. Such insurance policy shall contain a “severability of interest” clause or endorsement which shall preclude the insurer from denying the claim of a Unit Owner because of negligent acts of the Association or other Unit Owners. The scope of coverage must include all other coverage in the kinds and amounts commonly required by private institutional mortgage investors for projects similar in construction, location, and use.

(b) Commercial general liability insurance against claims and liabilities arising in connection with the ownership, existence, use or management of the Common Elements with coverage limits as deemed sufficient in the judgment of the Executive Board, but in no event less than \$1,000,000 per occurrence and \$2,000,000 aggregate, insuring the Executive Board, the Association, the management agent, if any, and their respective employees, agents, and all persons

acting as agents. The Declarant shall be included as an additional insured in Declarant's capacity as a Unit Owner and board member. The Owners (Unit Owners) shall be included as additional insureds, but only for claims and liabilities arising in connection with the ownership, existence, use or management of the Common Elements. The insurance shall cover claims of one (1) or more insured parties against other insured parties. The Town of Basalt shall also be included as an additional insured. The maintenance of such insurance by the Association and the acceptance of such coverage by the Town of Basalt, does not waive or purport to waive the provisions of the Colorado Governmental Immunity Act as applicable to the Town of Basalt.

Section 13.2. Non-Availability. If the insurance described above is not reasonably available, or if any policy of such insurance is canceled or not renewed, without a replacement policy therefore having been obtained, the Association promptly shall cause notice of that fact to be hand delivered, or sent prepaid, U.S. mail, to all Unit Owners.

Section 13.3. Additional Coverage Required. Pursuant to the Act, the Property Insurance and the Commercial General Liability Insurance required above, must provide that:

(a) Each Owner is an insured person under the policy with respect to liability arising out of such Unit Owner's interest in the Common Elements or membership in the Association;

(b) The insurer waives its rights to subrogation under the policy against any Unit Owner or member of his household;

(c) No act or omission by any Unit Owner, unless acting within the scope of such Unit Owner's authority on behalf of the Association, will void the policy or be condition to recovery under the policy; and

(d) If, at the time of a loss under the policy, there is other insurance in the name of a Unit Owner covering the same risk covered by the policy, the Association's policy provides primary insurance.

Section 13.4. Adjustment of Property Loss. Any loss covered by the Property Insurance described above, must be adjusted with the Association, but

shall be held, administered and applied in the manner provided by the Colorado Common Interest Ownership Act, C.R.S. §38-33.3-313(5) - (9).

Section 13.5. Procedures; Deductibles; Assessments. The Association may adopt and establish written nondiscriminatory policies and procedures relating to the submittal of claims, responsibility for deductibles, and any other matters of claims adjustment. To the extent the Association settles claims for damages to real property, it shall have the authority to assess negligent Unit Owners causing such loss or benefitting from such repair or restoration, all deductibles paid by the Association. In the event that more than one (1) Unit is damaged by a loss, the Association, in its reasonable discretion, may assess each Unit Owner a pro rata share of any deductible paid by the Association.

Section 13.6. Owner's Insurance. An insurance policy issued to the Association does not obviate the need for Unit Owners to obtain insurance for their own benefit.

Section 13.7. Officers and Directors. The Association shall keep and maintain Officers and Directors errors and omissions and personal liability coverage, with coverage limits of not less than \$1,000,000 per occurrence and \$2,000,000 aggregate, to protect the officers and directors from personal liability in relation to or arising out of their duties on behalf of the Association.

Section 13.8. Fidelity Bonds and Insurance. The Association shall obtain adequate fidelity bonds or insurance coverage to protect against dishonest acts of any Unit Owner, Executive Board member, Officer, employee or Manager of the Association handling or responsible for Association funds. Such fidelity bonds or insurance coverage shall not be less than the aggregate amount of two (2) months current assessments for the entire Property, plus reserves as calculated from the current budget of the Association, or \$50,000, whichever is greater. The Association may carry fidelity bonds or insurance in such greater amount as the Executive Board deems prudent.

Section 13.9. Managing Agent Insurance. The Association shall require any independent contractor employed for purposes of managing the Common Interest Community to carry fidelity bonds or insurance for the benefit of the Association to the same extent as the Association or with such greater coverage limits as the Association or the Act may require, for the benefit of the Association and any such

Manager shall maintain and submit evidence of such coverage to the Association.

Section 13.10. Worker's Compensation and Employer's Liability Insurance. The Association shall obtain worker's compensation and employer's liability insurance and all other similar insurance with respect to its employees in the amounts and forms as may now or hereafter be required by law.

Section 13.11. Other Insurance. The Association may also obtain insurance coverage against any such other risks of a similar or dissimilar nature, as deemed appropriate.

Section 13.12. Insurance Expense. The cost of all insurance which the Association is required or permitted to maintain, shall be assessed to the Unit Owners as a Common Expense.

Section 13.13. Annual Review. The Executive Board shall review the insurance coverage for the Association at least annually for the purpose of determining the amount of insurance required.

Section 13.14. Duty to Repair. Any portion of the Community for which insurance is required under this Article which is damaged or destroyed must be repaired or replaced promptly by the Association unless: the Community is terminated in accordance with the Act; the repair or replacement would be illegal; sixty-seven percent (67%) of the Unit Owners, including every Owner of a Unit or assigned Limited Common Element that will not be rebuilt, vote not to rebuild; or, prior to the conveyance of any Unit to a person other than the Declarant, the holder of a Deed of Trust or Mortgage on the damaged portion of the Community rightfully demands all or a substantial part of the insurance proceeds.

ARTICLE XIV - ASSESSMENT CERTIFICATES AND NOTICES

Section 14.1. Assessment Certificates. Upon request, the Association shall provide any Owner, prospective purchaser, Mortgagee or prospective Mortgagee, of any Unit in the Community a certificate in writing signed by an officer of the Association setting forth the amount of any assessments, interest or late charges due in connection with any specified Unit. A reasonable charge may be made by the Association for the issuance of such certificates.

Section 14.2. Notice of Assessment Liens. Upon written request, delivered personally or by certified mail, first-class postage prepaid, return receipt requested, to the Association's registered agent, the Association shall furnish to a Unit Owner or his designee, or to a holder of a Security Interest, mortgage or deed of trust, or its designees, a written statement setting forth the amount of unpaid assessments currently levied against such Owner's Unit. This statement shall be furnished within fourteen (14) days after receipt of the request, and is binding on the Association, the Executive Board and every Unit Owner. If no statement is furnished to the Unit Owner or holder of the Security Interest, mortgage or deed of trust, or to his designee, delivered personally or by certified mail, first-class postage prepaid, return receipt requested, to the inquiring party, then the Association shall have no right to assert a lien upon the Unit for unpaid assessments which were due as of the date of the request.

ARTICLE XV - GENERAL PROVISIONS

Section 15.1. Notices to Owners. Notice to an Owner of matters effecting the Community by the Association or by another Owner, shall be sufficiently given if such notice is in writing and is delivered personally, by courier or private service delivery, or by deposit in the U.S. mail, postage prepaid, addressed to such Owner at the registered mailing address furnished by the Owner to the Association in accordance with the By-Laws. Such mailing shall be deemed adequate, whether mailed ordinary mail, certified mail or registered mail.

Section 15.2. Recording Data. All recorded easements and licenses appurtenant or included in the Community, are set forth on Plats recorded as Reception Nos. 763043 and _____. In addition, the Community will be subject to the easements and licenses granted or reserved pursuant to this Declaration and the Condominium Map and to the provisions of the Final Development Plan PUD Control Document for Willits Town Center recorded as Reception No. 763044 (all Reception Nos. refer to the records of Eagle County, Colorado).

Section 15.3. Easement Rights. The Declarant has an easement through the Common Elements as may be reasonably necessary for the purpose of discharging a Declarant's obligations or exercising Special Declarant Rights, whether arising under this Declaration or the Act.

Section 15.4. Covenants to Run with the Land. This Declaration shall run with the land and be a burden and a benefit to the Units within the Community.

Section 15.5. Enforcement. The failure of any Owner to comply with the provisions of this Declaration or with the Articles of Incorporation, By-Laws or the duly promulgated Rules and Regulations of the Association, shall give rise to a cause of action in the Association, as well as any aggrieved Unit Owner for the recovery of damages or injunctive relief, or both. The failure of the Association or any Owner to enforce any such rights, shall in no event be deemed a waiver of the right to do so in the future. The Town of Basalt is recognized as a third-party beneficiary with respect to the use restrictions described in Article XII, and may enforce the same in its own right.

Section 15.6. Amendments. The Declarant may amend the Declaration and any Condominium Map to correct clerical, typographical or technical errors or to comply with the requirements, standards or guidelines of recognized secondary mortgage markets, the Department of Housing and Urban Development, the Federal Housing Administration, the Veterans Administration, the Federal Home Loan Mortgage Corporation, the Government National Mortgage Association or the Federal National Mortgage Association. The Declarant may also amend this Declaration in the exercise of Declarant's reserved development rights and as otherwise permitted by the Act. The Association may amend this Declaration with respect to those matters expressly permitted by the Act. Except as provided above, this Declaration may be amended only by the vote or agreement of Unit Owners representing at least sixty-seven percent (67%) of the Units within the Community and by the recordation of a certified copy of the Resolution of Amendment, signed and acknowledged by the President and Secretary of the Association, recorded in the records of the Clerk and Recorder of Eagle County, Colorado. Notwithstanding the provisions hereof, this Declaration shall not be amended without the prior written consent of the Town of Basalt.

Section 15.7. Termination of Declaration. This Declaration shall not be terminated except upon the written agreement of Owners representing not less than seventy-five percent (75%) of the Units within The Community, and must be evidenced by a Termination Agreement or ratifications thereof, in the same manner as a deed, by the requisite number of Unit Owners. The Termination Agreement must specify a date after which the agreement will be void unless it is recorded before that date. The Termination Agreement and all ratifications thereof must be recorded in Eagle County, Colorado, and shall be effective only upon recordation.

Notwithstanding the provisions hereof, this Declaration shall not be terminated without the prior written consent of the Town of Basalt.

Section 15.8. Restoration. If at any time all Owners and all holders of first mortgages shall agree that the Community has become obsolete and shall approve a plan for its renovation or restoration, the Association shall promptly cause such renovation or restoration to be made according to such plan. All Owners shall be bound by the terms of such plan and the cost of the work shall be a Common Expense.

Section 15.9. Duration. This Declaration shall continue in effect until revoked or terminated in the manner provided above.

Section 15.10. Severability. If any clause or provision of this Declaration is determined to be illegal, invalid or unenforceable under present or future laws, all other terms and provisions hereof shall nevertheless remain in full force and effect.

IN WITNESS WHEREOF, this Condominium Declaration has been executed this ____ day of _____, 2004.

DECLARANT:

TRIANGLE PARK LOFTS LLC,
a Colorado limited liability company

By: _____
Manager

STATE OF COLORADO)
) ss.
COUNTY OF EAGLE)

The foregoing instrument was acknowledged before me this ____ day of _____, _____, by Michael B. Lipkin, as Manager on behalf of Triangle Park Lofts LLC, a Colorado limited liability company.

Witness my hand and official seal.
My commission expires: _____

Notary Public