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DECLARATION OF
COVENANTS, CONDITIONS, AND RESTRICTIONS
OF MASTERS CLUB

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DEPARTMENT OF STATE
STATE OF COLORADO OF
MASTERS CLUB HOMEOWNERS ASSOCIATION, INC.

STATE OF COLORADO
DEPARTMENT OF STATE

ARTICLE I

Name

The name of the corporation is Masters Club Homeowners Association, Inc., hereafter called the "Association."

ARTICLE II

Initial Registered Office and Agent

The registered office of the corporation in the State of Colorado shall be 633 17th Street, Suite 2300, Denver, Colorado 80202, and the registered agent upon whom process may be served in this state is Isaacson, Rosenbaum, Woods, Levy & Snow, P.C. at the same address. Said office and agent may be changed at any time hereafter without amendment of these Articles of Incorporation by any document or instrument required or permitted to be filed by law.

ARTICLE III

Purpose and Powers of the Association

This Association does not contemplate pecuniary gain or profit to the Members thereof, and the specific purposes for which it is formed are to provide for maintenance, preservation, and architectural control of the Lots and Common Area within that certain tract of property described in Exhibit A attached hereto and incorporated herein by this reference (hereinafter called the "Property"), and to promote the health, safety, and welfare of the residents within the Property and any additions thereto as may hereafter be brought within the jurisdiction of this Association for this purpose to:

(a) Make and collect assessments against Members of the Association for the purpose of payment of the Common Expenses including the expense incurred in exercising its powers or performing its functions;

(b) Borrow funds and give security therefor in order to pay for any expenditure or outlay required pursuant to the authority granted by the provisions of the Declaration of Covenants, Conditions and Restriction-

tions of Masters Club recorded or to be recorded in the records of the Clerk and Recorder of Douglas County, Colorado (the "Declaration"), these Articles of Incorporation, or the Bylaws, and to execute all such instruments in evidence of such indebtedness as may be necessary or appropriate;

(c) Subject to the Declaration and the Bylaws of the Association, buy or otherwise acquire, sell, or otherwise dispose of, mortgage, or otherwise encumber, exchange, lease, hold, use, operate, and otherwise deal with and in real or personal property of any kind, and any right or interest therein;

(d) Manage, control, operate, maintain, repair, and improve the Common Area and maintain and repair the Common Maintenance Areas;

(e) Enforce covenants, restrictions, and conditions affecting the Property or any portion thereof to the extent this corporation may be authorized under the Declaration;

(f) Engage in activities which will actively foster, promote, and advance the common ownership interests of Owners;

(g) Enter into, make, perform, or enforce contracts of every kind and description, and do all other acts necessary, appropriate, or advisable in carrying out any purpose of this Association with or in association with any person, firm, association, corporation, or other entity or agency, public or private;

(h) Adopt, alter, and amend or repeal such Bylaws as may be necessary or desirable for the proper management of the affairs of this Association, provided, however, that such Bylaws shall not be inconsistent with, or contrary to any provisions of these Articles of Incorporation or the Declaration; and

(i) Have and exercise any and all powers, rights, and privileges which a corporation organized under the Colorado Nonprofit Corporation Act by law may now or hereafter have or exercise.

For convenience of reference, the terms used herein shall have the same meaning as in the Declaration.

ARTICLE IV

Membership

Every person or entity who is a record owner of a fee or undivided fee interest in any Lot which is now or hereafter subject to assessment as provided in the Declaration, including contract sellers, shall be a Member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separate from ownership of any Lot which is subject to assessment by the Association.

A transfer of membership, including all rights of an Owner with respect to the Common Area, shall occur automatically upon the transfer of title to the Lot to which the membership pertains. The Association may suspend the voting rights of a Member for a period not to exceed sixty (60) days for any infraction of published rules and regulations of the Association, or for any period during which any assessment against such Owner's Lot remains unpaid. All Members shall be entitled to vote on all matters, except any Members who are in default in any obligations to the Association. Cumulative voting is prohibited.

ARTICLE V

Voting Rights

The Association shall have two classes of voting membership:

Class A. Class A Members shall be all Owners of Lots, with the exception of Declarant, and shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be Members, and the vote for such Lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any such Lot.

Class B. The Class B Member(s) shall be Declarant and shall be entitled to three (3) votes for each Lot it owns that is neither leased, rented, nor otherwise residentially occupied. Leasing, renting, or allowing entry for residential occupancy shall terminate Declarant's weighted voting advantage in relation to any Lot so leased, rented, or residentially occupied and shall limit Declarant in relation to any such Lots to the

same voting rights as a Class A Member. The Class B membership shall cease and be converted to Class A membership on the happening of one of the following events, whichever occurs earlier:

(a) One hundred twenty (120) days after the total votes outstanding in the Class A membership equals the total votes outstanding in the Class B membership unless during such one hundred twenty (120) day period Declarant annexes additional property to the Declaration; or

(b) Five (5) years from the date upon which the Declaration is recorded in the office of the Clerk and Recorder of Douglas County, Colorado;

(c) At such time as Declarant voluntarily relinquishes its Class B membership in the Association.

ARTICLE VI

Board of Directors

The business and affairs of the Association shall be conducted, managed, and controlled by a Board of Directors. The Board of Directors shall consist of not less than three (3) nor more than nine (9) members, the specific number to be set forth from time to time in the Bylaws of the Association. The members of the Board of Directors need not be Owners (as defined in the Declaration). In all events, however, the terms of at least one-third (1/3) of the members of the Board shall expire annually.

At the first meeting of the Association, the members shall elect three Directors in the following manner: one (1) director whose term of office shall be fixed for three (3) years, one (1) director whose term of office shall be fixed for two (2) years, and one (1) director whose term of office shall be fixed for one (1) year. At the expiration of the initial term of office of each respective Director, as long as there are three Directors, his successor shall be elected to serve a term of three (3) year. If the number of Directors is increased above three, the terms of office shall be such that each year the terms of at least one-third (1/3) of the Directors shall expire.

Members of the Board of Directors shall be elected at the annual meeting of the members in the manner provided for in the Bylaws.

Notwithstanding anything contained herein to the contrary, Declarant shall be entitled to appoint the members of the Board of Directors until one hundred twenty (120) days after Declarant has conveyed seventy-five percent (75%) of the Lots within the Property, as it may be expanded, to owners other than Declarant or until the fifth anniversary of the recording of the Declaration, whichever occurs first unless Declarant shall sooner relinquish this right.

Directors may be removed and vacancies of the Board of Directors shall be filled in the manner to be provided in the Bylaws.

The names and addresses of the members of the first Board of Directors who shall serve until the first election of Directors and until their successors are duly elected and qualified are as follows:

Robert R. Short
538 Commons Drive
Golden, Colorado 80401

Mitchell A. Weiss
538 Commons Drive
Golden, Colorado 80401

Sandra N. Wendt
538 Commons Drive
Golden, Colorado 80401

Any vacancies on the Board of Directors occurring before the first election of Directors shall be filled by the remaining Directors.

ARTICLE VII

Dissolution

The Association may be dissolved with the assent given in writing and signed by not less than two-thirds (2/3) of each class of Members, and by the County of Douglas, Colorado, until such time as the Property may be annexed by or otherwise incorporated in any municipality. Upon dissolution of the Association other than incident to a merger or consolidation, the assets of the Association shall be dedicated to an appropriate public agency to be used for purposes similar to those for which this Association was created. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed, and assigned

to any nonprofit corporation, association, trust, or other organization to be devoted to such similar purposes.

ARTICLE VIII

Officers

The Board of Directors may appoint a President, one or more Vice Presidents, a Secretary, a Treasurer, and such other officers as the Board, in accordance with the provisions of the Bylaws, believes will be in the best interests of the corporation. The officers shall have such duties as may be prescribed in the Bylaws of the corporation and shall serve at the pleasure of the Board of Directors.

ARTICLE IX

Duration

The Association shall exist perpetually.

ARTICLE X

Amendments

Amendment of these Articles of Incorporation shall require the assent of three-fourths (3/4) of each class of Members; provided, however, that no amendment to these Articles of Incorporation shall be contrary to or inconsistent with any provision of the Declaration.

ARTICLE XI

FHA/VA Approval

As long as there is a Class B membership, the following actions will require the prior approval of the Federal Housing Administration of the U.S. Department of Housing and Urban Development of the Veterans Administration, if such approval is required: annexation of additional properties, mergers and consolidation, mortgaging of Common Area, dedication of Common Area, dissolution and amendment of these Articles of Incorporation.

IN WITNESS WHEREOF, for the purpose of forming this corporation under the laws of the State of Colorado, the undersigned, the incorporator of this Association, has executed

these Articles of Incorporation this 10 day of December, 1985.

William M. Silberstein
WILLIAM M. SILBERSTEIN

Address of Incorporator:

633 17th Street, Suite 2300
Denver, Colorado 80202

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

The foregoing instrument was acknowledged before me this 10th day of December, 1985, by William M. Silberstein as incorporator of Masters Club Homeowners Association, Inc.

WITNESS my hand and official seal.

My commission expires September 28, 1987

D. Gayle Grandt
Notary Public



EXHIBIT A

Lots 1 through 74 and Tracts A, C, D, E, and F,
PLUM CREEK FAIRWAY FIVE SUBDIVISION, FILING NO. 2,
According to the recorded plat thereof.
County of Douglas,
State of Colorado

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List of Exhibits

- Exhibit A: Legal Description: Masters Club Phase I
- Exhibit B: Legal Description: Masters Club Phase I
Common Area
- Exhibit C: Legal Description: Masters Club Expansion
Property

DECLARATION OF
COVENANTS, CONDITIONS, AND RESTRICTIONS
OF MASTERS CLUB

THIS DECLARATION, made and entered into this 18th day of December 1985, by GENESEE DEVELOPMENT COMPANY NO. 5, a Colorado general partnership, hereinafter referred to as "Declarant."

WITNESSETH:

WHEREAS, Declarant is the owner of that certain real property in the County of Douglas, State of Colorado, which is described on Exhibit A attached hereto and incorporated herein by this reference;

NOW, THEREFORE, Declarant hereby declares that all of the properties described above shall be held, sold, and conveyed subject to the following easements, restrictions, covenants, and conditions which are for the purpose of protecting the value and desirability of, and which shall run with, the above-described properties and be binding on all parties having any right, title, or interest in the above-described properties or any part thereof, their heirs, successors, and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I

Definitions

Section 1. "Architectural Control Committee" shall mean the committee appointed by Declarant or by the Board of Directors of the Association pursuant to Article V, Section 1, of this Declaration.

Section 2. "Association" shall mean and refer to the Masters Club Homeowners Association, Inc., a Colorado non-profit corporation, its successors and assigns.

Section 3. "Common Area" shall mean all property (including the improvements thereon) owned by the Association for the common use and enjoyment of the Owners including the roads and streets located within the Properties. The initial Common Area is described in Exhibit B attached hereto and incorporated herein by this reference.

Section 4. "Common Property" shall mean and refer to all property (including improvements thereto) owned by the

Master Association for the common use and enjoyment of the members thereof.

Section 5. "Declarant" shall mean and refer to Genesee Development Company No. 5, a Colorado general partnership, its successors and assigns.

Section 6. "Final Improvements and Grading Survey" shall mean and refer to the survey of each Lot to be prepared on behalf of Declarant which shows the location of the improvements on the Lot, the final grade on the Lot, and the location of the Side Lot Easement if applicable.

Section 7. "First Mortgage" shall mean and refer to any unpaid and outstanding mortgage, deed of trust, or other security instrument recorded in the records of the office of the Clerk and Recorder of Douglas County, Colorado, having priority of record over all other recorded liens, except those governmental liens made superior by statute (such as general ad valorem tax liens and special assessments). "First Mortgage" shall also mean and refer to any executory land sales contract where the Administrator of Veterans Affairs, an officer of the United States of America, is the seller, whether such contract is recorded or not, and whether such contract is owned by the said Administrator or has been assigned by the said Administrator and is owned by the Administrator's assignee, or a remote assignee, and the land records in the office of the Clerk and Recorder of Douglas County, Colorado, show the said Administrator as having the record title to the Lot.

Section 8. "First Mortgagee" shall mean and refer to any person named as a mortgagee or beneficiary under any First Mortgage (including the Administrator of Veterans Affairs, an officer of the United States of America, and his assigns under any executory land sales contract wherein the said Administrator is identified as the seller, whether such contract is recorded or not and the land records of the Clerk and Recorder of Douglas County, Colorado, show the said Administrator as having the record title to the Lot), or any successor to the interest of any such person under such First Mortgage.

Section 9. "Lot" shall mean and refer to any numbered plot of land shown upon any recorded subdivision map of the Properties, with the exception of the Common Area, Common Property, and any public streets, but together with all appurtenances and improvements now or hereafter thereon.

Section 10. "Master Association" shall mean and refer to The Plum Creek Master Homeowners Association, Inc., a Colorado nonprofit corporation, created pursuant to the Master Declaration, its successors and assigns.

Section 11. "Master Declaration" shall mean and refer to the Master Declaration Creating Covenants, Conditions, Restrictions, and Easements for Plum Creek, which was recorded June 29, 1983, in the office of the Clerk and Recorder of Douglas County, Colorado, in Book 481 at Page 164.

Section 12. "Member" shall mean and refer to each Owner of a Lot that is subject to assessment; membership in the Association shall be appurtenant to, and may not be separate from, ownership of a Lot.

Section 13. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of fee simple title to any Lot which is a part of the Properties, as said term is hereinafter defined, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 14. "Properties" shall mean and refer to that certain real property described on Exhibit A and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

ARTICLE II

Property Rights in the Common Area

Section 1. Owners' Easements of Enjoyment. Subject to the provisions of Section 2 of this Article, every Owner shall have a non-exclusive right and easement of enjoyment in and to the Common Area and such easement shall be appurtenant to and shall pass with the title to every Lot.

Section 2. Extent of Owners' Easements. The rights and easements of enjoyment created hereby shall be subject to the following:

- (a) The right of the Association, in accordance with its Articles and Bylaws, to borrow money for the purpose of improving the Common Area and, with written consent of the Members entitled to vote two-thirds (2/3) of the votes of each class of membership, to mortgage said property as security for any such loan; and

(b) The right of the Association to take such steps as are reasonably necessary to protect the Common Area against foreclosure; and

(c) The right of the Association to promulgate and publish rules and regulations which each Member shall strictly comply with, including, but not limited to, the right of the Association to establish reasonable charges for the use of any recreational facilities; and

(d) The right of the Association, as provided in its Articles and Bylaws, to suspend the voting rights and the right to the use of the recreational facilities within the Common Area, of a Member for any period during which any assessment against his Lot remains unpaid and, for a period not to exceed sixty (60) days, for any infraction of its published rules and regulations; and

(e) The right of the Association to dedicate or transfer all or any part of the Common Area to the Master Association, any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members, provided that no such dedication or transfer shall be effective unless first approved in writing by the Members entitled to vote two-thirds (2/3) of the votes of each class of membership hereunder, and unless written notice of the proposed agreement and action thereunder is sent to every Member at least thirty (30) days in advance of any action taken. Notwithstanding the foregoing, the granting of permits, licenses, and easements for public utilities, roads, and/or for other purposes reasonably necessary or useful for the proper maintenance or operation of the Properties shall not be deemed a transfer within the meaning of this subsection (e); and

(f) The right of the Association, through its Board of Directors, to enter into, make, perform, or enforce contracts, leases, agreements, licenses, easements, and/or rights-of-way for the use by Owners, other persons, their family members, guests and invitees, of real property and any facilities or improvements thereto and thereon, for pedestrian and vehicular access, ingress and egress to and from the Properties, or any portion thereof, for vehicular parking, or for recreational use and enjoyment; and/or contracts, leases, licenses, or other agreements for cable or satellite television service and/or master burglar alarm or other security services to the Properties, or

any portion thereof. Any of such contracts, leases, licenses, agreements, easements, and/or rights-of-way, as provided for in this subsection (f), shall be upon such terms and conditions as may be agreed from time to time by the Board of Directors of the Association, which may include provisions by which the Association covenants and agrees that it shall pay part or all of the costs and expenses of maintaining and repairing such real property, and the facilities and improvements thereto and thereon, provided such cable or satellite television service and/or master burglar alarm or other security services or other amounts which the Board determines are reasonably necessary to secure any such contracts, leases, licenses, agreements, easements, and/or rights-of-way, and any such costs shall be treated by the Association as common expenses pursuant to Article IV hereof.

(g) The right of the Association to close or limit the use of the Common Area while maintaining, repairing, and making replacements in the Common Area.

Section 3. Delegation of Use. Any Owner may delegate, in accordance with the Bylaws, his right of enjoyment to the Common Area and recreational facilities to the members of his family, his tenants, or contract purchasers who reside on his Lot.

Section 4. Payment of Taxes or Insurance by Mortgagees. First Mortgagees of Lots shall have the right, jointly or singly, to pay taxes or other charges or assessments which are in default and which may or have become a lien against the Common Area and may pay overdue premiums on hazard insurance policies or secure new hazard insurance coverage on the lapse of a policy for the Common Area, or the Lot which secures said First Mortgage if the policy therefor is held by the Association, and any First Mortgagees making any such payment shall be owed immediate reimbursement therefor from the Association.

ARTICLE III

Membership and Voting Rights

Section 1. Membership. Every Owner of a Lot which is subject to assessment shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot.

Section 2. Classes of Membership. The Association shall have two classes of voting membership:

Class A. Class A Members shall be all Owners, with the exception of Declarant. Each Class A Member shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be Members, and the vote for such Lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any such Lot.

Class B. Class B Member shall be Declarant, and such Class B Member shall be entitled to three (3) votes for each Lot owned which is neither leased nor rented nor otherwise occupied as a residence. Leasing, renting, or allowing entry for residential occupancy shall terminate Declarant's weighted voting advantage in relation to any Lot so leased, rented, or occupied as a residence, and will limit Declarant in relation to any such Lots to the same voting rights as a Class A Member. The Class B membership shall cease and be converted to Class A membership on the happening of any of the following events, whichever occurs earliest:

(a) One hundred twenty (120) days after such time as the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership unless during said one hundred twenty (120) day period Declarant annexes additional property to this Declaration; or

(b) Five (5) years from the date upon which this Declaration is recorded in the office of the Clerk and Recorder of Douglas County, Colorado; or

(c) At such time as Declarant voluntarily relinquishes its Class B membership in the Association.

Section 3. Board of Directors. Notwithstanding anything contained herein to the contrary, Declarant shall be entitled to appoint the members of the Board of Directors until one hundred twenty (120) days after Declarant has conveyed seventy-five percent (75%) of the Lots within the Property, as it may be expanded, to owners other than Declarant or until the fifth anniversary of the recording of the Declaration, whichever occurs first unless Declarant shall sooner relinquish this right.

ARTICLE IV

Covenant for Maintenance Assessments

Section 1. Creation of the Lien and Personal Obligation of Assessments. Each Owner of any Lot, including Declarant, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges, (2) special assessments, and (3) reconstruction assessments, such assessments to be established and collected as hereinafter provided. The annual, special, and reconstruction assessments, together with interest, late charges, costs and reasonable attorneys' fees, shall be a charge on the land and shall be a continuing lien upon the Lot against which each such assessment is made. The lien may be enforced by foreclosure of the defaulting Owner's Lot by the Association in like manner as a mortgage on real property. In any such foreclosure, the Owner shall be required to pay the costs and expenses of such proceedings, including reasonable attorneys' fees. The Board of Directors or managing agent of the Association may prepare a written notice setting forth the amount of such unpaid indebtedness, the name of the Owner of the Lot, and a description of the Lot. Such a notice shall be signed by one of the Board of Directors or by the managing agent of the Association specifying the address of the Association and may be recorded in the office of the Clerk and Recorder of Douglas County, Colorado. The lien for each unpaid assessment shall attach to each Lot at the beginning of each assessment period and shall continue to be a lien against such Lot until paid. The costs, expenses, and reasonable attorneys' fees for filing any notice of lien shall be added to the assessment for the Lot against which it is filed and collected as part and parcel thereof. Each assessment, together with interest, late charges, costs, and reasonable attorneys' fees, shall also be the personal obligation of the person who was the Owner of such Lot at the time when the assessment became due. The personal obligation for delinquent assessments shall not pass to such Owner's successors in title unless expressly assumed by them. The Association's lien on a Lot for assessments shall be superior to any homestead exemption now or hereafter provided by the laws of the State of Colorado or any exemption now or hereafter provided by the laws of the United States. The acceptance of a deed to any Lot subject to this Declaration shall constitute a waiver of the homestead and any other exemption as against said assessment lien.

Attorney
Jesse L. Hinz
#302

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the residents of the Properties, for all of those purposes and activities which may be required of the Association or which the Association may be empowered to pursue pursuant to this Declaration, the Articles of Incorporation, or Bylaws of the Association, including, without limitation, providing for the improvement and maintenance of the Common Area and Roads as more fully provided in Section 4 of Article IX below, and for maintenance and repair of those utility systems which are not the responsibility of individual owners.

Section 3. Maximum Annual Assessment. Until commencement of the second annual assessment period, the maximum annual assessment shall be Nine Hundred Sixty Dollars (\$960) for each Lot.

(a) Effective with the commencement of the second and each subsequent annual assessment period, the maximum annual assessment shall be increased effective each annual assessment year in conformance with the rise, if any, of the BLS Consumer Price Index--U.S. published by the United States Department of Labor, Washington, D.C., for All Items for All Urban Consumers (1967 = 100), for the one-year period ending with the preceding month of December. This annual increase in the maximum annual assessment shall occur automatically upon the commencement of each annual assessment year without the necessity of any action being taken with respect thereto by the Association. In the event the aforesaid Consumer Price Index is not published, for whatever reason, then the increase in the maximum annual assessment, as provided herein, shall be calculated by using a substantially comparable index designated by the Board of Directors of the Association.

(b) Effective with the commencement of the second and each subsequent annual assessment period, the maximum annual assessment may be increased above that established by the Consumer Price Index formula by a vote of the Members for the next succeeding one (1) year and at the end of each such one-year period, for each succeeding period of one (1) year, provided that any such increase shall have the assent of two-thirds (2/3) of each class of Members who are voting in person or by proxy, at a meeting duly called for this purpose, written notice of which shall be sent to all Members not less than thirty (30) days nor more than sixty (60)

days in advance of such meeting setting forth the purpose therefor.

(c) Subject to the provisions of Section 7 of this Article IV pertaining to Declarant's obligation to subsidize the Association for shortfalls in assessments, the Board of Directors of the Association may, at any time and from time to time, after consideration of the projected maintenance costs and the other financial needs of the Association, fix the actual assessment against each Lot at an amount less than the maximum. In the event the Board of Directors of the Association determines, at any time and from time to time, during any annual assessment period in which the Association shall have levied an assessment in an amount less than the maximum, that the rate of assessment then in effect is less than may be necessary to adequately fund all maintenance costs and other financial needs of the Association, then the Board of Directors of the Association may increase the actual assessment against each Lot upon written notification thereof to each Owner, provided that the amount of the actual assessment against each Lot shall not be increased to an amount in excess of the maximum annual assessment for that annual assessment period.

(d) The limitations contained in this Section 3 shall not apply to any change in the maximum, actual, and basis of the assessments undertaken incident to a merger or consolidation in which the Association is authorized to participate under its Articles of Incorporation.

(e) The Association shall maintain an adequate reserve fund out of the annual assessments for the maintenance, repair, and replacement of those elements of the Common Area that must be maintained, repaired, or replaced on a periodic basis.

Section 4. Special Assessments. In addition to the annual and reconstruction assessments authorized in this Article IV, the Association may levy, in any assessment year, a special assessment applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair, or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, or for the funding of any operating deficit incurred by the Association. Any such assessment shall have the assent of two-thirds (2/3) of the

votes of each class of Members who are voting in person or by proxy at a meeting duly called for this purpose.

Section 5. Notice and Quorum for Any Action Authorized Under Sections 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under Sections 3 or 4 of this Article IV shall be sent to all Members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast sixty percent (60%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, other meetings may be called subject to the same notice requirements, and the required quorum at each such subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 6. Reconstruction Assessments. In addition to the annual and special assessments authorized in this Article IV, the Association may levy, in any assessment year during which insurance proceeds are insufficient to repair or reconstruct any damaged or destroyed improvements on the Common Area which are covered by a policy of property insurance carried by the Association, reconstruction assessments for the purpose of repair or reconstruction of such damaged or destroyed residences or improvements. All such reconstruction assessments shall be equal to the amount by which the cost of repair or reconstruction shall be equal to the amount by which the cost of repair or reconstruction of such improvements exceeds the sum of the insurance proceeds awarded for the damage or destruction thereof. Such reconstruction assessments shall be assessed equally against each Lot and shall be due and payable as provided by resolution of the Board of Directors, but not sooner than thirty (30) days after written notice thereof.

Section 7. Uniform Rate of Assessment. Special, annual, and reconstruction assessments must be fixed at a uniform rate for all Lots sufficient to meet the expected needs of the Association, provided that, notwithstanding any provision to the contrary contained in this Declaration, the rate of annual and special assessments set for the Lots owned by Declarant which are neither leased, rented, nor otherwise occupied as a residence shall be fixed at one-quarter (1/4) of the assessment rate for the other Lots, and such assessments shall commence upon the completion of the improvement for each such Lot as evidenced by the issuance of a temporary certificate of occupancy. In the event that,

prior to the termination of the Class B membership, assessments for annual common expenses, exclusive of those amounts held by the Association for an adequate reserve fund and for working capital, fail to equal or exceed the actual expenses incurred by the Association during any particular annual assessment period because of such partial Declarant assessment, then Declarant shall pay a sufficient amount, up to the amount of full parity on such assessment, to the Association to meet any such shortfall so long as (a) written notice must be given by the Association within sixty (60) days following the termination of the then current fiscal year of the Association at the time of the termination of the Class B membership, but in no event more than one (1) year following the termination of such Class B membership, and (b) Declarant shall have no obligation for any such shortfall caused by expenditures for capital improvements, or by any decrease in assessments, including, without limitation, the levying of any assessment in an amount less than the maximum for any annual assessment period, including, without limitation, the levying of any common expense assessments in an amount less than the maximum for any common expense assessment period, which amount is established subsequent to the termination of the Class B membership, unless the same has previously been approved in writing by Declarant, and further provided that at the time any Lot owned by Declarant is leased, rented, or occupied as a residence, that Lot shall be assessed at the uniform rate of assessment for privately owned Lots.

Section 8. Date of Commencement of Annual Assessments. The initial assessment shall commence on the first day of the month following conveyance of the first Lot by Declarant to an Owner other than Declarant, and the second and each subsequent annual assessment period shall correspond with the fiscal year of the Association. The annual assessments shall be made due and payable in twelve (12) monthly installments per annum on such dates as determined by the Board of Directors, or such other period as determined by the Board of Directors, which period shall not be less frequent than quarterly, provided that the first annual assessment shall be adjusted according to the number of months in the first annual assessment year. Any Owner purchasing a Lot between installment due dates shall pay a pro rata share of the last installment due.

Section 9. Effect of Nonpayment of Assessments; Remedies of the Association. Any assessment not paid within ten (10) days after the due date thereof shall bear interest from the due date at the rate of eighteen percent (18%) per annum or such other rate as the Board of Directors may set

from time to time, and the Association may assess a monthly late charge thereon in such reasonable amounts as determined from time to time by the Association. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against such Owner's Lot; and in the event a judgment is obtained, such judgment shall include interest and late charges on the assessment, as provided above, and a reasonable attorney's fee to be fixed by the court, together with the costs of the action. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Lot.

Section 10. Working Fund. The Association or Declarant shall require the first Owner of any Lot who purchases that Lot from Declarant to make a nonrefundable payment to the Association in an amount equal to two (2) times the monthly installment of the annual common expense assessment in effect at the closing thereof, which sum shall be held, without interest, by the Association as a Working Fund. Said payment shall be collected and transferred to the Association at the time of the closing of the acquisition of such Lot and shall be maintained in a segregated account for the use and benefit of the Association. Such payment shall not relieve an Owner from making the regular payment of assessments as the same become due. Upon the transfer of his Lot, an Owner shall be entitled to a credit from his transferee in an amount equal to that portion of the first private Owner's payment into the Working Fund which remains in the account, which amount shall be calculated by multiplying such first private Owner's payment to the Working Fund by a fraction, the numerator of which is equal to the amount in the fund as of the date of the Association's last financial statement (or, if readily available, such amount as of a more current date) and the denominator of which is equal to the total amount which would have been in such account had there been no expenditures as of such date.

Section 11. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein, including without limitation any fees, costs, late charges, or interest which may be levied by the Association in connection with unpaid assessments, shall be subordinate to the lien of any First Mortgage, including without limitation any executory land sales contract wherein the Administrator of Veterans Affairs (Veterans Administration) is seller, whether such contract is owned by the Veterans Administration or its assigns, and whether such contract is recorded or not. Sale or transfer of any Lot shall not affect the liens for said assessment charges except that sale or transfer of any Lot

pursuant to foreclosure of any such First Mortgage or any such executory land sales contract, or any proceeding in lieu thereof, including deed in lieu of foreclosure, or cancellation or forfeiture of any such executory land sales contract, shall extinguish the lien of such assessment charges which became due prior to any such sale or transfer, or foreclosure or any proceeding in lieu thereof, including deed in lieu of foreclosure, or cancellation or forfeiture of any such executory land sales contract; provided, however, that any such delinquent assessment charges, including interest, late charges, costs, and reasonable attorneys' fees, which are extinguished as provided herein, may be re-allocated and assessed to all Lots as a common expense. No such sale, transfer, foreclosure, or any proceeding in lieu thereof, including deed in lieu of foreclosure, nor cancellation or forfeiture of any such executory land sales contract, shall relieve such Lot from liability for any assessment charges thereafter becoming due, nor from the lien thereof; provided, however, that in the event of foreclosure of a First Mortgage or the taking of a deed in lieu thereof, such First Mortgagee shall not be liable for unpaid assessments or other charges which accrue prior to the acquisition of title to the Lot in question by such First Mortgagee.

Section 12. Subordination of the Lien to Lien of Master Association. The lien of the assessments provided for herein, including, without limitation, any fees, costs, late charges, or interest which may be levied by the Association in connection with unpaid amounts, shall be subordinate to the lien of the Master Association, in accordance with the Master Declaration.

ARTICLE V

Architectural Control Committee

Section 1. Composition of Committee. The Architectural Control Committee shall consist of three (3) or more persons appointed by the Board of Directors of the Association; provided, however, that until all Lots have been conveyed to the first Owner thereof (other than Declarant), Declarant shall appoint the Architectural Control Committee; and provided further, however, that in the event there is more than one "Declarant," as defined in this Declaration, Genesee Development Company No. 5 shall appoint the Architectural Control Committee so long as Genesee Development Company No. 5 owns at least one (1) Lot. A majority of the Committee may designate a representative to act for it. The Board of Directors may elect to serve as the Architectural Control Committee.

Section 2. Review by Committee. No structure or attachment to an existing structure, whether a residence, garage, carport, any accessory building, tennis court, swimming pool, fence, deck, patio, canopy, driveway, sidewalk, retaining wall, awning, wall, exterior lighting facility, recreational or athletic facility, or other similar improvement or attachment, shall be constructed upon the Properties, and no alteration of the exterior of any such structures or attachments to structures shall be made, including, but not limited to, a change in the color of or materials used on the exterior of any structures or attachments to structures, and no change in the final grade for a Lot, or the installation or change of any landscaping to any part of the Properties, shall be performed, unless complete plans and specifications therefor (said plans and specifications to show exterior design, height, materials, color, location of the structure or addition to the structure, plotted horizontally and vertically, location and size of driveways, general plan of landscaping, fencing, walls, windbreaks, and the grading plan; as well as such other materials and information as may be required by the Committee) shall have been first submitted to and approved in writing by the Architectural Control Committee. The Architectural Control Committee shall exercise its best judgment to the end that all attachments, improvements, construction, landscaping, and alterations to structures on lands located within the Properties conform to and harmonize with the existing surroundings and structures and conform to the existing grading as shown on the Final Improvement and Grading Survey.

Section 3. Procedures. The Architectural Control Committee shall approve or disapprove all plans within thirty (30) days after submission. In the event the Architectural Control Committee fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with, except that no plans which contemplate modifications in violation of the existing grading as shown on the Final Improvement and Grading Survey shall be deemed approved by this Section 3 of Article V. Any plans requiring changes to the existing grading as shown on the Final Improvement and Grading Survey must be approved in writing by the Architectural Control Committee.

Section 4. Vote. A majority of the Architectural Control Committee is required to approve a proposed change or improvement, unless the Committee has designated a represen-

tative to act for it, in which case the decision of the representative shall control.

Section 5. Records. The Architectural Control Committee shall maintain written records of all applications submitted to it and all actions taken by it thereon, and such records shall be available to Members for inspection at reasonable hours of the business day.

Section 6. Liability. The Association and the members thereof shall not be liable in damages to any person submitting requests for approval or to any Owner by reason of any action, failure to act, approval, disapproval, or failure to approve or disapprove in regard to any matter within its jurisdiction hereunder.

Section 7. Variance. The Architectural Control Committee may grant reasonable variances or adjustments from any conditions and restrictions imposed by this Article or Article X hereof in order to overcome practical difficulties and prevent unnecessary hardships arising by reason of the application of the restrictions contained in this Article or Article X hereof. Such variances or adjustments shall be granted only in case the granting thereof shall not be materially detrimental or injurious to the other property or improvements in the neighborhood and shall not militate against the general intent and purpose hereof.

Section 8. Minor Violations of Setback Restrictions. If upon the erection of any residence upon any of the Lots which are subject to these restrictions it is disclosed by survey that a minor violation or infringement of setback lines has occurred, such violation or infringement shall be deemed waived by the Owners of the Lots immediately adjoining the Lot upon which the violation or infringement occurs, and such waiver shall be binding upon all other Owners who are subject to this Declaration. Nothing contained herein shall prevent the prosecution of a suit for any other violation of the restrictions contained in this Declaration. A "minor violation" for the purpose of this Section is a violation of not more than three (3) feet beyond the required setback lines or lot lines. This provision shall apply only to the original structures and shall not be applicable to any alterations or repairs to any of such structures.

ARTICLE VI

Insurance

Section 1. Insurance on Common Area. The Association shall maintain insurance coverage covering all insurable im-

provements located or constructed upon the Common Area. The Association shall maintain the following types of insurance, to the extent that such insurance is reasonably available:

(a) A policy of property insurance covering all insurable improvements located on the Common Area, with a "Replacement Cost Endorsement" providing that any claim will be settled on a full replacement cost basis without deduction for depreciation, and including an "Inflation Guard Endorsement" and an "Agreed Amount Endorsement." The Association may also purchase a "Demolition Endorsement," an "Increased Cost of Construction Endorsement," a "Contingent Liability from Operation of Building Laws Endorsement" or the equivalent, and/or coverage on person property owned by the Association. Such insurance as is maintained by the Association pursuant to this subsection shall afford protection against at least the following:

(1) Loss or damage by fire or other perils normally covered by the standard extended coverage endorsement; and

(2) Such other risks as shall customarily be covered with respect to projects similar in construction, location, and use, including all perils normally covered by the standard all risk endorsement, where such is available.

(b) A comprehensive policy of public liability insurance covering all of the Common Area, insuring the Association in an amount not less than One Million Dollars (\$1,000,000) covering bodily injury, including death to persons, personal injury, and property damage liability arising out of a single occurrence. Such coverage shall include, without limitation, legal liability of the insureds for property damage, bodily injuries, and deaths of persons in connection with the operation, maintenance, or use of the Common Area, legal liability arising out of lawsuits related to employment contracts of the Association, and protection against liability for non-owned and hired automobiles. Such coverage may also include, if applicable, garage-keeper's liability, liability for property of others, host liquor liability, water damage liability, contractual liability, workmen's compensation insurance for employees of the Association, and such other risks as shall customarily be covered with respect to projects similar in construction, location, and use.

(c) A policy providing adequate fidelity coverage or fidelity bonds to protect against dishonest acts on the part of officers, directors, trustees, and employees of the Association and all others who handle or are responsible for handling funds of the Association. Such fidelity coverage or bonds shall meet the following requirements:

(1) All such fidelity coverage or bonds shall name the Association as an obligee;

(2) Such fidelity coverage or bonds shall contain waivers of any defense based upon the exclusion of persons who serve without compensation from any definition of "employee" or similar expression.

(d) If the Common Area, or any portion thereof, is located within an area identified by the Federal Emergency Management Agency as having special flood hazards, and flood insurance coverage on the Common Area has been made available under the National Flood Insurance Program, then such a policy of flood insurance on the Common Area in an amount at least equal to the lesser of:

(1) The maximum coverage available under the National Flood Insurance Program for all buildings and other insurable property located within a designated flood hazard area; or

(2) One hundred percent (100%) of current replacement cost of all buildings and other insurable property located within a designated flood hazard area.

(e) In addition, the Association may obtain insurance against such other risks of a similar or dissimilar nature as it shall deem appropriate, to the extent that such coverage is reasonably available, including, but not limited to, personal liability insurance to protect directors and officers of the Association from personal liability in relation to their duties and responsibilities in acting as directors and officers on behalf of the Association.

All such policies of insurance shall contain waivers of subrogation and waivers of any defense based on invalidity arising from any acts of a Member of the Association and shall provide that the policies may not be cancelled or sub-

stantially modified without at least thirty (30) days' prior written notice to the insured, as well as to the First Mortgagees of any Lot. Duplicate originals of all policies and renewals thereof, together with proof of payment of premiums, shall be delivered to any First Mortgagee of any Lot upon written request. The insurance shall be carried in blanket forms naming the Association as the insured, as trustee and attorney in fact for all Owners, and each Owner shall be an insured person under such policies with respect to liability arising out of any such Owner's membership in the Association.

Section 3. Association Insurance as Primary Coverage. If at the time of any loss under any policy which is in the name of the Association, there is other insurance in the name of any Owner and such Owner's policy covers the same property or loss, or any portion thereof, which is covered by such Association policy, such Association policy shall be primary insurance not contributing with any of such other insurance.

Section 4. Insurance to be Maintained by Owners. Insurance coverage for casualty to the improvements on each Lot shall be obtained and maintained by each Owner for that Owner's Lot. Additionally, insurance coverage on the furnishings and other items of personal property belonging to an Owner and public liability insurance coverage upon each Lot shall be the responsibility of the Owner thereof, as well as risk coverage with respect to any and all other structures located on such Owner's Lot, including, but not limited to, patios, fences, decks, and trellises.

Section 5. Annual Review of Insurance Policies. All insurance policies carried by the Association shall be reviewed at least annually by the Board of Directors of the Association to ascertain that the coverage provided by such policies adequately covers those risks insured by the Association.

ARTICLE VII

Damage or Destruction

Section 1. Damage to Common Area. In the event of damage or destruction to all or a portion of the Common Area due to fire or other adversity or disaster, the insurance proceeds, if sufficient to reconstruct or repair the damage, shall be applied by the Association to such reconstruction and repair. If the insurance proceeds with respect to such Common Area damage or destruction are insufficient to repair

and reconstruct the damaged or destroyed Common Area, the Association shall levy a reconstruction assessment in the aggregate amount of such insufficiency pursuant to Section 6 of Article IV hereof and shall proceed to make such repair or reconstruction unless the Owners and First Mortgagees of Lots agree not to repair and reconstruct such damage in accordance with the terms and provisions of Article XI hereof. No distributions of insurance proceeds shall be made unless made jointly payable to the Owners and First Mortgagees of their respective Lots, if any. The reconstruction assessment provided for herein shall be a debt of each Owner and a lien on his Lot and the improvements thereon, and may be enforced and collected in the same manner as any assessment lien provided for in this Declaration.

Section 2. Destruction of Improvements on Lot. In the event of damage or destruction by fire or other casualty affecting an improvement located on a Lot, the Owner thereof shall, within six (6) months thereafter, either: (1) diligently commence to rebuild the same in accordance with the terms hereof, or (2) clear and level the Lot, removing all wreckage, debris, and remains of the building therefrom and leaving the same in a level, clean condition. Upon reconstruction, the improvement shall be rebuilt substantially in accordance with the original plans and specifications therefor, and the exterior appearance thereof shall substantially resemble the appearance in form and color prior to such damage and destruction. Notwithstanding the foregoing, however, the Owner of such damaged improvement may reconstruct or repair the same in accordance with new or changed plans and specifications with the prior written consent of the Architectural Control Committee.

ARTICLE VIII

Party Walls

Section 1. Definition. For purposes of this Article VIII, "Party Wall" shall mean and refer to any fence or retaining wall (excluding the exterior walls of Residences) which are a part of the original construction on the Lots as placed on or immediately adjacent to a Lot line and which separates two or more Lots.

Section 2. General Rules of Law to Apply. To the extent not inconsistent with the provisions of this Article, the general rules of law regarding Party Walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

Section 3. Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a Party Wall shall be shared by the Owners who make use of the Party Wall in proportion to such use.

Section 4. Destruction by Fire or Other Casualty. If a Party Wall is destroyed or damaged by fire or other casualty, any Owner who used the Party Wall may restore it, and if the other Owners thereafter make use of the Party Wall, they shall contribute to the cost of restoration thereof in proportion to such use without prejudice, however, to the right of any such Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

Section 5. Right to Contribution Runs with Land. The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to and run with the land and shall pass to such Owner's successors in title.

Section 6. Arbitration. In the event of any dispute arising concerning a Party Wall, under the provisions of this Article, each party shall choose one arbitrator, and such arbitrators shall choose one additional arbitrator, and the decision shall be a majority of all the arbitrators. Should any party refuse to appoint an arbitrator within ten (10) days after written request therefor by an Owner, the Board of Directors of the Association shall select an arbitrator for the refusing party. The parties to the arbitration shall share the costs thereof, but each party shall pay its own attorneys' fees.

ARTICLE IX

Maintenance

Section 1. General. The maintenance and repair of each Lot, including, but not limited to, the interior and exterior of the residences and other improvements constructed thereon, shall be the responsibility of the Owner thereof. In addition, each Owner shall be responsible for the maintenance and repair of the lateral sewer lines connecting his individual residence to the main sewer line which services his Lot; provided, however, if any portion of the sewer system, while not part of such main service line, services more than one Owner, the maintenance and repair thereof shall be the responsibility of the Association.

Section 2. Residence Exterior Maintenance and Repair. The maintenance and repair of the exterior of each residence shall be the responsibility of the Owner. The appearance, color, type of painting or stain, or other exterior condi-

tion of a residence shall not be changed without first obtaining the prior written consent of the Architectural Control Committee.

Section 3. Maintenance of Improvements to Lots. The maintenance and repair of all improvements in addition to residences on a Lot and the Easement Area, as hereafter defined, adjacent to such Lot (if any), including, without limitation, all decks, patios, fences, retaining walls, driveways, and sidewalks, shall be the responsibility of the Owner thereof. All such repairs and maintenance shall be of good workmanship and shall be done using at least as good quality materials as the original construction. In the event of the occurrence of any substantial damage to any improvements originally constructed by Declarant which extend on an adjacent Lot, such damage shall be repaired as quickly as possible by the Owner having the right to use such improvement. All repair and maintenance under this Section 3 of Article IX shall be in conformance with the Grading Plan for each Lot unless specific variations are authorized in writing by the Architectural Control Committee.

Section 4. Maintenance of Common Area and Roads. The Association shall be responsible for the landscaping and maintenance of the Common Area and for the maintenance of the private roads and streets contained within the Properties, including any additional property annexed hereto.

Section 5. Maintenance of Landscaping on Lots. No Owner shall, in whole or in part, change the landscaping of his Lot by the addition or removal of any items thereon without having first obtained the prior written approval of the Architectural Control Committee. All landscaping shall conform to the grades and elevations shown on the Final Improvement and Grading Survey unless specific variations are authorized in advance in writing by the Architectural Control Committee. The Association may, at its election, perform the landscaping and grounds maintenance for those portions of the Lots depicted as Common Maintenance Areas on the Final Improvement and Grading Survey, in which case the expenses of this maintenance shall be a common expense included within the annual assessments. At all times when the Association does not elect to perform such maintenance, each Owner shall be responsible for the proper maintenance of such portion of the Owner's Lot.

Section 6. Association's Right to Repair, Maintain, and Restore. In the event any Owner shall fail to perform his maintenance or repair obligations as provided in Sections 1, 2, 3, and 5 of this Article IX in a manner satisfactory to the Board of Directors of the Association, the Association shall, if said failure continues for a thirty

(30) day period after written notice to said Owner by the Board of Directors, enter upon said Lot to repair, maintain, and restore the Lot, the exterior of the structure, any other improvements erected thereon, and any landscaping thereon. The cost of such maintenance, repair, or restoration shall be the personal obligation of the Owner(s) of the Lot on which such work is performed, shall be added to and become part of the assessment to which such Lot is subject, and shall become a lien against such Lot with enforcement rights as provided in Article IV hereof.

Section 7. Owner's Negligence. Notwithstanding anything to the contrary contained in this Article IX, in the event that the need for maintenance or repair of the Common Area, a Lot, or any improvements located thereon, is caused by the willful or negligent act or omission of any Owner, or by the willful or negligent act or omission of any member of such Owner's family or by a guest or invitee of such Owner, the cost of such repair or maintenance shall be the personal obligation of such Owner, and any costs, expenses, and fees incurred by the Association for such maintenance or repair shall be added to and become part of the assessment to which such Owner's Lot is subject and shall become a lien against such Owner's Lot as provided in Article IV of this Declaration. A determination of the negligence or willful act or omission of any Owner or any member of an Owner's family or a guest or invitee of any Owner, and the amount of the Owner's liability therefor, shall be determined by the Association at a hearing after notice to the Owner, provided that any such determination which assigns liability to any owner pursuant to the terms of this Section may be appealed by said Owner to a court of law.

ARTICLE X

Restrictions

Section 1. General Plan. It is the intention of Declarant to establish and impose a general plan for the improvement, development, use, and occupancy of the Properties, all thereof in order to enhance the value, desirability, and attractiveness of the Properties and serve to promote the sale thereof.

Section 2. Restrictons Imposed. Declarant hereby declares that all of the Properties shall be held, and shall henceforth be sold, conveyed, used, improved, occupied, owned, resided upon and hypothecated upon, subject to the following provisions, conditions, limitations, restrictions, agreements, and covenants, as well as those contained elsewhere in this Declaration.

Section 3. Use of Common Area.

(a) No use shall be made of the Common Area which will in any manner violate the statutes, rules, or regulations of any governmental authority having jurisdiction over the Common Area.

(b) No Owner shall place any structure whatsoever upon the Common Area, nor shall any Owner engage in any activity which will temporarily or permanently deny free access to any part of the Common Area to all Members.

(c) The use of the Common Area shall be subject to such rules and regulations as may be adopted from time to time by the Board of Directors of the Association.

(d) No use shall ever be made of the Common Area which will deny ingress and egress to those Owners having access to Lots only over Common Area, and the right of ingress and egress to said Lots is hereby expressly granted.

Section 4. Residential Use. Subject to Section 5 of this Article X, Lots shall be used for residential purposes only; no business or profession of any nature shall be conducted on any Lot or in any structure constructed thereon, except as hereinafter provided. Notwithstanding the foregoing, Declarant may use Lots and residences erected thereon for show homes and sales offices, field construction offices, storage facilities, general business offices, and for parking areas incident to any of the aforesaid.

Section 5. Declarant's Use. Notwithstanding anything to the contrary contained in this Declaration, it shall be expressly permissible and proper for Declarant, its employees, agents, and contractors to perform such reasonable activities and to maintain upon portions of the Properties such facilities as Declarant deems reasonably necessary or incidental to the construction and sale of Lots and development of the Properties, specifically including, without limiting the generality of the foregoing, maintaining business offices, storage areas, construction yards and equipment, signs, model units, sales offices, parking areas, and lighting facilities. Notwithstanding the foregoing, Declarant shall not perform any activity or maintain any facility on any portion of the Properties in such a way as to unreasonably interfere with or disturb any Owner, or to unreasonably interfere with the use, enjoyment, or access of such Owner, his family members, guests, or invitees of and to his Lot,

the Common Area, parking areas, and to a public right of way.

Section 6. Animals. No animals, livestock, poultry, or bees of any kind shall be kept or maintained on any Lot, except that Owners may keep dogs, cats, fish, or other household pets so long as such pets are not kept for commercial purposes, do not make objectionable noises, or are not kept in such number or manner as to otherwise constitute a nuisance or inconvenience to any residents of the Properties, and are kept in compliance with all existing applicable local ordinances. Each Owner shall be responsible for the immediate removal and disposal of all solid animal waste of his pet from his Lot or any other area within the Properties. No animals shall be permitted upon the Common Area or Common Property except as controlled on a leash or similar device held by its Owner. The Association shall have, and is hereby given, the right and authority to reasonably determine that any household pets are being kept for commercial purposes, are making objectionable noises, or are being kept in such number or manner as to constitute a nuisance or inconvenience to any resident of the Properties, and to take such action or actions as it deems reasonably necessary to correct the same.

Section 7. Temporary Structures. Except as hereinafter provided, no structure of a temporary character, including, but not limited to, a house trailer, tent, shack, garage, or outbuilding, shall be placed or erected upon any Lot, and no residence placed or erected upon any Lot shall be occupied in any manner at any time prior to its being fully completed, nor shall any residence when completed be in any manner occupied until made to comply with all requirements, conditions, and restrictions herein set forth; provided, however, that during the actual construction or alteration of a structure on any Lot, necessary temporary structures for storage of materials may be erected and maintained by the person doing such work. The work of constructing, altering, or remodeling any structure on any part of any Lot shall be prosecuted diligently from the commencement thereof until the completion thereof.

Section 8. Miscellaneous Restrictions.


(a) No advertising or signs of any character shall be erected, placed, permitted, or maintained on any Lot other than a name plate of the occupant and a street number, and except for a "For Sale" or "For Rent" sign not to exceed five (5) square feet. Notwithstanding the foregoing, Declarant shall be permitted to use

larger and different signs such as will not unreasonably interfere with Owners' use of the Common Area, until all Lots, including Lots located on property annexed to the Properties are conveyed to the first Owner thereof (other than Declarant).

(b) Except as originally constructed by Declarant or as may otherwise be permitted by the Architectural Control Committee, all types of refrigerating, cooking, or heating apparatus shall be concealed.

(c) Except as may otherwise be permitted by the Architectural Control Committee, all antennae shall be installed inside the improvement on any Lot.

(d) Except as may otherwise be permitted by the Architectural Control Committee, or as depicted on the Final Improvement and Grading Survey, no fence shall be constructed, erected, or maintained on any Lot.

 Section 9. Lots to be Maintained. Each Lot shall at all times be kept in a clean, sightly, and wholesome condition. No trash, litter, junk, boxes, containers, bottles, cans, implements, machinery, lumber, or other building materials shall be permitted to remain exposed upon any Lot so that the same are visible from any neighboring Lot or street, except as necessary during the period of construction.

Section 10. Lots Not to be Subdivided. No Lot shall be subdivided, except for the purpose of combining portions of a Lot with an adjoining Lot, provided that no additional building site is created thereby. Not less than one entire Lot, as conveyed, shall be used as a building site.

Section 11. Underground Utility Lines. All electric, television, radio, and telephone line installations and connections from any property line of a Lot to a residence or other structure shall be placed underground, except that during the construction of a residence the contractor or builder may install a temporary overhead utility line which shall be promptly removed upon completion of construction.

Section 12. No Noxious or Offensive Activity. No noxious or offensive activity shall be carried upon any Lot, nor shall anything be done or placed on any Lot which is or may become a nuisance or cause embarrassment, disturbance, or annoyance to others.

Section 13. No Hazardous Activities. No activities shall be conducted on the Properties and on improvements constructed on the Properties which are or might be unsafe or hazardous to any person or property. Without limiting the generality of the foregoing, no firearms shall be discharged upon the Properties and no open fires shall be lighted or permitted on the Properties, except in a contained barbecue unit while attended and in use for cooking purposes or within a safe and well-designed interior fireplace, or except such campfires or picnic fires on property designated for such use by the Association.

Section 14. No Annoying Light, Sounds, or Odors. No light shall be emitted from any Lot which is unreasonably bright or causes unreasonable glare. No sound shall be emitted on any Lot which is unreasonably loud or annoying. No odor shall be emitted on any Lot which is obnoxious or offensive to others.

Section 15. Restrictions on Parking and Storage. Subject to the restrictions on parking and storage imposed by Section 10(a) of Article VIII of the Master Declaration, each automobile and passenger van parked or stored in the Properties shall be parked or stored wholly within the boundaries of one (1) parking space within an area authorized for such vehicular parking as designated by the Association or within a garage, except that any vehicle may be otherwise parked as a temporary expedience for loading, delivery, or emergency. All other vehicles including, but not limited to, house trailers, camping trailers, boat trailers, hauling trailers, boats or accessories thereto, motor-driven cycles, trucks, self-contained motorized recreational vehicles, vans, or other types of vehicles or vehicular or recreational equipment, may be parked or stored on the Properties only within a garage or in an area specifically designated for parking and storage for these particular types of vehicles, if any area is so designated. This restriction, however, shall not restrict trucks or other commercial vehicles within the Properties which are necessary for construction or for the maintenance of the Common Area of Lots. The provisions of this Section 15 shall be subject to, and may be modified and/or supplemented by, any rules and regulations of the Association.

Section 16. Clotheslines and Storage. No clotheslines, dog runs, drying yards, service yards, wood piles, or storage areas shall be so located on any Lot as to be visible from a street and/or public view and/or from the Common Area.

Section 17. Garbage and Refuse Disposal. No garbage, refuse, rubbish, or cuttings shall be deposited on any street or on any Lot unless placed in a suitable container suitably located, solely for the purpose of garbage pick up. All equipment for the storage or disposal of such materials shall be kept in a clean and sanitary condition.

Section 18. Repair. No activity such as, but not limited to, maintenance, repair, rebuilding, dismantling, repainting, or servicing of any kind of vehicles, trailers, or boats, may be performed on any Lot or on the Common Area, unless it is done within completely enclosed structures which screen the sight and sound of the activity from the street and from adjoining property. The foregoing restriction shall not be deemed to prevent washing and polishing of any motor vehicle, boat, trailer, or motor-driven cycle together with those activities normally incident and necessary to such washing and polishing.

Section 19. Tanks. No tanks of any kind, either elevated or buried, shall be erected, placed, or permitted upon any Lot.

Section 20. Leases. No Lot or any structure located thereon, or any portion thereof, may be leased or rented for a period of less than ninety (90) days and may not be used for hotel or transient purposes. All lease agreements between an Owner and a lessee shall provide that the terms of such lease shall be subject in all respects to the provisions of this Declaration, the Articles of Incorporation, and Bylaws of the Association, and that any failure by the lessee to comply with any terms or provisions of any of such documents shall be a default under the lease. Further, all leases shall be in writing and a copy thereof shall be delivered to the offices of the Association within ten (10) days of the execution date thereof.

Section 21. Management Agreements and Other Contracts.

(a) The Association may utilize professional management in performing its duties hereunder. Any agreement for professional management of the Association's business shall have a maximum term of one (1) year and shall provide for termination by either party thereto, with or without cause and without payment of a termination fee, upon thirty (30) days' prior written notice. Any such management contracts entered into by the Association with a manager or managing agent while there is a Class B membership shall be subject to review and approval by the Federal Housing Administration of the

U.S. Department of Housing and Urban Development or the Veterans Administration, if such review is required, and shall terminate absolutely, in any event, not later than thirty (30) days after termination of said Class B membership.

(b) Any contracts, licenses, or leases entered into by the Association while there is a Class B membership shall provide for termination by either party thereto with or without cause and without payment of a termination fee, at any time after termination of the Class B membership, upon ninety (90) days' prior written notice; provided, however, that any contract entered into at any time by the Association providing for services of Declarant shall provide for termination at any time by either party thereto without cause and without payment of a termination fee upon ninety (90) days' prior written notice. The terms of any such contract, license, or lease shall not exceed three (3) years. Notwithstanding anything to the contrary contained in this Section 21(b), the Association may enter into contracts, licenses, and leases in violation of this Section 21(b) upon a waiver of any requirements contained herein by the Veterans Administration and the Federal National Mortgage Association, if such waiver is required.

Section 22. Parking Areas. The restrictions contained in Section 10(a) of Article VIII of the Master Declaration shall apply to all parking areas. No unused automobiles or vehicles of any kind, except as hereinafter provided, shall be stored or parked on any portion of the Common Area or Private Roads, except in an area so designated by the Association. Unused vehicles shall not be parked on any residential street or alley ("unused vehicles" shall be defined as any vehicle which has not been driven under its own propulsion for a period of one week or longer). A written notice describing the unused vehicle and requesting removal thereof may be personally served upon the Owner. If such vehicle has not been removed within seventy-two (72) hours thereafter, the Board of Directors shall have the right to remove the same without liability to it, the expense thereof shall be charged against the owner if such owner shall be a member of the Association, and the cost thereof shall be added to his next assessment due.

Section 23. Rules and Regulations. Reasonable rules and regulations concerning and governing the Properties or any portion thereof may be adopted, amended, or repealed, from time to time by the Board of Directors of the Associa-

tion; and the Board of Directors may establish and enforce penalties for the infraction thereof, including, without limitation, the levying and collecting of fines for the violation of any of such rules and regulations. The Association or any aggrieved Owner may take judicial action against any Owner to enforce compliance with such rules and regulations, to collect fines and/or obtain damages for noncompliance, or for injunctive relief, or both, all to the extent permitted by law. In any such action, the prevailing party shall be entitled to recover its costs and reasonable attorneys' fees incurred pursuant thereto.

Section 24. Restrictions on Grading. Each Owner shall be responsible for the continual maintenance of those portions of his Lot which are not maintained by the Association and shall insure that the grading and elevations of the Lot do not differ from the Final Improvement and Grading Survey for such Owner's Lot.

Section 25. Restrictions on Landscaping. There shall be no planting on any Lot within three (3) feet of any residence. Landscaping requiring drip irrigation only shall be permitted within the area at least three (3) but not more than five (5) feet from the foundation of any residence. No sod or other landscaping requiring extensive irrigation shall be permitted within five (5) feet of any residence.

ARTICLE XI

First Mortgages

Section 1 Member and First Mortgagee Approval. Notwithstanding anything to the contrary set forth elsewhere in this Declaration, the Association shall not, unless it has obtained the prior written consent of at least sixty-seven percent (67%) of each class of Members and sixty-seven percent (67%) of the First Mortgagees of Lots (based upon one vote for each First Mortgage-owned):

(a) By act or omission change, waive, or abandon any scheme of architectural control, or enforcement thereof, as set forth in this Declaration regarding the design or maintenance of the Lots, improvements thereon, or the Common Area;

(b) Fail to maintain full current replacement cost, fire, and extended insurance coverage on the Common Area;

(c) Use hazard insurance proceeds for Common Area property losses for purposes other than to repair, replace, or reconstruct such property;

(d) By act or omission, seek to abandon, partition, subdivide, encumber, sell, or transfer any common property owned, directly or indirectly, by the Association for the benefit of the Owners (excluding the granting of permits, licenses, and easements for public utilities, roads, or other purposes consistent with the intended use of such common property and reasonably necessary or useful for the proper maintenance or operation of the Properties or the Association);

(e) Change the method of determining the obligations, assessments, dues, or other charges which may be levied against an Owner;

(f) Add or amend any material provisions of this Declaration, the Articles of Incorporation, or Bylaws of the Association, which establish, provide for, govern, or regulate any of the following, provided that any First Mortgagee who receives a written request to approve any of such documents and who does not deliver or post to the requesting party a negative response within thirty (30) day of its receipt of such request, shall be deemed to have approved such request, and further provided that such additions or amendments shall not be considered material if they are for the purpose of correcting technical errors or for clarification only, and finally provided that this subsection (f) shall not apply to amendments to this Declaration, the Articles of Incorporation, or Bylaws of the Association made as a result of destruction, damage, or condemnation of the Properties or the improvements thereon:

(1) Voting;

(2) Assessments, assessment liens, or subordination of such liens;

(3) Reserves for maintenance, repair, and replacement of those elements of the Common Area which must be maintained, repaired, or replaced on a period basis;

(4) Insurance, including, but not limited to, fidelity bonds;

(5) Rights to use of the Common Area;

(6) Responsibility for maintenance and repair of any portion of the Properties;

(7) Expansion or contraction of the Properties or the addition, annexation, or withdrawal of property to or from the Properties;

(8) Boundaries of any Lot;

(9) Interests in the Common Area;

(10) Convertibility of Lots into Common Area or of Common Area into Lots;

(11) Leasing of Lots or dwellings constructed thereon;

(12) Imposition of any right of first refusal or similar restriction on the right of any Owner to sell, transfer, or otherwise convey his Lot; or

(13) Any provisions which are for the express benefit of First Mortgagees, or insurers or guarantors of First Mortgages;

(g) Effectuate any decision to terminate professional management and assume self-management of the Association, when professional management has previously been required by any First Mortgagee of a Lot or insurer or guarantor of such a First Mortgage;

(h) Terminate the legal status of the Properties as a planned unit development, provided that this subsection (h) shall not apply to amendments to this Declaration, the Articles of Incorporation, or Bylaws of the Association made as a result of destruction, damage, or condemnation of the Properties or improvements thereon;

(i) Restore or repair the Properties, or any portion thereof, including, but not limited to, improvements located thereon, after a partial condemnation or damage due to an insurable hazard, other than substantially in accordance with this Declaration and the most recent plans and specifications for the Properties and the construction of improvements thereon; or

(j) Terminate the legal status of the Properties after substantial destruction or a substantial taking in condemnation of the Properties.

Section 2. Notice of Action. Upon written request to the Association, identifying the name and address of the First Mortgagee or insurer or guarantor of the First Mortgage and the residence address of the property which is subject to such First Mortgage, each such First Mortgagee of a Lot, or insurer or guarantor of such a First Mortgage, shall be entitled to timely written notice of:

(a) Any condemnation loss or casualty loss which affects a material portion of the Properties or any Lot subject to a First Mortgage held, insured, or guaranteed by such First Mortgagee, insurer, or guarantor of a First Mortgage;

(b) Any delinquency in the payment of assessments or charges owed to the Association by the Owner of the Lot subject to a First Mortgage held, insured, or guaranteed by such First Mortgagee, insurer, or guarantor, or any default by such Owner in any obligation under the Declaration, Articles of Incorporation, or Bylaws of the Association, and the Board of Directors of the Association has actual knowledge of such default, when such deficiency and/or default remains uncured for a period of sixty (60) days;

(c) Any lapse, cancellation, or material modification of any insurance policy of fidelity bond maintained by the Association;

(d) Any proposed action which would require the consent of a specified percentage of First Mortgagees as provided in this Article XI.

Section 3. Audit. The Association shall provide an audited financial statement for the immediately preceding fiscal year to a party so requesting, including any First Mortgagee of a Lot, or any insurer or guarantor of such a First Mortgage, within a reasonable time after written request therefor by any such party. Unless and until fifty (50) Lots are subject to this Declaration, the fee for such audit shall be paid for by the requesting party. After fifty (50) Lots are subject to this Declaration, such audit shall be provided by the Association, free of charge.

Section 4. Association Books and Records. The Association shall make available to Owners, First Mortgagees of

Lots, and insurers or guarantors of any such First Mortgage current copies of this Declaration, the Articles of Incorporation, Bylaws, rules and regulations, books, records, and financial statements of the Association. "Available" shall mean available for inspection, upon request, during normal weekday business hours or under other reasonable circumstances.

ARTICLE XII

Easements

Section 1. Construction, Maintenance, and Emergency Easements. If any portion of any exterior wall of a residence is situated within five (5) feet of any adjoining Lot line, a valid easement shall and does exist, five (5) feet in width along the adjoining Lot and adjacent to the said Lot line, which easement may be used for the purpose of construction, reconstruction, maintenance, and repair of said exterior wall of a structure that is situated within five (5) feet from the nearest point of said easement.

Section 2. Easement for Encroachments. If any portion of a residence encroaches upon the Common Area, the Common Property, or upon any adjoining Lot, or if any portion of the Common Area encroaches upon any residence or the Common Property including any future encroachments arising or resulting from the repair or reconstruction of a residence subsequent to its damage, destruction, or condemnation, a valid easement on the surface and for subsurface support below such surface and for the maintenance of same, so long as it stands, shall and does exist.

Section 3. Utilities Easements. There is hereby created a blanket easement upon, across, over, and under the Properties for utilities and the installation, replacement, repair, and maintenance of utilities, including, but not limited to, water, sewer, gas, telephone, electricity, and master television antenna systems, if any, provided that said blanket easement shall not extend upon, across, over, or under any structure located on any Lot. By virtue of this blanket easement, it shall be expressly permissible to erect and maintain the necessary facilities, equipment, and appurtenances on the Properties and to affix, repair, and maintain water and sewer pipes, gas, electric, telephone, and television wires, circuits, conduits, and meters. In the event any utility or quasi-utility company furnishing a service covered by the general easement created herein requests a specific easement by separate recordable document, Declarant reserves and is hereby given the right and author-

ity to grant such easement upon, across, over, or under any part or all of the Common Area without conflicting with the terms hereof; provided, however, that such right and authority shall cease and terminate upon conveyance by Declarant of the last Lot to the first purchaser thereof (other than Declarant).

Section 4. Access Easement. Each Lot shall be subject to any easement in favor of the Association, the Master Association, and the Owners of all adjoining Lots (including their agents, employees, and contractors) for performing maintenance and repair as provided in Article IX and for performing maintenance in accordance with the Master Declaration during reasonable hours after reasonable notice to the Owners or occupants of any affected Lot, except that in emergency situations, entry upon a Lot may be made at any time, provided that the Owners or occupants of affected Lots shall be warned of impending emergency entry as early as is reasonably possible. The interior of any residence located on a Lot shall not be subject to the easements as provided for in this Section 4 of Article XII.

Section 5. Side Lot Easements. As initially constructed by Declarant, the side Lot fence line for many, but not all, residences will be located on the adjacent Lot (the "Servient Tenement") approximately five (5) feet from the side Lot boundary. As to other residences, the side Lot fence line will be constructed on the side Lot boundary. In the instances specified in the first sentence of this Section 5, a side Lot easement (the "Side Lot Easement") is hereby declared to exist on the following terms and conditions:

(a) The Side Lot Easement shall exist on, over, and across the area bounded by the front fence line initially constructed by Declarant, the side Lot line, the back Lot line, and the fence line running parallel to the side Lot line approximately five (5) feet from the side Lot line (the "Easement Area"). The Side Lot Easement shall be for the benefit of the adjacent Lot (the "Dominant Tenement") and shall be depicted on the Final Improvement and Grading Survey.

(b) The Owner of the Dominant Tenement shall have the right to use the Easement Area, to the exclusion of the Owner of the Servient Tenement, for all purposes not inconsistent with the provisions of this Section 5, including, but not limited to, planting shrubs, plants, flowers, trees and grass, and for any other landscaping consistent with the terms hereof; for installation of

sprinklers and drainage devices; and for the construction of decks, patios, and other structures ancillary to the primary residential structure on such Owner's Lot. Any such landscaping or construction shall be subject to the approval of the Architectural Control Committee. The Easement Area may be used as a general recreational and garden area, but no enclosed structure, other than permitted in this Section 5, shall be constructed or placed upon the Easement Area by the Owner of the Dominant Tenement or the Owner of the Servient Tenement, except as approved by the Architectural Control Committee.

(c) The Owner of the Servient Tenement shall have the right at all reasonable times to enter upon the Easement Area, including the right to cross over the Dominant Tenement to accomplish such entry, for the purpose of performing work related to the use and maintenance of the Servient Tenement and the residence constructed on the Servient Tenement Lot, and for emergency access.

(d) The Owner of the Dominant Tenement shall be responsible for maintaining the Easement Area and all landscaping, fences, and improvements located thereon as if they were a portion of such Owner's Lot.

ARTICLE XIII

General Provisions

Section 1. Enforcement. Enforcement of the covenants, conditions, restrictions, easements, reservations, rights-of-way, liens, charges, and other provisions contained in this Declaration, the Articles of Incorporation, or Bylaws of the Association shall be by any proceeding at law or in equity against any person or persons violating or attempting to violate in any such provision, to enjoin or restrain such violation or attempted violation, or to recover damages, or both, and the Association and any aggrieved Owner shall have the right to institute, maintain, and/or prosecute any such proceedings. In any such action, the prevailing party shall be entitled to recover its costs and reasonable attorneys' fees incurred pursuant thereto. Failure by the Association or any Owner to enforce any provision of this Declaration, the Articles of Incorporation, or Bylaws of the Association shall in no event be deemed a waiver of the right to do so thereafter. If after reasonable efforts the Association is unable to obtain compliance, the Association shall also have the right to request that the Master Association enforce the

building and use provisions of this Declaration by submitting a written request to the Advisory Committee of the Master Association in accordance with the procedure set forth in the Master Declaration.

Section 2. Severability. Invalidation of any of these covenants or restrictions by judgment or court order shall in no way affect or limit any other provisions which shall remain in full force and effect.

Section 3. Easements and Rights of Declarant Incident to Construction. An easement is hereby retained by and granted to Declarant, its successors and assigns for access, ingress, and egress over, in, upon, under, and across the Common Area including, but not limited to, the right to store materials thereon and to make such other use thereof as may be reasonably necessary or incidental to Declarant's construction on the Properties; provided, however, that no such rights or easements shall be exercised by Declarant in such a manner as to unreasonably interfere with the occupancy, use, enjoyment, or access by any Owner, his family members, guests, or invitees, to or from that Owner's Lot or any recreational facility completed upon the Common Area.

Section 4. Conflicts of Provisions. In case of any conflict between this Declaration, the Articles of Incorporation, or the Bylaws of the Association, this Declaration shall control. In case of any conflict between the Articles of Incorporation and the Bylaws of the Association, the Articles of Incorporation shall control.

Section 5. Annexation. Additional Lots and Common Area may be annexed to the Properties with the consent of two-thirds (2/3) of each class of Members. Notwithstanding the foregoing, Declarant may annex additional Lots and Common Area to the Properties within the lands described on Exhibit C attached hereto and incorporated herein by this reference, until five (5) years from the date this Declaration is recorded in the Douglas County land records, without consent of the individual Owners, subject to a determination by the Federal Housing Administration of the U.S. Department of Housing and Urban Development and/or the Veterans Administration that the annexation is in accord with the general plan heretofore approved by them if such approval is required. The maximum number of Lots which may be added to the Properties by annexation will be consistent with the density of Lots in the initial phase. Each such annexation shall be effected, if at all, by recording a document in the office of the Clerk and Recorder of Douglas County, Colorado, which document shall provide for annexation to this

Declaration of the property described in such document. All provisions of this Declaration including, but not limited to, those provisions regarding obligations to pay assessments to the Association and any right to cast votes as Members of the Association shall apply to property annexed to the Properties, including, but not limited to, all Lots contained therein, immediately upon recording an annexation document with respect thereto, as aforesaid. Improvements which are constructed by Declarant on any property annexed to the Properties by Declarant shall be consistent, in terms of quality of construction, with improvements constructed on the original Properties by Declarant prior to such annexation, unless construction of improvements inconsistent in quality, as aforesaid, has been approved by the Federal National Mortgage Association if such approval is required. Prior to transferring ownership of the first Lot conveyed in the Properties and in any property which is annexed by Declarant to the Properties pursuant to this Section 5, Declarant shall convey the Common Area contained in the Properties or in such annexed property, as applicable, to the Association.

Section 6. Condemnation. In the event proceedings are initiated by any government or agency thereof, seeking to take by condemnation or by the power of eminent domain the Common Area, any material part thereof, or any material interest therein, the Association shall give prompt notice thereof, including a description of the part of or interest in the Common Area sought to be so condemned to all Members. The Association shall have full power and authority to defend in said proceedings and to represent the Owners in any negotiations, settlements, and agreements with a condemning authority for acquisition of the Common Area, any part thereof, any improvements thereon, or any interest therein; and each Owner hereby appoints the Association as its attorney-in-fact for such purposes. Any award or proceeds of settlement shall be payable to the Association to be used as provided herein.--

(a) In the event all of the Common Area is taken, condemned, sold, or otherwise disposed of, in lieu of or in avoidance thereof, any award or settlement shall be apportioned by the Association among the Members and their Mortgagees on a reasonable basis as the Association determines to be equitable in the circumstances, or as determined by judicial decree. If the allocation of condemnation award is already established in the negotiations, judicial decree, or otherwise, then in allocating the condemnation award, the Association

shall employ such allocation to the extent that it is relevant and applicable.

(b) In the event less than the entire Common Area is taken, condemned, sold, or otherwise disposed of, in lieu of or in avoidance thereof, the condemnation award shall first be applied by the Association to the rebuilding and replacement of those improvements on the Common Area damaged or taken by the condemning authority, unless sixty-seven percent (67%) of the Owners and sixty-seven percent (67%) of the First Mortgagees (based upon one vote for each mortgage held) agree otherwise. Any surplus of the award or other portion thereof not used for rebuilding and replacement which is less than or equal to Five Thousand Dollars (\$5,000) shall be retained by the Association to offset normal operating expenses, and any excess shall be distributed by the Association on the same basis as indicated in subparagraph (a) of this Section 6. No provision of the Declaration or any other document relating to the Properties shall be deemed to give an Owner or any other party priority over the rights of a First Mortgagee, pursuant to a First Mortgage, in the case of a distribution to the Owner of insurance proceeds or condemnation awards for losses to or taking of Lots or Common Area, or both.

Section 7. Duration, Revocation, and Amendment. Each and every provision of this Declaration shall run with and bind the land for a term of twenty (20) years from the date of recording of this Declaration, after which time this Declaration shall be automatically extended for successive periods of ten (10) years each. Except as otherwise provided in Article XI hereof, this Declaration may be amended during the first twenty (20) year period, and during subsequent extensions thereof, by any instrument approved in writing by not less than fifty-one percent (51%) of the Members of each class. Such amendment shall be effective when duly recorded in Douglas County, Colorado.

Notwithstanding anything to the contrary contained in this Declaration, if Declarant shall determine that any amendments to this Declaration or any amendments to the Articles of Incorporation or Bylaws of the Association shall be necessary in order for existing or future mortgages, deeds of trust, or other security instruments to be acceptable to the Veterans Administration, the Federal Housing Administration of the U.S. Department of Housing and Urban Development, the Government National Mortgage Association, the Federal National Mortgage Association, or the Federal Home

Loan Mortgage Corporation, then, subject to the following sentence, Declarant shall have and hereby specifically reserves the right and power to make and execute any such amendments without obtaining the approval of any Owners or First Mortgagees. Each such amendment of this Declaration, the Articles of Incorporation, or the Bylaws shall be made, if at all, by Declarant prior to termination of the Class B membership as provided in Section 2 of Article III hereof; and each such amendment must contain thereon the written approval of the Veterans Administration or the Federal Housing Administration of the U.S. Department of Housing and Urban Development, if such approval is required.

Section 8. Registration by Owner of Mailing Address. Each Owner shall register his mailing address with the Association; and except for monthly statements and other routine notices, all other notices or demands intended to be served upon an Owner shall be sent by either registered or certified mail, postage prepaid, addressed in the name of the Owner at such registered mailing address. All notices, demands, or other notices intended to be served upon the Board of Directors of the Association or the Association shall be sent by certified mail, postage prepaid, to 602 Park Point Drive, Suite 105, Golden, Colorado 80401, until such address is changed by the Association.

Section 9. FHA/VA Approval. As long as there is a Class B membership, the following actions shall require the prior approval of the Federal Housing Administration or the Veterans Administration, if such approval is required: annexation of additional properties to the Properties, dedication of Common Area, and amendment to the Declaration.

Section 10. Dedication of Common Area. Declarant may, in the future, by amendments or annexations to this Declaration designate certain areas of land as Common Area intended for the common use and enjoyment of Owners for recreation and other related activities. Such Common Area will not be dedicated thereby for use by the general public but will be dedicated to the common use and enjoyment of the Owners, as more fully provided in this Declaration.

Section 11. Subassociation and Supplemental Declaration. This Declaration shall be and hereby is deemed to be a Supplemental Declaration, as defined in the Master Declaration, and the Association shall be and is hereby deemed to be a Subassociation, as defined in the Master Declaration. This Declaration shall at all times be subordinate and subject to the Master Declaration; and to the extent that this

Declaration conflicts with or modifies the Master Declaration, the Master Declaration shall control and prevail.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has hereunto set its hand and seal as of the day and year first above written.

GENESEE DEVELOPMENT COMPANY
NO. 5, a Colorado general
partnership

By Genesee Associates, Ltd., a
Colorado corporation

By Robert R. Short
Robert R. Short,
President

Attest:

By Melares A. Chasse
Secretary

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

The foregoing Declaration of Covenants, Conditions, and Restrictions of Masters Club was acknowledged before me this 14th day of November, 1985, by Robert R. Short as President and by Melares A. Chasse as Secretary of Genesee Associates, Ltd., a Colorado corporation.

WITNESS my hand and official seal.

My commission expires Aug 1986.

Denise C. Webster
Notary Public

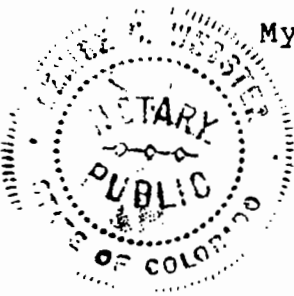


EXHIBIT A

LEGAL DESCRIPTION: MASTERS CLUB PHASE I

Lots 26 through 34, 55 through 62,
AND that portion of Tract A contained
within the metes and bounds description
attached hereto as Schedule 1,
PLUM CREEK FAIRWAY FIVE SUBDIVISION
FILING NO. 2,
According to the recorded plat thereof,
County of Douglas,
State of Colorado

SCHEDULE 1 TO EXHIBIT A

LEGAL DESCRIPTION: MASTERS CLUB PHASE I

That Part of the West 1/2 of Section 23, Township 8 South, Range 67 West of the 6th Principal Meridian, County of Douglas, State of Colorado, described as follows:

Commencing at the Northwest corner of said Section 23, from which the North 1/4 corner of said Section 23 bears S 89° 34' 58" E; thence S 72° 30' 23" E, 773.01 feet to a point; thence S 60° 15' 42" E, 408.08 feet to the Easterly Right-of-Way line of Mount Royal Drive; thence continuing S 60° 15' 42" E, 486.34 feet; thence S 40° 47' 00" E, 222.89 feet; thence S 24° 53' 21" W, 275.61 feet; thence S 33° 19' 14" W, 23.91 feet to the TRUE POINT OF BEGINNING;

- thence continuing S 33° 19' 14" W, 531.79 feet;
- thence N 83° 08' 16" W, 66.43 feet;
- thence S 48° 15' 39" W, 278.70 feet;
- thence S 59° 28' 00" W, 354.76 feet;
- thence S 66° 44' 28" W, 215.89 feet;
- thence S 71° 35' 20" W, 74.73 feet;

to a point on the Easterly Right-of-Way line of Mount Royal Drive, said point being also on a curve; thence along said Easterly line for the next five (5) courses:

- 1) along the arc of a curve to the left, having a radius of 285.00 feet, a central angle of 66° 36' 30", an arc length of 331.32 feet and a chord bearing of N 38° 17' 05" E, 312.98 feet to a point of tangency;
- 2) thence N 04° 58' 50" E, 138.09 feet to a point of curvature;
- 3) thence along the arc of a tangent curve to the right, having a radius of 265.00 feet, a central angle of 40° 18' 40", and an arc length of 186.44 feet to a point of tangency;
- 4) thence N 45° 17' 30" E, 208.26 feet to a point of curvature;
- 5) thence along the arc of a curve to the left, having a radius of 335.00 feet, a central angle of 31° 40' 19", an arc length of 185.18 feet, and a chord bearing of N 29° 27' 21" E, 182.83 feet; thence leaving aforementioned Easterly Right-of-Way line of Mount Royal Drive, S 72° 57' 27" E, 25.60 feet to a point of curvature; thence along the arc of a tangent curve to the right, having a radius of 164.43 feet, a central angle of 16° 24' 07" and an arc length of 47.07 feet to a point of tangency; thence S 56° 33' 21" E, 40.26 feet to a point of curvature; thence along the arc of a tangent curve to the left having a radius of 155.00 feet, a central angle of 43° 51' 40", and an arc length of 118.66 feet to a point of tangency; thence N 79° 35' 00" E, 39.54 feet to a point of curvature; thence along the arc of a tangent curve to the left, having a radius of 140.00 feet, a central angle of 90° 00' 00", and an arc length of 219.91 feet to a point of tangency; thence N 10° 25' 00" W, 20.00 feet; thence N 79° 35' 00" E, 98.71 feet; thence S 64° 05' 55" E, 178.74 feet to the TRUE POINT OF BEGINNING.

Contains 8.4820 Acres, more or less.

EXHIBIT B

LEGAL DESCRIPTION: MASTERS CLUB PHASE I
COMMON AREA

That portion of Tract A described
on Exhibit A,
PLUM CREEK FAIRWAY FIVE SUBDIVISION
FILING NO. 2,
According to the recorded plat thereof,
County of Douglas,
State of Colorado

EXHIBIT C

LEGAL DESCRIPTION: MASTERS CLUB
EXPANSION PROPERTY

Lots 1 through 25, 35 through 54,
63 through 74, Tracts C, D, E and F,
AND that portion Tract A not described
in Exhibit A,
PLUM CREEK FAIRWAY FIVE SUBDIVISION
FILING NO. 2,
According to the recorded plat thereof,
County of Douglas,
State of Colorado

Cindy Hawkinson

From: "JOHN DANIEL STEVENS" <dstev50000@msn.com>
To: "Cindy Hawkinson" <cinswims@earthlink.net>
Cc: <ssnova66@aol.com>; "JACK WYARD" <wyard101@aol.com>; "Jason Johnson" <oldj@msn.com>; "Lem & Nancy Ann McManness" <MCMANNESS@msn.com>; "Mark & Wendy Richards" <richardsmark@qwest.net>; "Jo Beth McFadden" <jomcf@aol.com>
Sent: Monday, December 06, 2004 1:38 PM
Subject: Re: MCHOA - Working Fund

Cindy, you may be right. In re-reading the Section, it does say "first purchaser". It goes on to explain how the first purchaser gets a credit back from his buyer. It looks very confusing but seems to get the MCHOA out of the transaction. We should not have to credit any future seller with any amount he/she paid at closing. When you have a minute, read Section 10 of Article IV and see how you interpret it.

Dan

----- Original Message -----

From: Cindy Hawkinson
To: JOHN DANIEL STEVENS
Cc: ssnova66@aol.com ; JACK WYARD ; Jason Johnson ; Lem & Nancy Ann McManness ; Mark & Wendy Richards ; Jo Beth McFadden
Sent: Monday, December 06, 2004 10:43 AM
Subject: Re: MCHOA - Working Fund

Dan!

Well, this is news to me. When I took over handling this, I was not told of any such non-refundable deposit. In most situations, it is the original purchaser from the developer that makes a deposit to working capital but not at future resales. However, I will make a note of this going forward. I have not been receiving any deposits in the past. When I am informed of a sale and a status letter is requested, I will instruct the title company to collect this from the purchasers from this point forward.

I do recall the Oberbillings letter and your instructions to credit their account.
Cindy

----- Original Message -----

From: JOHN DANIEL STEVENS
To: Cindy Hawkinson
Cc: ssnova66@aol.com ; JACK WYARD ; Jason Johnson ; Lem & Nancy Ann McManness ; Mark & Wendy Richards ; Jo Beth McFadden
Sent: Monday, December 06, 2004 8:48 AM
Subject: MCHOA - Working Fund

Cindy, do you recall back in May or June receiving a letter from the Oberlinig's (sp) at 3060 Masters Point requesting credit for some pre-paid dues they had paid at their original closing? I think I told you to go ahead and credit (they had paid \$50.00 I believe) their last month's dues. I had recalled some similar payment at my closing in 1994.

Well, its amazing what I learn when I take time to read our Covenants. To wit, Article IV, Section 10 Working Fund. This section requires each home purchaser to to make a **nonrefundable** payment to the Association in the amount equal to 2 times the monthly dues. This money is to be deposited into our working fund which, I assume, is our regular checking account.

Question: have you been receiving such payments from the Title Co. handling the closing of

each re-sale? Do you know which title companies have been handling the majority of these closings? If we are not getting our nonrefundable payments, we need to notify the title companies and, with copy of our Covenants, demand that they comply.

See you Tuesday night.

Dan

NOTICE OF AMENDMENT TO THE BYLAWS
OF
MASTERS CLUB HOMEOWNERS ASSOCIATION, INC.

IT IS RESOLVED by the Board of Directors of the Masters Club Homeowners Association, Inc. as follows:

1. ARTICLE IV, Section 1., Number. The affairs of the Association shall be governed by a Board of Directors composed of five (5) persons who must be residents of homes on lots incorporated into the Association. The number of Directors may be increased or decreased by amendment to these Bylaws; provided, however that the number of Directors shall not be reduced to less than three (3) or increased to more than nine (9).

2. ARTICLE IV, Section 2., Term of Office., of the By Laws of Masters Club Homeowners Association, Inc. is amended by substituting the word "residents" for the word "non-members" in the ninth sentence.

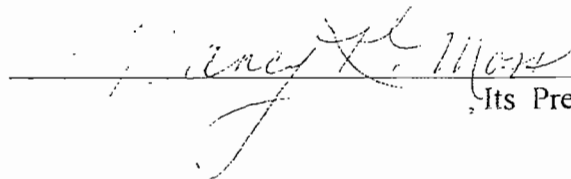
3. ARTICLE VIII, Section 7., Multiple Offices. The offices of Secretary and Vice-President may be held by the same person. No person shall simultaneously hold more than one on any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

4. In all other respects the bylaws shall remain in full force and effect.

5. The Secretary of the Board is directed to make this change on the official copy of the Bylaws and notify the members of the Association of this change.

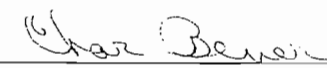
Effective the 14th day of November, 1995

MASTERS CLUB HOMEOWNERS ASSOCIATION, INC.



Nancy K. Moore
Its President

Attest

By: 

Char Bowen
Its Secretary

BYLAWS OF
MASTERS CLUB HOMEOWNERS ASSOCIATION, INC.

ARTICLE I

Name and Location

The name of the corporation is Masters Club Homeowners Association, Inc., hereinafter referred to as the "Association." The principal office of the Association shall be located at 538 Commons Drive, Golden, Colorado 80401, but meetings of the Members and Directors may be held at such places within the Castle Rock and Denver metropolitan areas, State of Colorado, as may be designated by the Board of Directors.

ARTICLE II

Definitions

Terms used herein shall have the same meanings and definitions as they have in that certain Declaration of Covenants, Conditions, and Restrictions of Masters Club (the "Declaration") as if said Declaration were set forth at length herein.

ARTICLE III

Meetings of Members

Section 1. Annual Meetings. The first annual meeting of the Members shall be held within one (1) year from the date of incorporation of the Association and each subsequent regular annual meeting of the Members shall be held in the same month of each year as the month in which the first annual meeting was held, the specific date, time, and location thereof to be designated by the Board of Directors from time to time.

Section 2. Special Meetings. Special meetings of the Members may be called at any time by the President or by the Board of Directors, or upon written request of the Members who are entitled to vote one-fourth (1/4) of the votes of the Class A membership.

Section 3. Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid,

at least fifteen (15) days before such meeting to each Member entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purposes of notice. Such notice shall specify the place, day, and hour of the meeting, and in the case of a special meeting, the purpose of the meeting.

Section 4. Quorum. The presence at the meeting of the Members or proxies entitled to cast one-tenth (1/10) of the votes of each class of membership shall constitute a quorum for any action except as otherwise provided in the Declaration, the Articles of Incorporation, or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or represented. Unless otherwise specifically provided by the Declaration, the Articles of Incorporation, these Bylaws, or by statute, all matters coming before a meeting of Members at which a proper quorum is in attendance, in person and/or by proxy, shall be decided by the vote of a majority of the votes validly cast at such meeting.

Section 5. Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Lot.

Section 6. Mortgagees. All First Mortgagees of Lots shall have the right to designate a representative to attend all meetings of Members.

ARTICLE IV

Board of Directors; Selection; Term of Office

Section 1. Number. The affairs of the Association shall be governed by a Board of Directors composed of five (5) persons who must be residents of homes on lots incorporated into the Association. The number of Directors may be increased or decreased by amendment to these Bylaws; provided, however, that the number of Directors shall not be reduced to less than three (3) nor increased to more than nine (9) (Section amended Nov. 14, 1995)

Section 2. Term of Office. At the first meeting of the Association, the members shall elect three (3) Directors

in the following manner: the term of office of one (1) Director shall be fixed for three (3) years, the term of office of one (1) Director shall be fixed for two (2) years, and the term of office of one (1) Director shall be fixed for one (1) year. At the expiration of the initial term of office of each respective Director, as long as there are three (3) Directors, his successor shall be elected to serve a term of three (3) years. If the number of Directors is increased, each year the number of Directors elected shall be such that the terms of at least one-third (1/3) of the Directors shall expire. Except as is otherwise provided by these Bylaws, the Directors shall hold office until their successors have been elected and held their first meeting. No Director shall be entitled to receive any compensation for the performance of his duties, but shall be entitled to reimbursement for expenses incurred by him and approved by the Board. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman who shall be a member of the Board of Directors, and two (2) or more members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the members to serve from the close of such annual meeting until the close of the next annual meeting, and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among members or ~~non-members~~ ^{RESIDENTS}. Election to the Board of Directors shall be made by secret written ballot. At such election, the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted. (Amended Nov 14, 1995)

Notwithstanding anything contained herein to the contrary, Declarant shall be entitled to appoint the members of the Board of Directors until one hundred twenty (120) days after Declarant has conveyed seventy-five percent (75%) of the Lots within the Property, as it may be expanded, to owners other than Declarant or until the fifth anniversary of the recording of the Declaration, whichever occurs first unless Declarant shall sooner relinquish this right.

Section 3. Removal. Any Director may be removed from the Board of Directors, with or without cause, by a majority vote of each class of Members, provided that, so long as

there is Class B membership, Declarant may remove and replace any Director who is serving in such capacity as a result of being an officer, director, or employee of the Declarant. In the event of death, resignation, or removal of a Director, except removal by Declarant, as aforesaid, his successor shall be selected by the remaining Members of the Board of Directors, whether or not such remaining Member(s) constitute a quorum, and shall serve for the unexpired term of his predecessor.

Section 4. Compensation. No Director shall receive compensation for any service he may render to the Association. However, any Director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 5. Action Taken Without a Meeting. The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all of the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

ARTICLE V

Meetings of Directors

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held at such times and places as may be fixed from time to time by resolution of the Board without notice, but in any event, there shall be at least two (2) meetings every year. Should any of said meetings fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the President of the Association or by a majority of the Directors after not less than three (3) days' notice to each Director.

Section 3. Quorum. A majority of the number of Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors present at a duly held meeting of the Board of Directors at which a quorum is present shall be regarded as the act of the Board.

ARTICLE VI

Powers and Duties of the Board of Directors

Section 1. Powers. The Board of Directors shall have the power to:

(a) Adopt and publish rules and regulations governing the use of the Common Area and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof.

(b) Suspend the voting rights of a Member during any period in which such Member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended for a period not to exceed sixty (60) days for infraction of published rules and regulations of the Association.

(c) Exercise for the Association all powers, duties, and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation, or the Declaration.

(d) Declare the office of a Member of the Board of Directors to be vacant in the event such member shall be absent from three (3) regular meetings of the Board of Directors during any one (1) year period.

(e) Employ a manager, an independent contractor, or such other employees as they deem necessary, and prescribe their duties, provided that any agreement for professional management of the Association's business must provide for termination by either party with or without cause and without payment of a termination fee upon thirty (30) days' prior written notice, and shall have a maximum term of one (1) year. Further, each and every management contract made between the Association and a manager or managing agent during the period when the Declarant or other developer controls the Association shall terminate absolutely, in any event, not later than thirty (30) days after the termination of the Class B membership pursuant to the terms of Section 2 of Article III of the Declaration. All such management contracts entered into by the Association with a manager or managing agent during the period of control by the Declarant or other developer shall be subject to review and approval by the Federal Housing Administration for the U.S. Department of Housing and

Urban Development or the Veterans Administration, if such review is required. The provisions of this paragraph shall be contained, verbatim, in each and every such management contract.

Section 2. Duties. It shall be the duty of the Board of Directors to:

(a) Cause to be kept a complete record of all its acts and corporate affairs and present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the Class A Members who are entitled to vote thereat.

(b) Supervise all officers, agents, and employees of this Association and see that their duties are properly performed.

(c) As more fully provided in the Declaration, to:

(1) Fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period.

(2) Foreclose the lien against any Lot for which assessments are not paid within ninety (90) days after the due date, or bring an action at law against the Owner(s) personally obligated to pay the same.

(d) Issue or cause an appropriate officer or authorized agent to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board of Directors for the issuance of these certificates. If a certificate states that an assessment has been paid, such certificate shall be conclusive evidence of such payment.

(e) Procure and maintain insurance, as more fully provided in Article VI of the Declaration.

(f) Cause the Common Area to be maintained.

(g) Notify in writing the First Mortgagee of any Lot, upon written request, when the Owner thereof is in default in the payment of any assessment, or otherwise in default of any obligation under the Declaration, the Articles of Incorporation, or these Bylaws and the

Board of Directors has actual knowledge of such default and said default has not been cured within sixty (60) days.

ARTICLE VII

Rights of the Association

The Association may exercise any and all rights or privileges given to it under the Declaration, the Articles of Incorporation, or these Bylaws, or as may otherwise be given to it by law, and every other right or privilege reasonably to be implied therefrom or reasonably necessary to effectuate any such right or privilege.

ARTICLE VIII

Officers and Their Duties

Section 1. Enumeration of Offices. The officers of this Association shall be a President and a Vice President who shall at all times be Members of the Board of Directors, and a Secretary, a Treasurer, and such other officers as the Board may from time to time create by resolution.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of Members.

Section 3. Term. The officers of this Association shall be elected annually by the Board of Directors. Each shall hold office for one (1) year unless the officer shall sooner resign, shall be removed, or shall otherwise be disqualified to serve.

Section 4. Special Appointments. The Board of Directors may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may determine from time to time.

Section 5. Resignation and Removal. Any officer may be removed from office, with or without cause, by the Board of Directors. Any officer may resign at any time by giving written notice to the Board of Directors, the President, or the Secretary of the Association. Such resignation shall take effect on the date of receipt of such notice or any later time specified therein. The acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board of Directors. The officer appointed to such vacancy shall serve for the remainder of the term of the officer replaced.

Section 7. Multiple Offices. The offices of Secretary and Vice-President may be held by the same person. No person shall simultaneously hold more than one of any to the other offices except in the case of special offices created pursuant to section 4 of this Article. (Section amended November 14, 1995)

Section 8. Duties. The duties of the officers are as follows:

(a) President. The President shall preside at all meetings of the Board of Directors and Members; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds, and other written instruments; and shall co-sign or authorized a designated agent to co-sign all promissory notes and checks of the Association.

(b) Vice President. The Vice President shall act in the place and stead of the President in the event of the President's absence, inability, or refusal to act, and shall exercise and discharge such other duties as may be required of the Vice President by the Board of Directors.

(c) Secretary. The Secretary or designated agent shall record the votes and keep the minutes of all meetings and proceedings of the Board of Directors and of the Members; shall keep the corporate seal of the Association and affix it on all papers requiring said seal; shall serve notice of meetings of the Board and of the Members; shall keep appropriate current records showing the Members of the Association together with their addresses; and shall perform such other duties as required by the Board.

(d) Treasurer. The Treasurer or a designated agent shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign or authorize a designated agent to sign all promissory notes and checks of the Association; shall keep proper books of account; shall cause an annual compilation report of the Association books to be made by a certified public accountant at the completion of each fiscal year or, at the option of

the Board of Directors, an annual review or audited financial statement may be required; and shall prepare an annual budget to be presented to the membership at its regular annual meeting, and deliver a copy to the Members.

ARTICLE IX

Committees

The Board of Directors or Declarant, as more fully provided in the Declaration, shall appoint an Architectural Review Committee. In addition, the Board of Directors shall appoint a Nominating Committee as provided in these Bylaws. Further, the Board of Directors may appoint other committees as it deems appropriate in carrying out its purposes.

ARTICLE X

Books and Records

The Association shall make available to Owners, First Mortgagees of Lots, and insurers and guarantors of any such First Mortgages current copies of the Declaration, the Articles of Incorporation, these Bylaws, the rules and regulations, books, records, and financial statements of the Association. "Available" shall mean available for inspection, upon request, during normal weekday hours or under other reasonable circumstances.

ARTICLE XI

Assessments

As more fully provided in the Declaration, each Member is obligated to pay assessments to the Association, which assessments are secured by a continuing lien upon the property against which the assessment is made. Any assessment or portion thereof which is not paid when due shall be delinquent. Any assessment or portion thereof which is not paid within ten (10) days after the due date shall bear interest from the due date at the rate of eighteen percent (18%) per annum or such other rate of interest as the Board of Directors may specify from time to time, and the Association may assess a monthly late charge thereon. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against such Owner's Lot; and in the event a judgment is obtained, such judgment shall include interest and late charges on the assessments, as provided above, and reasonable attorneys'

fees to be fixed by the court, together with the costs of the action. No Owner may waive or otherwise escape liability for the assessments provided for in the Declaration by non-use of the Common Area or abandonment of his Lot.

ARTICLE XII

Amendments

These Bylaws may be amended at a regular or special meeting of the Members by a vote of a majority of a quorum of Members present in person or by proxy; provided, however, that the Federal Housing Administration of the U.S. Department of Housing and Urban Development or the Veterans Administration shall have the right to veto amendments while there is a Class B membership if such right of review and veto is applicable.

ARTICLE XIII

Conflicts of Provisions

In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control; and in the case of any conflict between the Articles of Incorporation and the Declaration, the Declaration shall control.

ARTICLE XIV

Indemnification of Directors and Officers

The Association shall indemnify every director, officer, agent, member of the Architectural Control Committee, and employee, and any former director, officer, agent, member of the Architectural Control Committee, and employee against all loss, costs, and expenses, including attorneys' fees, reasonably incurred in connection with any action, suit, or proceeding to which such person may be made a party by reason of being or having been such a director, officer, agent, member of the Architectural Control Committee, or employee of the Association, except for matters in which such person shall be finally adjudged to be liable for gross negligence or fraud. Any such indemnity shall be limited to and may only be paid out of the insurance proceeds provided by an insurer furnishing officers and directors errors and omissions insurance coverage and any other insurance protecting the Association from liability because of the negligent acts of its servants, including insurance covering

motor vehicles or public liability, property damage, medical, and other similar coverage, it being the intent and purpose of this provision to limit all payments or settlements in indemnification to the actual proceeds of insurance policies. No indemnification shall be provided for acts constituting gross negligence or for fraud or for more reprehensible conduct. In the event of a settlement, the settlement shall be approved by the insurance carrier and paid for by the insurance carrier out of the insurance proceeds. The foregoing rights shall not be exclusive of other rights to which such director, officer, agent, member of the Architectural Control Committee, or employee may be entitled.

ARTICLE XV

Miscellaneous

The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December every year, except that the first fiscal year shall begin on the date of incorporation.

Adopted this 17th day of December, 1985, by the Board of Directors of Masters Club Homeowners Association, Inc.

By *Delores L. Chasse*
Secretary

EXHIBIT "B"

DOCUMENT OF ANNEXATION

Upon the recordation of this Document of Annexation at the office of the Clerk and Recorder of Douglas County, Colorado, the real property described as follows:

Lot _____, Plum Creek Fairway Five Subdivision,
Filing No. 2, County of Douglas, State of Colorado

is annexed to the Properties (as that term is defined in the Declaration) which are subject to the Declaration of Covenants, Conditions, and Restrictions of Masters Club recorded January 9, 1986 in Book 618, Page 429 of the records of Douglas County, Colorado (the "Declaration"), and shall be held, sold and conveyed subject to all of the restrictions, covenants and conditions contained within the Declaration.

The recordation of this instrument is authorized in accordance with the ^{1st} First Annexation of Additional Land to the Declaration of Dovenants, Conditions and Restrictions of Masters Club, recorded on _____, 1993 in Book _____, Page _____, of the records of Douglas County, Colorado.

Dated this _____ day of _____, 199__.

WESTERN TITLE CORPORATION

By: _____
Agent

STATE OF COLORADO)
) ss.
COUNTY OF DOUGLAS)

Subscribed and sworn to before me this _____ day of _____,
199__ by _____ of Western Title Corporation, as Agent.

Witness my hand and official seal.

My commission expires _____

Notary Public

(SEAL)

**FIRST ANNEXATION OF ADDITIONAL LAND TO
THE DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
OF MASTERS CLUB**

THIS FIRST ANNEXATION OF ADDITIONAL LAND to the Declaration of Covenants, Conditions and Restrictions of Masters Club ("First Annexation") is made in accordance with the provisions of Article XI, Section 1 of the Declaration of Covenants, Conditions, and Restrictions of Masters Club, recorded on January 9, 1986 in Book 618, Page 429, in the office of the Clerk and Recorder of Douglas County, Colorado (the "Declaration").

W I T N E S S E T H :

WHEREAS, the Consenting Owners (as defined below) signing this instrument represent two-thirds (2/3) or more of the Class A Members of the Masters Club Homeowners Association, Inc. (the "Association"), as described in the Declaration; and

WHEREAS, the Class A Members comprise the only class of members entitled to vote on the issue of annexing additional Lots to the Properties, as defined in the Declaration; and

WHEREAS, the Class A Members signing this First Annexation (the "Consenting Owners") constitute two-thirds or more of the record owners of fee simple title to Lots within the Properties; and

WHEREAS, Article XIII, Section 5 of the Declaration permits the annexation of additional land thereto with the consent of two-thirds of the Class A Members; and

WHEREAS, the Declaration provides that annexation of additional property shall be effective upon the recordation of a document in the office of the clerk and recorder of the County of Douglas, which document shall provide for annexation to the Declaration of the property described in that document; and

WHEREAS, the owners (the "Annexing Owners") of the real property described on Exhibit "A" hereto (the "Annexed Property") desire that the Annexed Property be annexed to the Properties and be held, sold, and conveyed subject to the Declaration; and

WHEREAS, the Annexing Owners and the Consenting Owners declare that the number of Lots in the Annexed Property is consistent with the density of Lots in the initial phase;

NOW, THEREFORE, the undersigned Annexing Owners and the undersigned Consenting Owners hereby agree to annex the real property described on Exhibit "A", attached hereto and incorporated herein by this reference, on the terms and conditions contained within this First Annexation:

1. All terms contained herein shall have the meanings as defined herein or as defined in the Declaration.

2. The Annexed Property consists of individual Lots located within Plum Creek Fairway Five Subdivision, Filing No. 2, County of Douglas, State of Colorado (the "Lots").

3. It is contemplated that the Lots will have residences constructed upon them by the Annexing Owners, or by their successors, assigns or grantees.

4. The annexation of each Lot shall become effective upon the recordation of a document at the office of the Douglas County, Colorado Clerk and Recorder in the form attached hereto as Exhibit "B" (the "Annexation Document").

5. The Consenting Owners and the Annexing Owners hereby authorize Western Title Corporation, 115 Wilcox Street, Castle Rock, Colorado 80104 ("Agent") to record, at the office of the Clerk and Recorder of Douglas County, Colorado an Annexation Document for each Lot upon the presentation to Agent by a representative of the Association, of a Certificate

of Occupancy issued by the Town of Castle Rock, Colorado evidencing the completion of the residence upon the Lot for which the Annexation Document is to be recorded. The date of recordation of each Annexation Document shall be the effective date of annexation for the Lot described in the Annexation Document.

6 Upon the effective date of the annexation to the Declaration of each Lot, that Lot shall be subject to all provisions of the Declaration, including but not limited to those provisions regarding obligations to pay assessments to the Association and any right to cast votes as Members of the Association.

IN WITNESS WHEREOF, the parties hereto have set their hands and seals on the dates indicated below.

ANNEXING OWNERS:

THE ASHCROFT COMPANY, a Colorado corporation

By: _____
President

Attest: _____

Secretary

Date: _____

J STATE OF COLORADO)
) ss.
COUNTY OF _____)

Subscribed and sworn to before me this _____ day of _____, 1993 by _____, as President, and _____, as Secretary of The Ashcroft Company, a Colorado corporation.

Witness my hand and official seal.

My commission expires _____

Notary Public

(SEAL)

EXHIBIT "A"

Lots 35 through 54, inclusive, Plum Creek Fairway Five
Subdivision, Filing No. 2, County of Douglas, State of Colorado

FOLKESTAD, KOKISH & FAZEKAS, P. C.

Attorneys at Law

316 Wilcox Street

Castle Rock, Colorado 80104-2495

Telephone: (303) 688-3045

Fax No: (303) 688-3189

May 31, 1994

Mr. John Willcox
840 Kinner St.
Castle Rock, CO 80104

Re: Second Annexation of Additional Land
Masters Club

Dear Mr. Willcox:

The questions raised by mortgagees who received our mailing have all now been addressed, and we are ready to record the Second Annexation document. We need to know which title company or title companies will be handling the sale of the lots that we are annexing so that we can fill that information in on the Second Annexation document and the Document of Annexation. As you recall, a representative of the Association presents a Certificate of Occupancy to the title company named in the document each time one is issued, and the title company records the Document of Annexation. This brings the lot into the Association.

I tried to reach you by phone but discovered that your numbers are either disconnected or unlisted. Please advise us of a number where we can reach you. I look forward to hearing from you.

Sincerely,

Carol Reed

Carol T. Reed

Legal Assistant

Bill Willingham No: 681-281
app: 620-62

*4 fence 1064 x 3-3
8' 210 pt. B&E 200
1274 x 3-390*

Annex 800 x 1150

*Letter to Willcox dated
5-25-94 re: 1st
begin 2nd lot survey*

Survey, please (paint all 4' x 8' post holes)

MASTERS CLUB HOMEOWNERS ASSOCIATION, INC.

2888 MASTERS POINT DRIVE
CASTLE ROCK, COLORADO 80104

July 13, 1994

North American Title Company of Colorado
115 Wilcox Street
Castle Rock, Colorado 80104

Attention:

Re: Masters Club Document of Annexation

We understand that North American Title will handling the sale of the newly constructed homes in the Masters Club area of Plum Creek.

On presentation of a Certificate of Occupancy for each of Lots 1 through 25 and 63 through 74 inclusive, Plum Creek Fairway Five Subdivision, Filing No. 2, County of Douglas, State of Colorado; the enclosed Document of Annexation should be executed and recorded. Following recording a copy is to be sent to the Association at the above address.

At the time of closing would you also prorate the current month association dues at the rate of \$1.66 per day from the date of closing to the end of the month and precollect the next month's dues and last month dues. Current monthly Masters Club Homeowners Association dues are \$50.00. Dues structure is reviewed each year in October at the Association Annual Meeting. We will advise you of any changes in the dues.

We appreciate your assistance on these matters.

Sincerely,

Bobbi Jones
President

cc: Patrish Meyer, Treasurer, Masters Club HOA
Carol Reed, Folkestad, Kokish and Fazekas, P.C..

**MASTER DECLARATION
CREATING
COVENANTS, CONDITIONS, RESTRICTIONS, AND EASEMENTS
FOR PLUM CREEK**

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