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AMENDED AND RESTATED DECLARATION

FOR

ALQUEZAR HOMEOWNER'S ASSOCIATION

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FOR

ALQUEZAR HOMEOWNER'S ASSOCIATION

THIS AMENDED AND RESTATED DECLARATION FOR ALQUEZAR HOMEOWNER'S ASSOCIATION aka ALCAZAR VILLAS (this "Document") is made this 29th day of January, 2009 by **ALQUEZAR HOMEOWNERS' ASSOCIATION**, a Colorado nonprofit corporation (the "Association") and those persons executing this document below:

RECITALS

A. Alquezar Homeowner's Association (the "Project") was created by and is subject to the following documents: (1) Declaration of Covenants, Conditions and Restrictions for Alcazar Villas recorded on October 4, 1991 in Book 564 at Page 83 as Reception No. 460208 of the real estate records of Eagle County, Colorado (the "Original Declaration"); the First Supplement to the Original Declaration recorded January 29, 1992 in Book 571 at Page 691 as Reception No. 467809 of the real estate records of Eagle County, Colorado; the First Amendment to the Original Declaration recorded May 26, 1993 in Book 609 at Page 766 as Reception No. 505846 of the real estate records of Eagle County, Colorado; Second Amendment to the Original Declaration recorded October 16, 1995 in Book 678 at Page 317 as Reception No. 574328 of the real estate records of Eagle County, Colorado; and the Third Amendment to the Original Declaration recorded June 24, 1996 at Book 698 at Page 205 as Reception No. 694196 of the real estate records of Eagle County, Colorado (collectively referred to herein as the "Original Declaration") and (2) Final Plat of Alcazar Villas, Phase I recorded on October 4, 1001 in Book 564 at Page 84 ("Phase I Final Plat") of the real estate records of Eagle County, Colorado; the Final Plat of Alcazar Villas, Phase II, a Resubdivision of Tract C, Alcazar Villas Phase II, recorded in Book 564 at Page 85 of the real estate records of Eagle County, Colorado ("Phase II Final Plat"); the Phase III Final Plat of Alcazar Villas, Phase III, a Resubdivision of Tracts C and D, Alcazar Villas Phase II, ("Phase III Final Plat") recorded on January 29, 1992 in Book 571 at Page 692 of the real estate records of Eagle County, Colorado; the Amended Final Plat of Alcazar Villas Phases I and II, a Resubdivision of Lots 2, 3, 4, 6 and 8, recorded on October 18, 1994 in Book 652 at Page 840 of the real estate records of Eagle County, Colorado; the Amended Final Plat, Alcazar Villas, Phase III, a Resubdividion of Lots 17, 19 and 21 recorded December 6, 2004 in Book 656 at Page 663 according to the of the real estate records of Eagle County, Colorado (such final plats and amended final plats shall be referred to herein collectively as the "Original Plat"). The Project is legally described on Exhibit A attached hereto and by this reference incorporated herein (the "Property"). The Original Declaration subdivided the Property into 22 "Parcels" (as such term is defined in Article 2 hereof) and the "Common Areas" (as such term is defined in Article 2 hereof). The "Owners" (as such term is defined in Article 2 hereof) own the Parcels and an undivided interest in the Common Areas.

B. Under the provisions of Section 19 of the Original Declaration, the consent and agreement of Owners of Parcels to whom or which at least eighty percent (80%) percent of the votes in the Association are allocated shall be required to add to or amend the Original Declaration. This requirement has been amended by the Colorado Common Interest Ownership Act codified at C.R.S. 38-33.3-101 et seq., specifically, C.R.S. 38-33.3- 217(1)(a)(I), which provides that the percentage number of votes required to approve an amendment to declaration cannot exceed sixty-seven percent. The Articles of Incorporation in Article V, paragraph 3 provides that the Owner(s) of each Parcel shall be entitled to one vote so that the consent and agreement of at least 15 Owners to the additions and amendments to the Original Declaration by this Document is required. There are ___ Signing Owners so the additions and amendments to the Original Declaration provided for in this Document have been consented and agreed to by the requisite number of the Owners and are thus binding upon all of the Owners.

C. Under the provisions of Section 19 of the Original Declaration, the approval of "First Lienors" (as such term is defined in Article 2 hereof) holding liens on parcels to which eighty percent (80%) of the total votes of all Parcels appertain is also required to add to or amend the Original Declaration in a material manner. There are currently __ First Security Interests encumbering the Parcels so that the consent and agreement of at least ____ First Lienors to the additions and amendments to the Original Declaration by this Document is required. As the Original Declaration is silent as how to provide notice of a proposed Amendment to the Original Declaration to First Lienors the procedures found under C.R.S. 38-33.3-217 were followed and have results in the requisite approval of First Lienors.

D. The Association is the unit owners association created to govern and administer the Project. The Association has elected to accept the provisions of the Colorado Common Interest Ownership Act (Article 33.3 of Title 38 of Colorado Revised Statutes) as the same may be amended from time to time (the "Act"). The Association's acceptance of the Act has been or will be evidenced by the recording of a Statement of Election to Accept the Colorado Common Interest Ownership Act in the real estate records of Eagle County, Colorado.

E. The Association and the Owners wish to amend and restate the Original Declaration in its entirety in order to: (1) include within the governing documents of the Project those provisions of the Act required by law or deemed desirable for the administration of the Project; and (2) modify certain of the provisions of the Original Declaration. This Amended and Restated Declaration replaces in total and in their entirety the Original Declaration and supercedes, amends, modifies, deletes and fully replaces in total any and all terms or provisions of the Original Declaration. The Original Declaration shall be null and void and have no further force and effect upon the date of recording of this Amended and Restated Declaration with the Eagle County, Clerk and Recorder.

ARTICLE 1: COMMON INTEREST COMMUNITY

Section 1.01: <u>General Purposes</u>. The general purposes of this Document are: (a) to amend and restate in its entirety the Original Declaration and to replace the Original Declaration with this

Document; (b) to treat the Project as a "common interest community" (as such term is defined in the Act) created after June 30, 1992 under the provisions of the Act; and (c) to establish a means to ensure the proper use and appropriate development of the Property as a high quality, aesthetically pleasing and harmoniously designed residential project by means of mutually beneficial covenants, conditions and restrictions imposed on the Property for the benefit of the Association and the Owners and all future owners of any portion of the Property.

Section 1.02: Declaration and Termination of Original Declaration. To further the purposes expressed in Section 1.01 hereof, the Association and the Owners, for themselves and their heirs, devisees, personal representatives, successors and assigns, hereby declare that the Property shall, at all times, be owned, held, used and occupied subject to the provisions of this Document, to the covenants, conditions and restrictions contained herein and to all amendments and supplements hereto and that the Property is submitted to the Act. The Original Declaration is hereby terminated and shall be of no further force and effect.

Section 1.03: Names of the Common Interest Community and the Association. The name of the common interest community which is the subject of this Document is "Alquezar". The name of the unit owners association organized to govern and administer the common interest community which is the subject of this Document is "Alquezar Homeowners' Association", a Colorado nonprofit corporation.

Section 1.04: Location and Type of Common Interest Community. The common interest community which is the subject of this Document is situated in Eagle County, Colorado. The common interest community is a "planned community" (as such term is defined in the Act).

Section 1.05: No Declarant. This Document is made by the Association and the Owners in their capacity as owners of the Property. There is no "declarant" (as such term is defined in the Act) with rights and obligations with respect to the Project under either the Act or this Document and there are neither any "development rights" nor any "special declarant rights" (as such terms are defined in the Act) reserved by a declarant in this Document.

ARTICLE 2: CERTAIN DEFINITIONS

In addition to the definitions set forth above or below, the following terms shall have the following meanings when used herein:

Section 2.01: Allocated Interests. "Allocated Interests" shall mean the fractional share of the Common Expense Liability allocated to each Parcel pursuant to Section 8.05(a) hereof and the fractional share of the total votes in the Association allocated to each Parcel pursuant to Section 6.01(b) hereof. The Allocated Interests of each Parcel is a fractional share equal to the number one over the number of Parcels subject to the Declaration at the time in question. The formula utilized to determine the Allocated Interests of each Parcel is to allocate the total Allocated Interests equally to each Parcel. The total of all Allocated Interests is one. As of the date of this Document the

Allocated Interests of each Parcel is one-twenty two. The defined term "Allocated Interests" as used herein has the same meaning as the term "allocated interests" as defined and used in the Act.

Section 2.02: Annual Assessment: "Annual Assessment" shall mean the Monthly Operating Assessment and Capital Reserve Monthly Assessment established by the Association in accordance with the provisions of Section 8 herein with respect to a fiscal year of the Association for the purposes of paying Common Expenses or creating a reserve for Common Expenses or for both such purposes.

Section 2.03 : Articles "Articles" shall mean the Articles of Incorporation of the Association as amended and supplemented.

Section 2.04: Assessment. "Assessment" shall refer to any of the following assessments which are for the purposes defined herein:

2.04.1 Monthly Operating Assessment: Monthly Operating Assessments shall mean an assessment established by the Association in accordance with Section 8.04 hereof for the purpose of paying the day to day operating and maintenance expenses of the Association.

2.04.2 Capital Reserve Monthly Assessments: Capital Reserve Monthly Assessments shall mean an assessment established by the Association in accordance with Section 8.04 hereof for the purpose of reserving funds to address identified future replacement requirements of the Association. The Monthly Operating Assessments and Capital Reserve Monthly Assessments constitute the Monthly Dues to be paid by each Owner.

2.04.3 Periodic Capital Reserve Assessment. Periodic Capital Reserve Assessments shall mean an assessment established by the Association in accordance with Section 8.05 hereof for the purpose of supplementing the Capital Reserve Monthly Assessments to the extent the same are insufficient to meet the projected capital repair and replacement obligations of the Association.

2.04.4 Special Assessments: Special Assessments shall mean an assessment established by the Association in accordance with the provisions of Section 8.06 hereof for the purposes of paying Common Expenses which are not scheduled to be paid through the Monthly Operating Assessment established by the Association, the Capital Reserve Monthly Assessments or by a Periodic Capital Reserve Assessment.

2.04.5 Default Assessments. Default Assessments shall mean any fine, penalty or other charge imposed by the Association against an Owner or such Owner's Parcel as set forth in Section 8.08 hereof, in any other provisions of this Declaration, authorized by the Rules and Regulations or CCIOA or for breach of any provisions of this Declaration.

Section 2.05: Association. "Association" shall mean the Association identified in Section 1.03 hereof and shall include its successors and assigns. The defined term "Association" as used herein has the same meaning as the terms "association" or "unit owners' association" as defined and used in the Act.

Section 2.06: Board. "Board" shall mean the board of directors of the Association. The defined term "Board" has the same meaning as the term "executive board" as defined and used in the Act.

Section 2.07: Budget. "Budget" shall mean the plan for each fiscal year of the Association for the payment of current Common Expenses, for the reservation of funds for the payment of future Common Expenses and for obtaining the funds required for such payments adopted by the Association in accordance with the provisions of Section 8.01 hereof.

Section 2.08: Bylaws. "Bylaws" shall mean the bylaws of the Association in effect from time to time. The defined term "Bylaws" as used herein has the same meaning as the term "bylaws" as defined and used in the Act.

Section 2.09: Common Areas. "Common Areas" shall mean: (a) all portions of the Project other than the Parcels, including, without limitation, any portion of the real property identified as "Common Parcel" on the Original Plat; and (b) any other real estate owned or leased by the Association or in which the Association has an interest including easements and rights of way, other than a Parcel. The Common Areas include the Limited Common Elements. The defined term "Common Areas" as used herein has the same meaning as the term "common elements" as defined and used in the Act.

Section 2.10: Common Expenses. "Common Expenses" shall mean: (i) all expenses expressly declared to be common expenses by this Restatement or the Bylaws; (ii) all other expenses of administrating, servicing, conserving, managing, maintaining, repairing, or replacing the Common Area; (iii) insurance premiums for the insurance carried under the Declaration and this Amendment; (iv) expenses to conduct annual fire mitigation whether or not on the Common Area and (v) all expenses lawfully determined to be Common Expenses by the Board of Director of the Association.

Section 2.11: Common Expense Liability. "Common Expense Liability" shall mean the percentage of the total liability for Assessments allocated to each Parcel pursuant to Section 8.05 hereof. The defined term "Common Expense Liability" as used herein has the same meaning as the term "common expense liability" as defined and used in the Act.

Section 2.12: Deck. "Deck" shall mean an open balcony, patio, terrace, walk, steps or deck which is attached to the Residence located on a Parcel and/or which is assigned by Section 3.01(b) hereof as a Limited Common Element for the use of a particular Parcel.

Section 2.13: Driveway. "Driveway" shall mean the drive which provides access to the Residence located on a Parcel from the road known referred to as Alcazar Drive in the records of the

Eagle County Clerk and Recorder and as Alquezar Drive upon the signage to the entrance to the Project which road is owned and maintained by the Cordillera Metropolitan District.

Section 2.14: Declaration. "Declaration" shall mean this Document, the Original Plat and all amendments to this Document and supplements to the Original Plat hereafter recorded in the real estate records of Eagle County, Colorado. The defined term "Declaration" as used herein has the same meaning as the term "declaration" as defined and used in the Act.

Section 2.15: Easements. "Easements" shall mean the easements created pursuant to the provisions of Section 3.02 hereof.

Section 2.16: Entity. "Entity" shall mean any corporation, nonprofit corporation, partnership, limited partnership, limited liability company, limited partnership association, joint venture, trust, nonprofit association, cooperative or other similar legal entity capable of holding title to real property in Colorado.

Section 2.17: First Lienor. "First Lienor" shall mean a Lienholder holding a Security Interest encumbering a Parcel which has priority over all other Security Interests encumbering such Parcel.

Section 2.18: First Security Interest. "First Security Interest" shall mean the Security Interest held by a First Lienor.

Section 2.19: Guest. "Guest" shall mean any individual who is present at the Project at the express or implied invitation of an Owner including, without limitation, agents, business invitees, clients, customers, contractors, employees, friends, relatives or tenants of an Owner.

Section 2.20: Lienholder. "Lienholder" shall mean the holder of a Security Interest encumbering a Parcel without regard to the priority of such Security Interest with respect to all Security Interests encumbering the same Parcel. A First Lienor is also a Lienholder.

Section 2.21: Limited Common Elements. "Limited Common Elements" shall mean a portion of the Common Areas which are assigned for the exclusive use of one or more Parcels but fewer than all of the Parcels. The defined term "Limited Common Elements" as used herein has the same meaning as the term "limited common elements" as defined and used in the Act. Limited Common Elements are further defined in Section 3.01(b).

Section 2.22: Owner. "Owner" shall mean any Person who or which is the record owner of a fee simple interest in one or more Parcels according to the real estate records of Eagle County, Colorado. The defined term "Owner" as used herein has the same meaning as the term "unit owner" as defined and used in the Act.

Section 2.23: Parcel. "Parcel" shall mean a parcel of land designated as a "Parcel," "Villa" or "Villa Lot" on the Original Plat which is intended for separate ownership by an Owner together with and undivided interest in the Common Elements and the right to the exclusive use of the Limited Common Elements assigned thereto by the Declaration (which exclusive use may be shared with one or more other Parcels) and together with the Residence located on that Parcel. The "identifying number" (as such term is defined in the Act) of each Parcel is the number of the Parcel as shown on the Original Plat and the identifying numbers of all Parcels are set forth in Section 3.01(a) hereof. The defined term "Parcel" as used herein has the same meaning as the term "unit" as defined and used in the Act.

Section 2.24: Person. "Person" shall mean any natural person or any Entity. The defined term "Person" as used herein has the same meaning as the term "person" as defined and used in the Act.

Section 2.25: Project. "Project" shall mean the common interest community identified in Section 1.03 hereof and shall include the Property, the Residences and all other improvements located on the Property.

Section 2.26: Residence. "Residence" shall mean the dwelling located on a Parcel and all other buildings, structures, fences, walls, parking areas, landscaped areas and other improvements located on that Parcel, including all utility facilities and equipment located within the dwelling located on that Parcel which serve only that Parcel. Residence shall have the same meaning as "Unit" to the extent the same may be utilized herein or as defined in the Act.

Section 2.27: Rules. "Rules" shall mean the rules, regulations and policies in effect from time to time as adopted by the Board in the manner set forth in the Declaration or pursuant to the Articles and Bylaws or any applicable law. The defined term "Rules" as used herein has the same meaning as the term "rules and regulations" as defined and used in the Act.

Section 2.28: Security Interest. "Security Interest" shall mean an interest in real estate or personal property created by a recorded contract or conveyance securing payment or performance of an obligation which encumbers a Parcel. A Security Interest includes a lien created by a mortgage, deed of trust, trust deed, security deed, contract for deed, land sales contract, lease intended as security, assignment of lease or rents intended as security, pledge of an ownership interest in an association, and any other consensual lien or title retention contract intended as security for an obligation. The defined term "Security Interest" as used herein has the same meaning as the term "security interest" as defined and used in the Act.

ARTICLE 3: PROPERTY RIGHTS

Section 3.01: Parcels.

(a) The Original Plat subdivided the Property into 22 Parcels and the Common Area. The Parcels are identified as Lots 1-21. Each Parcel consists of: (i) the Parcel identified as a "Parcel" or "Lot" with the number of such Parcel's identifying number on the Original Plat and (ii) the right to use the Limited Common Elements assigned to such Parcel pursuant to Section 3.01(b) hereof (iii) the right and easement of enjoyment in the Common Elements as set forth in this Declaration.

(b) The Limited Common Elements with respect to a Parcel consist of the following which are assigned as follows: None at the present time. The Association reserves the right to designate in the future, by amendment to this Declaration, designation of Limited Common Elements

Section 3.02: Easements.

(a) The Association and the Owners hereby make, establish, declare, grant and reserve a perpetual, non-exclusive easement in favor of each Owner and such Owner's Guests and in favor of any governmental, quasi-governmental or private utility company providing utility services to the Property and its agents, employees and contractors, over, under, across, upon, and through the Property for installing, replacing, repairing, maintaining and providing all utility services to any Parcel or to any improvement located on the Common Areas including, without limitation, water, gas, electric, storm sewer, sanitary sewer, cable television, satellite television or communications and telephone services. After the date of this Document, no facilities and equipment which provide such utility services may be installed or relocated without the prior written approval of the Association. Any utility company providing such utility services shall be responsible for any damage caused by such utility company to the Common Areas and the Parcels while utilizing the Easement created by this Section 3.02(a) and for any costs incurred by the Association as a result of such damage and shall be further required to promptly repair or restore any portion of the Common Areas and the Parcels disturbed or damaged by such utility company's utilization of the Easement created by this Section 3.02(a).

(b) The Association and the Owners hereby make, establish, declare, grant and reserve a perpetual, non-exclusive easement in favor of all police, sheriff, fire protection and ambulance services and any other provider of emergency services, Cordillera Metropolitan District and Cordillera Design Review Board over, across, upon and through the road referred to as Alcazar Drive in the records of the Eagle County Clerk and Recorder and as Alquezar Drive in the signage at the entrance to the Project, the Driveways and any other portion of the Common Areas or Parcels designed to provide pedestrian and vehicular access to the Residences for the purpose of performing the services of such providers including, but not limited to, emergency services, fire mitigation and security.

(c) The Association and the Owners hereby make, establish, declare, grant and reserve a perpetual, non-exclusive easement in favor of each Owner and such Owner's Guests and in favor of the Association and its agents, employees and contractors, over, across, upon and through the Driveway which serves such Owner's Parcel for the purpose of providing access for pedestrians, vehicles, landscaping Common Areas, snowplowing and maintenance to and from the road referred to as Alcazar Drive in the records of the Eagle County Clerk and Recorder and as Alquezar Drive upon the signage at the entrance to the Project and such Owner's Parcel. The Parcels may have common access roads and/or driveways and which may serve more than one Parcel or Residence, and there is granted hereby a non-exclusive easement to the Owners of Parcels served by any such road or driveway for ingress and egress purposes over and across such road and/or driveway. No Owner shall hinder nor permit his guests to hinder reasonable access by any other Owner and his guests to said Owner's Parcel and/or parking areas.

(d) The Easements created by Sections 3.02(a), (b) and (c) hereof shall be appurtenant to each Parcel so that a transfer of title to any interest in such Parcel shall automatically transfer a proportionate interest in such Easements.

(e) Every Owner has a right and easement of enjoyment in and to the Common Area, which shall be appurtenant to and shall pass with the title to every Parcel subject to the provisions contained herein.

(f) The Property shall be subject to all easements as shown on any recorded plat affecting the Property and to any other easements and licenses of record or of use as of the date of recordation of this Restatement. In addition, the Property is subject to those easements set forth in this Article III.

(g) Each Parcel shall be subject to an easement for encroachments created by construction, settling and overhang, previously existing or as designed and constructed by Declarant or as a result of any addition or improvement pursuant to the Declaration or this Restatement. A valid easement for such encroachments and for the use and maintenance of same, so long as they exist, shall and does exist. In the event any improvement is partially or totally destroyed, and then rebuilt, the Owners agree that minor encroachments of parts of the adjacent Parcel or Residence due to construction shall be permitted and that a valid easement for said encroachment and the maintenance thereof shall exist so long as the improvements shall stand.

(h) The Property, and all portions of it, are subject to easements hereby created for encroachments between the Residences and the Common Area as follows:

(1). In favor of the Association so that it shall have no legal liability when any part of or improvements located on the Common Area encroach upon a Parcel or Residence;

(2). In favor of each Owner of a Parcel so that the Owner shall have no legal liability when any part of his Residence as constructed by Declarant or as modified pursuant to the Delaration prior to the recording of this Restatement encroaches upon the Common Area or upon another Residence or Parcel;

(3). In favor of all owners, the Association and the Owner of any encroaching Residence or Parcel for the maintenance and repair of such encroachments.

Encroachments referred to in this subsection include, but are not limited to, encroachments caused by error or variance from the original plans in the construction of any Residence constructed on a Parcel, by error in the Plat, by settling, rising or shifting of the earth, or by changes in position caused by repair or reconstruction of any of the improvements. Such encroachments shall not be considered to be encumbrances upon any part of the Property.

(i) Each Parcel is subject to a blanket easement for support and a blanket easement for the maintenance of the structures or improvements presently situated, or to be built in the future, on the Parcels.

(j) There is hereby created a blanket easement upon, across, over, in and under the Common Areas for the benefit of the Association for the installation, replacing, repairing and maintaining an irrigation water sprinkler system, if any, which may be installed on the Common Areas.

(k) An easement is hereby reserved and granted to the Association, and any member of the Board or the Manager, and their respective officers, agents, employees, and their assigns, upon, across, over, in and under the Project, together with the right to make such use of the Project as may be necessary or appropriate to make emergency repairs, to perform the duties and functions which the Association is obligated or permitted to perform pursuant to this Restatement, the Association Documents, or to exercise its right including the right to enter any Parcel or Residence to prevent damage to the Common Area or other Parcels and to remedy any aspect of a Parcel or Residence in violation of the Association governing documents.

(l) The Association is hereby granted the right to establish from time to time, by declaration or otherwise, utility and other easements, permits, or licenses over the Common Area, for purposes including, but not limited to, streets, paths, walkways, drainage, recreation areas, parking areas, ducts, shafts, flues, and conduit installation areas, to create other reservations, exceptions, and exclusions with respect to the Common Area for the best interest of all the Owners and the Association and to assign its right to future income, including the right to receive Assessments.

Section 3.03: Title to Parcels. Title to a Parcel may be held by any Person individually or in any form of concurrent ownership recognized in Colorado. In case of any such concurrent ownership, each co-owner shall be jointly and severally liable for performance and observance of all the duties and responsibilities of an Owner with respect to the Parcel in which such Owner owns an interest.

Section 3.04: Legal Description. Any contract of sale, deed, lease, Security Interest, will or other instrument affecting title to a Parcel may legally describe such Parcel substantially as follows:

> "Parcel ____, Alquezar Villas, Eagle County, Colorado; TOGETHER WITH all easements appurtenant thereto as granted pursuant to the Declaration of Covenants, Conditions and Restrictions, as Amended and Supplemented, for Alcazar Villas as recorded in the real property records of Eagle County, Colorado and the Final Plats, as Amended, for Alcazar Villas as recorded in the real property records of Eagle County, Colorado.

Every such description shall be good and sufficient for all purposes to sell, convey, transfer, encumber, lease or otherwise affect title to not only the Parcel, but also the interest in the Easements made appurtenant to such Parcel by the Declaration. The interest in the Easements made appurtenant to any Parcel shall be deemed conveyed or encumbered with that Parcel, even though the legal description in the instrument conveying or encumbering such Parcel may only refer to that Parcel.

The reference to the Original Declaration and the Original Plat in any instrument shall be deemed to include any supplements or amendments and supplements to the Original Declaration and the Original Plat, without specific reference thereto.

Section 3.05: Separate Assessment. The Association shall give written notice to the Assessor of Eagle County, Colorado requesting that the Parcels be separately assessed and taxed and that the total value of the Common Areas be assessed and taxed proportionately with each Parcel in accordance with such Parcel's Common Expense Liability as provided in Section 38-33.3-105 of the Act. Upon the filing for recording of this Document in the real estate records of Eagle County, Colorado, the Association shall deliver a copy of this Document to the Assessor of Eagle County, Colorado.

Section 3.06: Use Compliance. The use of the Parcels shall comply with: (a) the terms, conditions and obligations set forth in the Declaration; (b) the matters set forth on the Original Plat; (c) the terms, conditions and obligations set forth in the Rules; and (d) all present and future laws, rules, requirements, orders, directions, ordinances and regulations (including zoning regulations) affecting the Parcels of any governmental authority having jurisdiction over the Parcels and of their departments, bureaus or officials.

Section 3.07: No Partition of Parcels, Limited Common Elements and Common Elements. No Owner may assert any right of partition with respect to such Owner's Parcel, the Limited Common Elements assigned to such Parcel by the Declaration or the Common Elements. Each Owner waives any and all rights of partition such Owner may hold with respect to such Owner's Parcel and the Limited Common Elements assigned to such Parcel by the Declaration or to partition any rights or interests an Owner may have in and to the Common Elements. This Section 3.07 shall not, however, limit or restrict the right of the Owner of a Parcel to: (a) exercise any of the rights of an Owner as described in Section 3.10 hereof or (b) bring a partition action pursuant to Article 28 of Title 38 of Colorado Revised Statutes requesting the sale of the Parcel and the Limited Common Elements, if any, assigned to such Parcel by the Declaration and the division of the proceeds among such Owners; provided that no physical division of the Parcel or the Limited Common Elements, if any, assigned to such Parcel by the Declaration shall be permitted as a part of such action and no such action shall affect any other Parcel or any other portion of the Common Areas.

Section 3.08: Encroachments. If any portion of the improvements constructed on the Common Areas now or hereafter encroaches upon any portion of any Parcel, or if any part of a Residence intended to be constructed entirely on a particular Parcel now or hereafter encroaches upon any portion of another Parcel or the Common Areas as a result of construction or as a result of settling or shifting after construction, a valid easement for the encroachment and for the maintenance of the same shall exist so long as such portion of the improvements constructed on the Common Areas or such Residence (as the case may be) stands. In the event a portion of the improvements constructed on the Common Areas or a Residence intended to be constructed entirely on a particular Parcel shall be partially or totally destroyed as a result of fire or other casualty or as a result of condemnation or eminent domain proceedings, and then rebuilt, encroachments of any part of such portion of the improvements constructed on the Common Areas upon any portion of a Parcel or encroachments of any part of such Residence upon any portion of another Parcel or the Common Areas due to such rebuilding, shall be permitted, and valid easements for such encroachments and the maintenance thereof shall exist so long as such portion of the improvements constructed on the Common Area or such Residence (as the case may be) shall stand.

Section 3.09: No Mechanic's Liens.

(a) If any Owner shall cause any material to be furnished to such Owner's Parcel or any labor to be performed therein or thereon, no Owner of any other Parcel shall under any circumstances be liable for the payment of any expense incurred or for the value of any work done or material furnished. All such work shall be at the expense of the Owner causing it to be done, and such Owner shall be solely responsible to contractors, laborers, materialmen and other persons furnishing labor or materials to such Owner's Parcel. Nothing herein contained shall authorize any Owner or any person dealing through, with or under any Owner to charge the Common Areas or any Parcel other than that of such Owner with any mechanic's or materialman's lien or other lien or encumbrance whatever. On the contrary (and notice is hereby given) the right and power to charge any lien or encumbrance of any kind for work done or materials furnished to an Owner's Parcel against the Common Areas or against any other Owner's Parcel is hereby expressly denied.

(b) If, because of any act or omission of any Owner, any mechanic's or materialman's lien or other lien or order for the payment of money shall be filed against the Common Areas or against any other Owner's Parcel or against any other Owner or the Association (whether or not such lien or order is valid or enforceable as such), the Owner whose or which act or omission forms the basis for such lien or order shall: (i) within 20 days after the date of any such filing and at such Owner's own cost and expense, cause the same to be canceled and discharged of record by any method including, without limitation, pursuant to the provisions of Sections 38-22-131 through 38-22-133 of Colorado Revised Statutes or any other similar statute; and (ii) indemnify and save all other Owners and the Association harmless from and against any and all costs, expenses, claims, losses or damages including, without limitation, reasonable attorneys' fees resulting therefrom.

Section 3.10: Rights of Owners. The Owners of a Parcel shall have the following rights with respect to such Owners' Parcel as described in the Act:

(a) the right to improve or alter such Owners' Parcel in accordance with the provisions of Section 38-33.3-211(a) of the Act, but only upon approval of the Association Board of Directors and Cordillera Design Review Board after strict compliance with the requirements of Article 5 hereof and; and

(b) if two adjoining Parcels are owned by the same Owners, the right to remove or alter partitions or create apertures therein between an adjoining Residence or an adjoining part of an adjoining Residence in accordance with the provisions of Section 38-33.3-211(c) of the Act.

The Owners of a Parcel shall not have the following rights with respect to such Owners' Parcel as described in the Act: (i) the right to reallocate Limited Common Elements between or among Parcels in accordance with the provisions of Section 38-33.3-208(2)of the Act; (ii) the right to relocate boundaries between adjoining Parcels in accordance with the provisions of Section 38-33.3-212 of the Act; and (iii) the right to subdivide a Parcel in accordance with the provisions of Section 38-33.3-213 of the Act.

Section 3.11 Association as Attorney-in-Fact. Each Owner, by his acceptance of a deed or other conveyance vesting in him an interest in a Parcel, does irrevocably constitute and appoint the Association with full power of substitution in the Owner's name, place and stead to deal with Owner's interest in the Association in order to effectuate the rights granted to the Association, as applicable, with full power, right and authorization to execute and deliver any instrument affecting the interest of the Owner in the Association and to take any other action which the Association may consider necessary or advisable to give effect to the provisions of this Section and this Declaration generally. If requested to do so by the Association, each Owner shall execute and deliver a written, acknowledged instrument confirming such appointment.

Section 3.12. Delegation of Use. Any Owner may delegate his right of enjoyment to the Common Area to the members of his family, his tenants, guests, licensees, and invitees, but only in accordance with and subject to the limitations of the Association Documents.

ARTICLE 4: RESTRICTIONS

Section 4.01: Use of the Parcels.

(a) All Parcels shall be used and occupied solely for residential purposes and such other purposes as are incidental to residential use and occupancy. A Parcel may be used and occupied secondarily for a home office by the Owner of such Parcel if the home office complies with the following criteria: (i) no goods or merchandise may be produced, stored, displayed or sold as a part of the business conducted at the home office; (ii) the home office shall be operated by a person whose principal residence is in the Residence located on such Parcel and only one other person not resident in such Residence may be employed or associated with the business conducted at the home office and be working at the home office; (iii) no separate entrance to the home office shall be permitted; and (iv) no signs identifying the home office shall be permitted. All of the uses and occupancies described in this Section 4.01 shall be subject to the appropriate and applicable governmental zoning and use laws from time to time in effect.

(b) No Owner may lease or rent such Owner's Parcel for occupancy by more than two persons who are unrelated by blood or marriage. (As used in this Section 4.01(b), the words "lease or rent" mean allowing the occupancy of a Parcel by someone other than an Owner in exchange for any consideration whether in money, in kind or in any other form.) An Owner shall have the right to lease or rent such Owner's Parcel for occupancy by one person, by two persons who are unrelated by blood or marriage or by any number of persons who are related by blood or marriage for a period of seven (7) days or more upon such terms and conditions as such Owner may deem advisable; provided, however, that: (i) any such lease shall be in writing and shall provide that the lease is subject to the terms of the Declaration; (ii) at the request of the Association, such Owner shall promptly provide a copy of such lease to the Association; (iii) such Parcel may be leased only in its entirety and only for the uses described in this Section 4.01(b) hereof; (iv) any failure of a lessee to comply with the terms of the Declaration, the Articles, the Bylaws, or the Rules shall constitute a default by such Owner under the applicable document (v) the lease must be with natural persons legally present in the United States and no person may reside at the residence who is not a party to the lease unless a minor child of a lessee;(vii) Owners are liable for any and all action and/or omissions of their tenants that violate Colorado law, local rules or ordinance, and Association documents including any Rule and Regulations. If the Association is required to institute any legal action as a result of any action or omission by a tenant the Owner shall be liable for all costs and damages related thereto, including attorney fees and costs, incurred by the Association; (viii) if a lessee is in violation of the Association governing documents or Colorado Law or other governmental or quasi governmental ordinance or regulation the Association has the right to enforce any lease agreement on behalf of an Owner and is granted power of attorney hereby to do so and/or to evict the lessee. Further the Association may seek eviction of any tenant who does not comply with a lease, refuses to execute or provide a written lease as required herein or who violates any Colorado law, local rules or ordinance, or Association documents including any Rule and Regulations.

Section 4.02: Use of the Common Areas.

(a) Each Owner and each Owner's Guest shall have the right and easement of enjoyment to use the Common Areas for the purposes for which they are intended, subject to the following rights of the Association: (i) the right to establish Rules for the use of the Common Areas; (ii) the right to charge reasonable fees for the use of any recreational facility included in the Common Areas; (iii) the right to suspend the right of an Owner and such Owner's Guests to use any recreational facility included in the Common Areas if such Owner fails to pay any amount of any Assessment or other Charge payable under the provisions of the Declaration when due until the unpaid amount is fully paid; and (iv) the right to change the use of any portion of the Common Areas other than the Limited Common Elements and to sell and convey any portion of the Common Areas other than the Limited Common Elements as set forth in Section 4.02(d) hereof.

(b) No Owner nor such Owner's Guest shall use the Common Areas other than the Limited Common Elements assigned to such Owner's Parcel by the Declaration in any manner which interferes with the use of the Common Areas by any other Owner or such Owner's Guests.

(c) The Association may change the use of any portion of the Common Areas other than the Limited Common Elements. The Association has the right to encumber the Common Area and subject the same to a security interest, subject to the Act, C.R.S. §38-33.3-312. The Association declares and reserves the right to assign its right to future income, including the right to receive common expense assessments for the purpose of procuring a loan or financing for the purpose of performing any of the duties of the Association herein.

Section 4.03: Use of a Deck. Each Owner shall have the right to place upon the Deck of such Owner's Parcel the following items: patio furniture, gas grill, plants and flower boxes, a snow shovel and any other item as the Board may approve upon request. Without the prior written approval of the Association, which approval may be granted or withheld in the sole and absolute discretion of the Association, no Owner shall be entitled to: (a) install a hot tub on any portion of an Owner's Parcel including the Deck of such Owner's Parcel, which installation must also be approved by the Board in accordance with the provisions of Article 5 hereof unless one is so installed as of the date of recordation of this Declaration; (b) use the Deck of such Owner's Parcel for the purpose of drying or cleaning any items of personal property; (c) decorate, remodel or adorn such Deck; (d) place upon such Deck any signs, pictures, plaques, billboards, banners, flags, towels, sheets, blankets, clothing or other items of personal property other than the permitted items described above; (e) store firewood upon or under their Deck; (f) have any wood burning device upon their Deck; or (g) have a charcoal burning cooking apparatus upon their Deck . Each Owner shall be responsible for keeping the Deck of such Owner's Parcel in a clean, safe and attractive condition and maintaining, repairing and replacing the same as set forth in Section 7.02(a) hereof.

Section 4.04: Parking. Parking shall be permitted only on the following portions of the Project and only by the following persons: (a) in the garage of a Residence which may be used by the Owners and the Guests of the Owners of the Parcel upon which the Residence is located; (b) in the Driveway of a particular Parcel; and (c) in any parking areas located in the Common Areas subject strictly to any and all Rules and Regulations promulgated by the Association in regard to parking. No parking shall be permitted on Alcazar Drive as the same is defined in the records of the Eagle County Clerk and Recorder and which is also known as Alquezar Drive per the signage at the entrance to the Project.. No parking area may be used for storage purposes. No detached camper, trailer or boat or similar equipment or any vehicle which is unable or unfit for travel on public roadways under the laws of the State of Colorado may be parked anywhere in the Project unless permitted to be parked by the Board under whatever conditions the Board may impose.

Section 4.05: Animals. No animals, livestock, birds, poultry, reptiles or insects of any kind shall be raised, bred, kept or boarded on any Parcel or in any Residence; provided, however, that two dogs, two domestic cats or two other small domestic animals which are bona fide household pets may be kept in a Residence so long as such pets are not kept for any commercial purpose and are not kept in such manner as to disturb any other Owner or such Owner's Guests. An Owner shall be responsible for controlling any animal that is kept at or brought to such Owner's Parcel, for removing from the Project in a sanitary manner any waste of any such animal immediately after excretion of such waste and for any damages caused by any such animal to any person or property. A dog kept by an Owner or such Owner's Guest shall be leashed and under the direct control of such Owner or such Owner's Guests when outside of such Owner's Residence.

Section 4.06: Signs.

(a) No signs of any kind or nature shall be placed on any portion of the Project by any Owner without the prior written approval of the Board of the size and design of any proposed sign.

(b) The Association shall have the right to place signs on the exterior of any Residence with the address or identifying number of the Parcel of such Residence or on the Common Areas which provide information concerning any Rules adopted by the Board, the administration or management of the Project or the identification of the Project.

Section 4.07: Unsightly Conditions. No unsightly objects or materials shall be placed on any portion of a Residence or a Parcel which is visible from other portions of the Project or on any portion of the Common Areas. No part of a Parcel or the Common Areas shall be used as a dumping ground for garbage, trash or waste and the same shall be stored in a covered container and disposed of in a sanitary manner. No outside storage shall be permitted on any portion of the Common Areas except: (a) in connection with any remodeling of any Residence that occurs with permission of the Association as provide for herein or any improvements located on the Common Areas; (b) for storage by the Association of maintenance equipment and supplies used to maintain the Common Areas; and (c) with the prior written permission of the Association, which permission may be granted or withheld by the Board in its sole discretion.

Section 4.08: No Noxious, Offensive, Hazardous or Annoying Activities. No noxious or offensive activity shall be carried on upon any part of the Project nor shall anything be done or placed on any part of the Project which is or may become a nuisance or cause any unreasonable disturbance or annoyance to others. No activities shall be conducted on any part of the Project which are or might be unsafe or hazardous to any person or property. No glaring light, loud or annoying sound or vibration, smoke or unpleasant odor arising from the use of a Parcel shall be permitted.

Section 4.09: No Imperiling of Insurance. No Owner and no Owner's Guests shall do anything or cause anything to be kept in or on the Project that might result in an increase in the premiums of insurance obtained by the Association for the Project or which might cause cancellation of such insurance without the prior written consent of the Association first having been obtained.

Section 4.10: No Violation of Law. No Owner and no Owner's Guests shall do anything or keep anything in or on the Project which would be in violation of any statute, rule, ordinance, regulation, permit or other validly imposed requirement of any governmental body.

Section 4.11: Prohibition on Timesharing. (a) No Residence, whether leased or owned, shall be used for and no Owner of any Residence shall offer, lease or sell any interest in a Residence to a timeshare program, interval ownership or similar plan, as defined herein and as acknowledged by Colorado Law, without the specific prior written approval of the Association. 'Timeshare", "interval ownership" or similar plan includes all definitions thereof acknowledge by Colorado Law and, without limitation, the following:

(i) the operation of a timesharing, fraction-sharing, interval ownership or similar program whereby the right to exclusive use of the Residential Unit rotates among participants in the program on a fixed or floating time schedule over a period of years; or

(ii) the operation of a reservation or time-use system among co-Owners of a Condominium Unit, regardless of whether or not any co-Owner may later opt out of such system and regardless of whether the reservation or time-use system is recorded or unrecorded, fixed or floating, if one or more of the following conditions exist:

a. the ownership interest in such Unit is publicly marketed for sale subject to such system, or
b. the co-Owners are or were required as a condition of purchase of the ownership interest in such Unit to subject the interest to a pre-determined reservation or time-use system among co-Owners; or

(iii) the marketing, offering or selling of any club membership interest, limited liability company interest, limited partnership interest, program interest or other interest whereby the interest-holder acquires a right to participate in a reservation or time-use system among the interest-holders, or among the interest-holders and others, involving the Unit, or involving the Unit and other alternate or substitute properties, regardless of whether such interest is equity or non-equity, regardless of whether or not any interest-holder may later opt out of such system and regardless of whether the reservation or time-use system is recorded or unrecorded, fixed or floating (such interest referred to herein as an "Interest"), if one or more of the following conditions exist:

a. the Interest is publicly marketed for sale, or
b. the Interest-holders are or were required as a condition of purchase of the Interest to be subject to a pre-determined reservation or time-use system among Interest-holders, or among Interest-holders and others;

(all of the foregoing uses, systems or programs are hereinafter called a "Timeshare Program").

(b) Mere co-ownership of a Parcel, ownership of a Parcel by an entity or short-term leasing of a Parcel shall not create a Timeshare Program unless it meets any of the conditions described above in this Section 4.11. The definition of Timeshare Program expressly excludes the voluntary inclusion of a Residence in a rental pool program.

(c) If it is determined by a court of competent jurisdiction, following the conclusion of any applicable appeals, that uses in effect and existing at the time of adoption of this Amendment to Declaration are not in violation of Section 19.7 of the Declaration, as such Section existed prior to the adoption of this Amendment to Declaration, such uses, if a Timeshare Program, shall be considered a "Nonconforming Use" as that term is defined in Article 2 of the Eagle County Land Use Regulations in effect at the time this Amendment to Declaration is adopted. It is the intent of this Amendment to Declaration to permit these Nonconforming Uses to continue, until they are removed, but not to encourage their survival. Therefore, such Nonconforming Uses may continue in accordance with the provisions and limitations contained in Section 6-110 of the Eagle County Land Use Regulations in effect at the time this Amendment to Declaration is adopted.

Section 4.12: No Resubdivision. No Parcel shall be resubdivided into smaller tracts or lots without the prior written consent of all of the Owners of the other Parcels.

Section 4.13: Mining and Drilling. No Parcel shall be used for the purpose of mining, quarrying, drilling, boring or exploring for or removing oil, gas or other hydrocarbons, minerals, rocks, stones, gravel or earth.

Section 4.14: Solar Equipment. The installation on a Parcel of solar equipment shall be subject to the approval of the Board as set forth in Article 5 hereof, but, pursuant to Section 38-30-168 of Colorado Revised Statutes, the installation or use of either active or passive solar equipment on a Parcel shall not be prohibited or restricted solely on the basis of aesthetic considerations unless such considerations are reasonable and do not significantly increase the cost of such installation or use.

Section 4.15: Antennas and Satellite Dishes. The installation on a Parcel of antennas or satellite dishes or related exterior attachments used to receive television, video, phone or other telecommunications or computer internet programming shall be subject to the approval of the Board as set forth in Article 5 hereof, but, pursuant to the Over-the-Air Reception Devices Rule (47 C.F.R. 1.4000) of the Federal Communications Commission, the installation or use of any such antenna which is covered by such Rule shall not be subject to restrictions by the Association that: (a) unreasonably delay or prevent installation, maintenance or use; (b) unreasonably increase the cost of installation, maintenance or use; or (c) preclude reception of an acceptable quality signal.

Section 4.16: Temporary Structures, Occupancy and Incomplete Structures. No temporary structures, mobile home or trailer shall be allowed on any Parcel other than in connection with and during the period of construction, alteration or demolition of the Residence on a Parcel which is approved by the Association as required herein. No space in any Residence on a Parcel shall be occupied in any manner prior to completion of construction and the issuance of a temporary or permanent certificate of occupancy by the appropriate governmental authority with respect to such space. No partially completed structure shall be allowed to remain on a Parcel except during the period of construction, alteration or demolition of such structure and providing that the completion of such construction, alteration or demolition is being pursued with reasonable diligence.

Section 4.17: Variances. The Board shall be entitled to grant reasonable variances in its sole discretion to the restrictions contained in this Article 4 in order to prevent undue hardship to any Owner or for any other good cause shown to exist by an Owner. Any such variance may be granted upon any such conditions as the Board shall determine.

ARTICLE 5: ARCHITECTURAL CONTROL

Section 5.01: Approval of Modifications. No Owner may improve, alter or otherwise modify or change in any other manner any portion of the exterior of such Owner's Residence, any portion of such Owner's Parcel other than the interior of a Residence on such Owner's Parcel or any Limited Common Element assigned by the Association, without obtaining the prior written approval of the Board of any such modification as set forth in this Article 5. Prior to undertaking any such proposed modification to a Parcel, the Owner of such Parcel shall provide the Board with the following items: (a) plans and specifications which reasonably detail the proposed modification including information concerning the proposed materials and colors, (b) such other information as the Board may reasonably request in order to inform the Board about the matter requiring approval. If an Owner is delinquent in paying any Assessment or Charge or any other amount due from such Owner under this Declaration, such Owner shall not be entitled to request a modification to such Owner's Parcel until such delinquent amount, together with all accrued interest, late fees, attorney fees and costs, is paid in full. No proposed modification to a Parcel shall be permitted if such proposed modification would, after the completion of such proposed modification, adversely affect the support, structural integrity, electrical systems or mechanical systems of any Residence. In considering each request for approval, the Board shall attempt to: (i) maintain the first-class appearance of the Project; (ii) assure that the proposed modification is architecturally compatible with the Residence located on such Parcel and the Residences located on other Parcels in the Project and is in compliance with PUD requirements and restrictions; and (iii) assure that the proposed modification does not interfere with the quiet enjoyment of adjacent or neighboring Parcels. The decision of the Board approving or disapproving any request of an Owner pursuant to this Article V shall be final and non-appealable either to a higher body or any Court of competent jurisdiction unless the actions of the Board, or any architectural control committee, can be established to be clearly arbitrary and capricious.

Section 5.02: Approval Procedures.

(a) The Board shall not be required to take any action with respect to a requested approval of a proposed modification unless and until the Board receives all items required by Section 5.01 hereof to be furnished to the Board. Once all of such items have been furnished to the Board, the Board shall have 60 days to approve the request as submitted, to approve the request with such reasonable conditions as the Board may require or to reject the request and, if the Board does not so act within such 60 day period, the request shall be deemed approved by the Board as submitted. If, in the process of considering a request for a modification, the Board makes one or more requests for additional information from an Owner during such 60 day period, then such period shall be extended for an additional 30 days after the last of the requested information is provided to the Board. The Board shall be reasonable in its requests and the same shall not overly burdensome to the Owner.

(b) Once the Board has approved a request for a proposed modification as described in this Article 5, no changes to the approved modification shall be permitted without first obtaining the approval of the Board of the proposed change by following the procedures outlined in this Article 5. After an Owner obtains the approval of the Board as described in this Article 5, such Owner shall undertake completion of the proposed modification with all reasonable diligence and in accordance with the items submitted to the Board and any conditions placed upon such approval by the Board. If the proposed modification to a Parcel is not commenced within twelve (12) months after such modification is approved and completed within twelve (12) months after such modification is commenced or such longer period as may be approved by the Board in connection with the approval of such modification, the approval of such modification shall lapse. All work on an approved modification shall be performed in a way that does not unreasonably interfere with the peaceful enjoyment of other Residences in the Project.

(c) If any modification to a Parcel or a Residence is undertaken without obtaining the approval of the Board as described in this Article 5 or if any approval of a proposed modification to a Parcel or a Residence is based upon false or misleading information provided to the Board in connection with the approval process, in either case, the Board shall be entitled to require the Owner who or which undertook such modification to remove all or any portion of such modification at such Owner's expense and return the Parcel or Residence to its original condition or complete or modify the modification as may be required by the Board.

Section 5.03: No Liability. The Board shall not be responsible or liable for damages because of any failure to act, disapproval or failure to approve or disapprove any request for approval described in this Article 5 or because of any defects in any items submitted to the Board in connection with any request for approval except for wanton and willful acts or omissions. Any Owner requesting approval by the Board by so doing agrees and covenants not to bring any action or suit to recover damages against the Board, its members as individuals, or its advisors, employees or agents or the Association and its officers and members except for damage resulting from the wanton and willful acts or omissions of such persons.

Section 5.04 Design Guidelines and Rules. The Board may adopt and promulgate design guidelines and rules that are consistent with this Declaration. Said guidelines may be amended from time to time as deemed fit by the Executive Board.

ARTICLE 6: THE ASSOCIATION

Section 6.01: Membership.

(a) Each current Owner shall be a member of the Association for so long as such Owner is the Owner of any Parcel. Every other Person shall automatically become a member of the

Association upon becoming an Owner of a Parcel. Membership shall be continuous throughout the period that such ownership continues and shall be appurtenant to and inseparable from ownership of a Parcel. Membership shall terminate automatically without any Association action whenever any Owner ceases to own a Parcel. Termination of membership shall not relieve or release any former member from any liability or obligation incurred by virtue of or in any way connected with ownership of a Parcel or membership in the Association, or impair any rights or remedies which the Association or others may have against such former member arising out of or in any way connected with such ownership or membership.

(b) The total number of votes in the Association shall be equal to the total number of Parcels subject to the Declaration at the time in question which, as of the date of this Document, is 22. The total votes in the Association are hereby allocated to each of the Parcels by multiplying the total number of votes in the Association by the fraction of the Allocated Interests of such Parcel determined in accordance with the formula set forth in Section 2.01 hereof with the result that each Parcel shall have one vote. No vote allocated to a Parcel owned by the Association may be cast. If there is only one Owner of a Parcel, such Owner shall be entitled to cast the vote allocated to such Parcel at any meeting of members. If there are multiple Owners of a Parcel and only one of such multiple Owners is present at a meeting of the members, such Owner shall be entitled to cast the vote allocated to such Parcel. If there are multiple Owners of a Parcel and more than one of the multiple Owners of such Parcel are present at a meeting of the members, the vote allocated to such Parcel may be cast only in accordance with the written agreement of a majority in interest of such Owners as such agreement may be reasonably evidenced to the person presiding over such meeting. It is reasonable evidence of the agreement of a majority in interest of multiple Owners of a Parcel if any one of such Owners casts the vote allocated to such Parcel without protest being made promptly to the person presiding over the meeting of the members by any of the other Owners of such Parcel. Property held by spouses shall not be considered multiple ownership but one spouse shall be designated as the voting Owner. Each member which is an Entity shall designate in writing to the Association one or more individuals who may represent it at a meeting and vote on its behalf. Until the Association is notified in writing to the contrary, any action taken by any person(s) designated in writing to represent such member shall be binding upon such member. The Association shall be entitled to suspend an Owner's right to vote in accordance with the Bylaws if such Owner fails to pay any amount of any Assessment or Charge under the provisions of the Declaration when due until the unpaid amount, including interest, late fees, attorney fees and costs, is fully paid. The Board may act in good faith reliance upon any representation as to a voting Member or representative or voting agreement between multiple owners and shall no liability for reliance thereon.

(c) The rights and obligations of members of the Association are further delineated in the Articles, the Bylaws and the Rules and each Owner is advised to obtain copies of the then current Articles, Bylaws and Rules upon becoming an Owner.

(d) Each member shall comply strictly with the provisions of the Declaration, the Articles, the Bylaws and the Rules. The failure of a member to comply strictly with any of such provisions shall permit the Association to take the actions outlined in Section 12.01 hereof. In addition, the

Bylaws and the Rules may permit the Association to take further actions in the event of noncompliance by a member with such provisions.

Section 6.02: Powers of the Association.

(a) The Project shall be administered and managed by the Association pursuant to the Declaration, the Articles, the Bylaws, the Rules and the Act. The Association shall have all of the powers expressed in, or implied from, the provisions of the Declaration, the Articles, the Bylaws, the Rules and the Act subject, however, to the following limitations:

(i) no part of the net earnings of the Association shall inure to the benefit of any member of the Association.

(b) Without limiting the generality of the foregoing, the Association shall have the power from time to time as it deems necessary and appropriate to adopt, amend and enforce the Rules in order to administer and manage the Project and to implement the provisions of the Declaration including without limitation, Rules intended to promote the general health, safety and welfare of persons within the Project, to protect and preserve property and to regulate the use of the Common Areas. All of the Rules adopted by the Association shall be reasonable and shall be uniformly applied. The Association may provide for enforcement of the Rules through reasonable and uniformly applied fines and penalties, which shall be collectable by the Association as a Default Assessment pursuant to the provisions of Section 8.08 hereof. Each Owner, and such Owner's Guests shall be obligated to and shall comply with and abide by the Rules and pay such fines or penalties upon failure to comply with or abide by the Rules. Additionally, Owners shall be fully liable for any fines or penalties including any accrued interest thereon and attorney fees and costs assessed to their guests due to failure of the guests and/or lessees to comply with the Association documents including any Rules and Regulations promulgated by the Association. The Association shall not be responsible or liable to any Owner or Guest for the non-observance by any other Owner or Guest of the Rules.

Section 6.03: Board. The Board is designated to act on behalf of the Association and shall be responsible for the control and management of the Association and the disposition of its funds and property; provided, however, that the Board may not act on behalf of the Association to: (a) amend the Declaration, (b) terminate the Project except as set forth in Sections 10.02 and 11.02 hereof and in Section 38-33.3-218 of the Act; or (c) elect directors or determine the qualifications, powers and duties, or terms of office of directors, but the Board may fill vacancies in the Board for the unexpired portion of any term. The number of directors (which shall not be less than three), their terms of office and their qualifications shall be determined according to the Bylaws. The members of the Association shall elect all directors and may, by a vote of at least 67 percent of all persons present and entitled to vote at a meeting of the members at which a quorum is present, remove any director with or without cause. In the performance of their duties, the directors are required to take into account the interests of all Owners and not just the interests of one or some Owners.

Section 6.04: Officers. The officers of the Association shall be a president, a secretary, a treasurer and such other officers as may from time to time be prescribed by the Bylaws. The Board shall elect all officers of the Association and may fill any vacancy in any office for the unexpired term. The terms of office of the officers of the Association and their qualifications shall be determined according to the Bylaws. In the performance of their duties, the officers of the Association are required to take into account the interests of all Owners and not just the interests of one or some Owners.

Section 6.05 Limitation upon Liability of Association. NOTWITHSTANDING THE DUTY OF THE ASSOCIATION TO MAINTAIN AND REPAIR PORTIONS OF THE PROPERTY, AND EXCEPT TO THE EXTENT COVERED BY ASSOCIATION INSURANCE AS DESCRIBED IN ARTICLE 7, NEITHER THE ASSOCIATION NOR ANY OFFICER, DIRECTOR OR AGENT OF THE ASSOCIATION SHALL BE LIABLE TO OWNERS FOR INJURY OR DAMAGE, OTHER THAN FOR THE COST OF MAINTENANCE AND REPAIR, CAUSED BY ANY LATENT CONDITION OF THOSE PORTIONS OF THE PROPERTY TO BE MAINTAINED AND REPAIRED BY THE ASSOCIATION, OR CAUSED BY THE ELEMENTS OR OTHER OWNERS OR PERSONS.

Section 6.06. Owner's and Association's Address for Notices. All Owners of each Parcel shall have one and the same mailing address to be registered with the Association and used by the Association or other Owners for notices, demands, and all other communications regarding Association matters. The Owner or Owners of a Parcel shall furnish such address to the Secretary of the Association within thirty (30) days after transfer of title to the Parcel to such Owner or Owners. Such registration shall be in written form and signed by all of the Owners of the Parcel or by such persons as are authorized by law to represent the interests of all Owners of the Parcel. Notwithstanding the foregoing, the Association shall be entitled to rely upon any such registration or other notice of a change in address of the Owners of the Parcel which is signed by less than all of the Owners of such Parcel. An address registered with the Association is valid until a change of such address is registered with the Association in writing and executed by all title Owners of the Parcel.

If no address is registered or if all of the Owners cannot agree, then the address set forth in the deed to the Parcel shall be deemed their registered address until another registered address is furnished as required under this Section.

Any notice delivered to a First Mortgagee in accordance with the terms of this Declaration shall be sent to the address for such party specified in the First Mortgage unless the First Mortgagee notifies the Association in writing of a different address.

All notices and demands intended to be served upon the Executive Board shall be sent to the following address or such other address as the Executive Board may designate from time to time by notice to all of the Owners:

Executive Board
Alquezar Homeowner's Association
P.O. Box 1077
Edwards, Colorado 81632
(970) 376-3093

All notices given in accordance with this Section shall be sent by personal delivery, which shall be effective upon receipt; by overnight courier service, which shall be effective one business day following timely deposit with the courier service; or regular, registered or certified mail, postage prepaid, which shall be effective three (3) days after deposit in the U.S. mail.

ARTICLE 7: MAINTENANCE AND INSURANCE

Section 7.01: Maintenance by Association.

(a) Common Area: Unless damaged by an Owner's negligence or intentional acts, or that of their tenants, guests, licensees, or invitees, the Association shall maintain and keep the Common Area in good repair, and the cost of such maintenance shall be funded as provided in Article VIII. This maintenance shall include, but shall not be limited to, upkeep, repair and replacement, subject to any insurance then in effect, of all landscaping, walls, gates, signage, irrigation systems, sidewalks, driveways and improvements, if any (which shall include, without limitation, snow removal services unless performed by another private or public organization formed for such purposes), located in the Common Area as well as all fixtures, utilities, lines, pipes, wires, conduits, systems, and equipment installed within the Common Area or that from the point where the utilities, pipes, wires, conduits, systems, lines, or equipment enter or cross the Common Area until the same enter a Residence.

(b) Rules Applicable to Maintenance. The Association shall have the right to promulgate reasonable rules and regulations regarding maintenance of any portion of the Common Areas, Parcels or Residences.

(c) Maintenance Contract. The Association or the Board may employ or contract for services of an individual or maintenance company to perform certain delegated functions, or duties of the Association to maintain the Common Area. The employed individual or maintenance company shall have the authority to make expenditures upon approval and direction by the Board. The Board shall not be liable for any omission or improper exercise by the employed individual or management company of any duty, power, or function so delegated by written instrument executed by or on behalf of the Board.

Section 7.02. MAINTENANCE BY OWNERS

(a) Owners shall be deemed to own the Parcel and the Residence, including but not limited to, the interior walls, (structural, supporting, and non-supporting), the materials (including, but not limited to, plaster, drywall, paneling, tiles, wallpaper, paint, wallboard, furring, lath, studs, floor tile, flooring and sub-flooring, and floor finish covering such as carpet) all finished surfaces, the perimeter walls, ceilings, and floors within the Residence, the Residence's doors and windows, all utilities, wires, lines, conduits, columns, ducts, and pipes, and the roof, footers and foundation. An Owner shall be responsible for maintaining all portions of the Owner's Residence and Parcel which includes, but is not limited to, keeping in a neat and clean condition the driveway, deck, stairs, and porch including exterior light bulbs; repair, replacement and maintenance of yards and all exterior landscaped areas, repair, replacement and maintenance, including painting and staining as applicable, of decks, exterior walls, roofs and trim; repair, replacement and maintenance of all fixtures, utilities, lines, pipes, wires, conduits, systems, and equipment installed within or upon a parcel commencing at a point where the utilities, pipes, wires, conduits, systems, lines, or equipment enters the Parcel; and repair, replacement and cleaning of windows and doors. If any Owner fails to carry out or neglects its responsibility set forth in the Declaration or this Amendment, the Association may fulfill the same and charge the Owner therefore as a Default Assessment. Any expense incurred by an Owner under this paragraph shall be the sole expense of said Owner. The Association shall have the right and power to prohibit storage or other activities deemed unsafe, unsightly, unreasonably noisy or otherwise offensive to the senses and perceptible from another Residence or the Common Area. No Owner shall make any addition or other alteration to any exterior portion of the Parcel or Residence without the express consent of the Executive Board as more full discussed in Article V. The Association shall be entitled to reimbursement for cost of repair from any Owner who causes, or whose tenant, employee or guest causes, damage to the Common Area by an act of negligence or willful misconduct.

(b) Owner's Failure to Maintain or Repair. In the event that a Residence or a Parcel and the improvements thereupon are not properly maintained and repaired, or in the event that the improvements on the Residence or Parcel are damaged or destroyed by an event of casualty and the Owner does not take reasonable measures to diligently pursue the repair and reconstruction of the damaged or destroyed improvements to substantially the same condition in which they existed prior to the damage or destruction, then the Association, after notice to the Owner and with the approval of the Executive Board shall have the right, but in no manner is required, to enter upon the Parcel and/or Residence to perform such work as is reasonably required to restore the Parcel, Residence and other improvements thereon to a condition of good order and repair. All costs incurred by the Association in connection with the restoration shall be reimbursed to the Association by the Owner of the Parcel and/or Residence, upon demand. All unreimbursed costs shall be a lien upon the Parcel until reimbursement is made. The lien may be enforced in the same manner as a lien for an unpaid Assessment levied in accordance with Article VIII of this Declaration.

(c) Nuisances. No nuisance shall be allowed upon the Common Areas or within a Residence or Parcel, nor any use or practice that is the source of annoyance to Owners or which interferes with the peaceful possession and proper use of the Project by the Owners. All parts of the Project shall be kept in a clean and sanitary condition, and no rubbish, refuse, pet waste or garbage shall be allowed to accumulate, nor any fire hazard allowed to exist.

Section 7.03: Insurance.

(a) The Association shall provide and keep in force the following insurance:

(i) Property damage insurance on the Common Area only;

(ii) Commercial general liability insurance against claims and liabilities arising in connection with the ownership, existence, use or management of the Common Areas with limits of not less than $1,000,000 per occurrence and $1,000,000 in the aggregate or in such greater amount as the Association shall determine, insuring the Association, its officers and directors, the management agent engaged by the Association (if any) and their respective employees, agents and persons acting as agents, as their interests may appear. The Owners and the Lienholders, as their interests may appear, shall be included as additional insureds but only for claims and liabilities arising in connection with the ownership, existence, use or management of the Common Areas. Such insurance shall cover claims of one or more insured parties against other insured parties.

(iii) At the election of the Association, fidelity insurance in such amounts as the Association shall determine, covering any Owner, any employee of the Association or any employee of any managing agent engaged by the Association who disburses, controls, collects, deposits or transfers funds of the Association, but only if such insurance is available to the Association without payment of a premium or premiums which is or are, in the judgment of the Association, excessive.

(iv) At the election of the Association, directors and officers liability insurance and errors and omissions insurance coverage in such amounts as the Association shall determine for the protection of the Association, its officers, directors and employees, but only if such insurance is available to the Association without payment of a premium or premiums which is or are, in the judgment of the Association, excessive.

(v) Such other insurance in such amounts as the Association may consider necessary or advisable against such other insurable hazards as the Association may from time to time wish to insure against.

(b) Insurance to be Issued by Responsible Insurance Carrier. All insurance which is carried by the Association pursuant to the provisions of Section 7.03(a) hereof shall be issued by responsible insurance companies authorized to do business in the State of Colorado. Each policy of insurance described in Sections 7.03(a)(i) and (ii) hereof shall contain the following provisions: (i) such policy shall not be materially modified or canceled without at least 30 days prior written notice to the Association and to each Owner and Lienholder whose or which name and address has been made known to the insurer; (ii) each Owner is an insured person under the policy with respect to liability arising out of such Owner's interest in the Common Areas or membership in the Association; (iii) the insurer waives its rights of subrogation under such policy as to any claim against the Association, its officers, directors and employees, any Owner and members of such Owner's household and any Lienholder; (iv) no act or omission by an Owner, unless acting within the scope of such Owner's authority on behalf of the Association, will void such policy or be a condition to recovery under such policy; and (v) if, at the time of loss under such policy, there is other insurance in the name of an Owner covering the risk covered by such policy, the Association's policy shall provide primary insurance. If the insurance described in Sections 7.03(a)(i) and (ii) hereof is not reasonably available, or if any policy of such insurance is canceled or not renewed without a replacement policy therefor having been obtained, the Association promptly shall cause notice of such fact to be hand delivered or sent prepaid by United States mail to all Owners and First Lienors who or which are known to the Association at their addresses last known to the Association. An insurer that has issued an insurance policy for the insurance described in Sections 7.03(a)(i) and (ii) hereof shall issue certificates or memoranda of insurance to the Association and upon request, to any Owner or Lienholder.

(c) Cost of Insurance. The costs of obtaining and maintaining all insurance which is carried by the Association pursuant to the provisions of Section 7.03(a) hereof shall be a Common Expense. To the extent that the Association settles claims under the insurance described in Section 7.03(a)(i) hereof for damages to real property, any Owner whose or which negligence caused such loss shall reimburse the Association for the amount of all deductibles paid by the Association with respect to such claims, which shall be collectible by the Association as a Charge pursuant to the provisions of Section 8.04 hereof.

(d) Owner Insurance Responsibility. Each Owner shall be solely responsible for obtaining and maintaining insurance covering loss or damage to their Residence or Parcel and covering liability for injury, death or damage occurring in or upon such Owner's Residence or Parcel. Any policy of such insurance shall contain waivers of subrogation as to any claim against the Association, its officers, directors and employees, any Owner and such Owner's Guests and any Lienholder and shall be so written that the liability of the insurers issuing insurance obtained by the Association shall not be affected or diminished thereby. The Association is not required to and shall not insure the Parcel, the Residence or any improvements upon the Parcel. Owner's must fully insure their Residence, the Parcel and all improvements thereon.

ARTICLE 8: ASSESSMENTS AND CHARGES

Section 8.01: Creation of the Lien and Personal Obligations of Assessments. Each Owner, by acceptance of a deed therefore, whether or not it shall be so expressed in any such deed or other conveyance, is deemed to covenant and agree to pay to the Association:

(a) Monthly Operating Assessments as defined by Section 2.04; and

(b) Capital Reserve Monthly Assessments as defined by Section 2.04; and

(c) Periodic Capital Reserve Assessment as defined by Section 2.04; and

(d) Special assessments as defined by Section 2.04 and the Act;

(e) Default Assessments as defined by Section 2.04 which may be assessed against a Owner for the Owner's failure to perform an obligation under the Association documents or because the Association has incurred an expense on behalf of the Owner under the Association documents.

Section 8.02. Purpose of Assessments. The assessments levied by the Association through its Board of Directors shall be used exclusively for: the purpose of promoting the recreation, health, safety, and welfare of the Owners and the Project; the payment of water and/or sewer charges; the maintenance, repair, and upkeep of the Common Area as set forth in Article VIII herein; and any other matter which may be deemed necessary by the Association for the common benefit of the Owners, or the maintenance of property values, or which may be incurred by virtue of agreement with or requirement of the County or other governmental authorities. The assessments shall further be used to provide adequate insurance of all types and in such amounts deemed necessary by the Board of Directors and for establishment of a reserve fund which shall be used exclusively for the maintenance, repair, and upkeep of the Common Area as provided for in the Declaration.

Section 8.03. Budget. It shall be the duty of the Board at least thirty (30) days prior to the beginning of the Association's fiscal year or sixty (60) days prior to the annual meeting if the budget will be reviewed at the annual meeting to prepare a budget covering the estimated costs of operating the Properties during the coming year. The Budget shall always address Monthly Operating Assessments and Capital Reserve Monthly Assessments. The Budget will address Special Assessments or Periodic Capital Reserve Assessments as may be warranted. The Board shall cause a copy of the summary of the budget and notice of the assessments to be levied against each Parcel for the following year to be mailed to each Owner within thirty (30) days of adoption of the Budget by the Board or within the time period to notify the Owners of the Annual Meeting if such budget is to be reviewed and approved at the annual meeting by ordinary first class mail or by other effective means, and shall set a date for a meeting of the Owners to ratify the budget, which can occur at the annual meeting, not less than ten (10) nor more than sixty (60) days after mailing or other delivery of the budget. Unless at that meeting sixty (60%) of all Owners reject the budget, the budget shall be ratified, whether or not a quorum is present. Notwithstanding the foregoing, however, in the event that the membership disapproves the proposed budget or the Board fails for any reason so to determine the budget for the succeeding year, then and until such time as a budget shall have been determined as provided herein, the budget in effect for the current year shall continue for the succeeding year, provided that, if necessary, the Association may adopt a new budget in compliance with the provisions of this Section 8.03.

Section 8.04 Annual Assessment. The Annual Assessment shall be determined as and comprised of the following:

(a) Monthly Operating Assessments. Monthly Operating Assessments for Common Expenses shall be based upon the estimated cash requirements as the Executive Board shall from time to time determine and are to be paid by all of the Owners, subject to Section 8.03 above. Estimated Common Expenses shall include, but shall not be limited to, the cost of routine maintenance and operation of the Common Area; expenses of management; and insurance premiums for insurance coverage as deemed desirable or necessary by the Association; landscaping and care of grounds within the Common Area; routine repairs and renovations within the Common Area; .wages; common water and utility charges for the Common Area; legal and accounting fees; management fees; expenses and liabilities incurred by the Association under or by reason of this Declaration; payment of any default remaining from a previous assessment period; and the creation of a reasonable contingency or other reserve or surplus fund for general, routine maintenance, repairs, and replacement of improvements within the Common Area on a periodic basis, as needed. The omission or failure of the Association to fix the Monthly Operating Assessments for any assessment period shall not be deemed a waiver, modification, or release of the Owners from their obligation to pay the same. The Association shall have the right, but not the obligation, to make prorated refunds of any Monthly Operating Assessments in excess of the actual expenses incurred in any fiscal year.

(b) Capital Reserve Monthly Assessments. Capital Reserve Monthly Assessments shall be based upon the future estimated replacement and maintenance costs of the Association as determined from time to time by the Board in regard to the Common Areas, subject to Section 8.03 above. The omission or failure of the Association to fix the Capital Reserve Monthly Assessments for any assessment period shall not be deemed a waiver, modification, or release of the Owners from their obligation to pay the same. The Association shall have the right, but not the obligation, to make prorated refunds of any Capital Reserve Monthly Assessments in excess of the actual expenses incurred in any fiscal year.

(c) The Association shall establish the Annual Assessment with respect to each fiscal year of the Association. The amount of the Annual Assessment for each fiscal year shall be based upon the Budget adopted by the Association. The Annual Assessment for the fiscal year of the Association in which this Document is executed has already been established by the Association. The Annual Assessment for any fiscal year after the fiscal year in which this Document is executed shall be established only after a Budget is adopted in accordance with the provisions of Section 8.03 hereof. If a Budget is not approved as required by Section 8.03 herein or the Act then the last Annual Assessment shall remain in full force and effect until a new Budget is approved per Section 8.03 and the Act. The Association may adjust the amount of an Annual Assessment during the fiscal year covered by such Annual Assessment from time to time as the Association may in its discretion deem necessary or advisable, but any such adjustment shall be based upon a revised Budget adopted by the Association in accordance with the provisions of Section 8.03 hereof.

Section 8.05 Periodic Capital Reserve Assessment. Periodic Capital Reserve Assessments shall be for the purpose of supplementing the Capital Reserve Monthly Assessments to the extent the same are insufficient to meet the projected capital repair and replacement obligations of the Association. A Periodic Reserve Capital Assessment shall be deemed an adjustment to the Budget and must occur in compliance with Section 8.03(c) in regard to adjustments to the Budget. Periodic Reserve Monthly Assessments shall be payable either in quarterly installments on a prorated basis or in one installment (as determined by the Board) in advance until the amount necessary is paid in full and if payable quarterly shall be due on the first day of each quarter the same and Annual Assessments.

Section 8.06: Special Assessments. In addition to the Annual Assessments and Periodic Capital Reserve Assessments authorized in Sections 8.04 and 8.05 hereof, the Association, if permitted under the Act, may levy in any fiscal year one or more Special Assessments, payable over such period as the Association may determine, for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, unexpected repair or replacements of improvements within the Common Area or for any other expense incurred or to be incurred as provided in this Declaration. This Section 8.06 shall not be construed as an independent source of authority for the Association to incur expense, but shall be construed to prescribe the manner of assessing expenses authorized by other sections of this Declaration or the Association documents, and in acting under this Section the Association shall make specific references to this Section. Any amounts assessed pursuant to this Section shall be assessed to Owners in the same proportion as provided for Annual Assessments in Section 8.04 subject to the requirement that any extraordinary insurance costs incurred as a result of the value of a particular Owner's Residence or the actions of a particular Owner (or his agents, servants, guests, tenants or invitees) shall be borne by that Owner. Special Assessments shall be based on a budget adopted in accordance with Section 8.03 above provided that, if necessary, the Association may adopt a new budget pursuant to Section 8.03 prior to levying a Special Assessments. After adoption of any Special Assessment, notice in writing of the amount of such Special Assessment and the time for payment of the Special Assessment shall be given promptly to Owners, and no payment shall be due less than thirty (30) days after notice shall have been given.

Section 8.07: Payment of Assessments. All Annual Assessments shall be payable in a single annual installment or equal monthly or quarterly installments at the option of the Association. Each installment of the Annual Assessments shall be due on the first day of the period to which such installment relates in the amount specified in the most recent written notice from the Association until the Association notifies an Owner in writing of a different amount. If the Annual Assessments are billed in a single installment such installment shall be due within thirty (30) days of the date of the invoice. At the option of the Association, Special Assessments may be payable in a lump sum or in quarterly or monthly installments. Each Special Assessment or installment of Special Assessment shall be due 30 days after the Association gives an Owner notice of the amount of such Owner's Special Assessment. The Association may charge and collect interest at an annual rate of the lesser of 21 percent or maximum rate provided by law on any Assessment which is not paid when due. If the Association engages an attorney to collect any Assessment not paid when due, the Owner responsible for the payment of such Assessment shall reimburse the Association for all costs of collection of such Assessment including, without limitation, reasonable attorneys' fees. If the Association receives partial payment of the amount of any unpaid Assessment and any other amounts payable with respect to such Assessment pursuant to this Section, the Association shall apply such partial payment first to the costs of collection of such unpaid Assessment, then to the interest due on such unpaid Assessment and finally to the unpaid Assessment.

Section 8.08: Default Assessments. Each Owner shall be liable for all Default Assessments with respect to such Owner or such Owner's Parcel as set forth in the Declaration which include, but are not limited to, the costs to be reimbursed to the Association by an Owner for any violation of the

Association Documents or the Act, pursuant to the provisions of Sections 7.01(b), 7.02(b) and 7.03(d) hereof and fines and penalties for violations of the Rules as described in Section 6.02(b) hereof. Any Default Assessment shall be due within 30 days after notice of the amount of such Default Assessment is delivered to an Owner and, if not paid when due, shall bear interest at an annual rate of the lesser of 21 percent or the maximum rate permitted by law. If the Association engages an attorney to collect any such Default Assessment not paid when due, the Owner responsible for the payment of such Default Assessment shall reimburse the Association for all costs of collection of such Default Assessment including, without limitation, reasonable attorneys' fees. Any Default Assessment collected by the Association shall be used by the Association in furtherance of its duties hereunder or to defray Common Expenses. If the Association receives partial payment of the amount of any unpaid Default Assessment and any other amounts payable with respect to such Default Assessment pursuant to this Section, the Association shall apply such partial payment first to the costs of collection of such unpaid Default Assessment, then to the interest due on such unpaid Default Assessment and finally to the unpaid Default Assessment.

Section 8.09: Common Expense Liability.

(a) The Common Expense Liability is allocated to each of the Parcels by multiplying the total liability for Assessments by the fraction of the Allocated Interests of such Parcel determined in accordance with the formula set forth in Section 2.01 hereof with the result that each Parcel shall be equally liable for the payment of Assessments except that all expenses (including, but not limited to, costs of maintenance, repair and replacement) relating to or benefiting fewer than all of the Parcels or residences to the extent not covered by insurance shall be borne by the Owners of those affected Parcels or Residences only.. Additionally, notwithstanding the foregoing allocation of the Common Expense Liability, the Association may be, at the election of the Association, allocate liability for Common Expenses in accordance with the following standards:

(i) the costs of the insurance carried by the Association pursuant to Section 7.03(a) hereof may be assessed in proportion to risk;

(ii) the costs of utilities may be assessed in proportion to usage; and

(iii) any Common Expense which is caused by the misconduct of an Owner, guests or invitees may be assessed exclusively against such Owner's Parcel.

(b) The payment of any Assessment and Charges payable under the provisions of the Declaration with respect to an Owner or such Owner's Parcel shall be a personal obligation of the Owner of such Parcel and such Owner's heirs, devisees, personal representatives, successors and assigns and, if there are multiple Owners of one Parcel, such obligation shall be a joint and several obligation of each Owner of such Parcel. Except as set forth in Section 8.06 hereof, a party acquiring fee simple title to a Parcel shall be jointly and severally liable with the former Owner of the Parcel for all such amounts which had accrued and were payable at the time of the acquisition of fee simple title to the Parcel by such party without prejudice to such party's right to recover any of such amounts paid by such party from the former Owner. No Owner shall be exempt from liability for payment of such Owner's share of the Common Expenses either by waiver of the use or enjoyment of the Common Areas or Easements or by abandonment of such Owner's Parcel.

Section 8.10: The Association's Lien. The Association has a statutory lien against each Parcel to secure payment to the Association of all Assessments payable under the provisions of the Declaration with respect to such Parcel and all Charges payable under the provisions of the Declaration with respect to each Owner of such Parcel together with interest thereon at the lesser of the annual rate of 21 percent or maximum rate permitted by law from the due date thereof and together with all costs and expenses of collecting such Assessments and Charges including, without limitation, reasonable attorneys' fees. The Association's lien shall be prior and superior to all other liens and encumbrances on a Parcel except as may be provided for in the Act Section 38-33.3-316. The Association's lien is not subject to the provisions of Part 2 of Article 41 of Title 38 of Colorado Statutes concerning homestead exemptions or to the provisions of Section 15-11-201 of Colorado Statutes concerning the elective-share of a surviving spouse. The Association's lien shall attach from the date of recording of this Document and shall be considered perfected without the necessity of recording a notice of default and claim of lien. Nevertheless, the Association may, as a condition to enforcement of the Association's lien, record a notice of default and claim of lien which may be executed by an officer or director of the Association, the managing agent of the Project (if any), or legal counsel for the Association. The Association's lien may be foreclosed in the manner provided by Colorado for the foreclosure of mortgages encumbering real property. At its option, the Association may recover any amounts claimed to be due in a notice of default and claim of lien by an action for a money judgment. In any such foreclosure or action, the Owners of the Parcel subject to such foreclosure or action shall be required to pay the costs and expenses of such proceedings including, without limitation, reasonable attorneys' fees. The Association shall be entitled to purchase the Parcel at any foreclosure sale, and to acquire, hold, lease, mortgage or convey the same. In any such foreclosure or action, the Court may appoint a receiver ex parte and without notice or bond to collect all sums alleged to be due from the Owners prior to or during the pendency of such foreclosure or action. The Court may order the receiver so appointed to pay any sums held by such receiver to the Association during the pendency of such foreclosure or action to the extent of the unpaid Assessments and Charges payable under the provisions of the Declaration.

Section 8.11: Statement of Unpaid Assessments and Charges. The Association shall furnish to an Owner of a Parcel, a designee of such Owner, a Lienholder with respect to a Parcel or a designee of such Lienholder, upon written request, by personal delivery or by certified mail, first-class postage prepaid, return receipt requested to the Association in compliance with Section 6.06, a written statement setting forth the amount of the unpaid Assessments and Charges payable under the provisions of the Declaration, if any, with respect to such Parcel. Such statement shall be furnished within 14 business days after receipt of the request to the address on the request provided to the Association and is binding upon the Association, the Board and every Owner. If no address is provided on the request then the response will be sent to the address on record with the Association in compliance with Section 6.06. If no statement is furnished to the requesting party by personal delivery or by certified mail, first-class postage prepaid, return receipt requested, to the requesting party within such 14 business day period, then the Association shall have no right to assert a lien upon the Parcel for unpaid Assessments and Charges which were due as of the date of the request.

Section 8.12: Surplus Funds. Upon the determination by the Board that surplus funds of the Association remain after payment or provision for Common Expenses and any prepayment or provision for reserves as described in Section 38-33.3-314 of the Act, the Board may decide either to distribute such surplus funds to the Owners in accordance with the respective Common Expense Liability of their Parcels or to credit such surplus funds to the Owners in accordance with the respective Common Expense Liability of their Parcels against their respective liabilities for future Common Expenses.

ARTICLE 9: DAMAGE OR DESTRUCTION

Section 9.01: Requirement of Repair and Replacement. In the event of any damage or destruction to any portion of the Common Area for which insurance is required under the provisions of Section 7.03(a)(i) hereof, the Association shall cause such damaged or destroyed portion of the Common Area to be fully repaired or replaced to substantially the same condition in which such portion existed prior to the damage or destruction promptly after the occurrence of such damage or destruction unless:

(a) Prior to the Association undertaking such repair or replacement, the Project is terminated in the manner described in Section 10.02 hereof;

(b) Such repair or replacement would be illegal under any state or local statute or ordinance governing health or safety; or

(c) Prior to the Association undertaking such repair or replacement, Owners entitled to vote at least 67 percent of the votes of the Association (which must include every Owner of a Parcel which is not proposed to have the Residence thereof or any Limited Common Element assigned thereto fully rebuilt) either vote not to rebuild or vote to accept a plan to only partially repair or replace the damaged or destroyed portion of the Project agree in writing to such plan. If such a plan is accepted by the requisite percentage of the Owners, the Association shall promptly: (i) undertake the repair or replacement provided for in such plan; (ii) restore the portion of the Project not to be repaired or replaced pursuant to such plan to a condition compatible with the remainder of the Project; and (iii) prepare, execute and record an amendment to the Declaration which reflects any reallocation of the Allocated Interests of any Parcel not fully rebuilt which is automatically made pursuant to Section 38-33.3-313(9)(b) of the Act.

Section 9.02: Insurance Proceeds.

(a) The insurance proceeds paid to the Association as a result of the damage or destruction of any portion of the Common Area shall be disbursed by the Association as follows:

(i) If the damaged or destroyed portion of the Common Area is fully repaired or replaced, the insurance proceeds shall be disbursed first to the expenses of such repair or replacement and the remainder shall be disbursed to the Association; and

(ii) If the damaged or destroyed portion of the Common Area is not fully repaired or replaced, (A) the insurance proceeds attributable to the Common Area shall be distributed to the Association.

(b) If the costs of the repair or replacement of the damaged or destroyed portion of the Common Area required by Section 9.01 hereof are in excess of the insurance proceeds paid to the Association as a result of such damage or destruction, the excess amount shall be a Common Expense payable by the Owners as a Special Assessment in accordance with their respective Common Expense Liability after any reallocation of the Allocated Interests referred to in Section 9.01(c) hereof unless the damage is die to the negligence or willful and wanton acts of an Owner or an Owner's guest, family, agents or invitees in which case said Owner shall be fully responsible for all costs of repair and replacement.

Section 9.03: Notice to First Lienors. Promptly after the occurrence of any fire or other casualty which causes damage or destruction of any portion of the Project which the Association estimates will cost $50,000.00 or more to repair, the Association shall deliver written notice thereof to all First Lienors. The delivery of such written notice shall not be construed as imposing any liability whatever on any First Lienor to pay all or any part of the costs of repair or restoration. Further, the provisions of Section 9.02 hereof shall not be construed as limiting in any way the right of a First Lienor (in case the insurance proceeds disbursed in accordance with the provisions of Section 9.02 hereof shall be insufficient to pay the indebtedness held by such First Lienor) to assert and enforce the personal liability for such deficiency of the person or persons responsible for payment of such indebtedness.

ARTICLE 10: RESTORATION AND TERMINATION

Section 10.01: Restoration. If at any time all Owners shall agree that all Residences have become obsolete and shall approve a plan for their renovation or restoration, the Association shall promptly approve such plan and render a timeline for the same which will be complied with by the Owners. All Owners shall be bound by the terms of such plan and the costs of the work shall be a Common Expense payable by the Owners as a Special Assessment in accordance with their respective Common Expense Liability.

Section 10.02: Termination. If at any time an agreement to terminate the Project is obtained from all Owners in accordance with the provisions of Section 38-33.3-218 of the Act and from all First Lienors, the Association shall promptly undertake the actions required of the Association under the provisions of Section 38-33.3- 218 of the Act. Upon completion of such actions by the Association, the Declaration shall automatically terminate without any further action.

ARTICLE 11: CONDEMNATION

Section 11.01: Appointment of Association as Attorney-in-Fact. Each Owner, on such Owner's behalf and on behalf of such Owner's heirs, devises, personal representatives, successors and assigns, does irrevocably constitute and appoint the Association with full power of substitution, as such Owner's true and lawful attorney in such Owner's name, place and stead to deal with such Owner's interest in such Owner's Parcel upon condemnation of such Owner's Parcel in accordance with the provisions of Section 38-33.3-107 of the Act and the provisions of this Article 11, with full power, right and authorization to execute, acknowledge and deliver any contract, deed or other document affecting the interest of such Owner, and to take any other action which the Association may consider necessary or advisable to give effect to the provisions of this Article 11. If requested to do so by the Association, each Owner shall execute and deliver a written instrument confirming such appointment. The actions of the Association in settling any condemnation claim shall be final and binding on all Owners.

Section 11.02: Entire Taking. If the entire Project is taken under any statute, by right of eminent domain, or by purchase in lieu thereof, or if any part of the Project is taken and the part remaining may not practically or lawfully be used for any purpose permitted by the Declaration, the Association (as attorney-in-fact for the Owners) shall collect the award made in such taking and shall sell the part of the Property remaining after the taking, if any, free and clear of the provisions of the Declaration which shall automatically terminate upon the recording of a notice by the Association setting forth all of such facts without any further action. The award and the proceeds of such sale, if any, shall be distributed by the Association in the manner provided in Section 38-33.3-218 of the Act.

Section 11.03: Partial Taking. If a taking occurs other than a taking specified in Section 11.02 hereof, then the Association (as attorney-in-fact for the Owners) shall collect the award made in such taking, shall promptly cause the portion of the Project not so taken to be restored as nearly as possible to its condition prior to the taking, and shall prepare, execute and record an amendment to the Declaration which confirms any reallocation of the Allocated Interests of any Parcels automatically made pursuant to the provisions of Section 38-33.3-107 of the Act. The costs of such restoration shall be a Common Expense payable by the Owners as a Special Assessment in accordance with their respective Common Expense Liability after any reallocation of the Allocated Interests referred to in the preceding sentence. The award paid to the Association as a result of any such taking shall be disbursed by the Association as follows:

(a) If the Residence of a Parcel is entirely taken or if only a part is taken and the part remaining may not practically or lawfully be used for any purpose permitted by the Declaration, the portion of such award attributable to such Residence or Parcel shall be disbursed to the Owner(s) of such Parcel or the Lienholder(s) with respect to such Parcel, as their interests may appear; and

(b) Any portion of such award not disbursed pursuant to the provisions of Section 11.03(a) hereof shall be disbursed to the Owner(s) of each Parcel or the Lienholder(s) with respect to such

Parcel, as their interests may appear, in accordance with the Allocated Interests of such Parcel after any reallocation of the Allocated Interests referred to above in this Section 11.03.

ARTICLE 12: MISCELLANEOUS PROVISIONS

Section 12.01: Enforcement and Remedies.

(a) The provisions of the Declaration shall be enforceable by the Association. In enforcing the Declaration, the Association shall be entitled to utilize any of the remedies set forth in Article 8 hereof and any other remedy at law or in equity including, without limitation, an action seeking a prohibitive or mandatory injunction or damages or both. If the Association attempts to enforce the Declaration without commencing an action, the party against which or whom enforcement is sought shall pay the reasonable collection costs and attorneys' fees incurred by the Association. If the Association brings an action to enforce the Declaration, the court shall award the party prevailing on any claim in such action the reasonable collection costs and attorneys' fees and costs (including, without limitation, the reasonable collection costs and attorneys' fees and costs of any appeal) incurred by the prevailing party on any such claim. No action shall be commenced or maintained to enforce the terms of any building restriction contained in the Declaration or to compel the removal of any building or improvement unless the action is commenced within one year after the date from which the person commencing the action knew or, in the exercise of reasonable diligence, should have known, of the violation for which the action is sought to be brought or maintained. The issuance of a building permit or certificate of occupancy which may be in contravention of the Declaration shall not prevent enforcement of the Declaration. All costs incurred by the Association in the enforcement of the Declaration shall be a Common Expense.

(b) Any controversy between the Association and an Owner or Owners arising out of the provisions of the Act may be submitted to mediation by either party to the controversy prior to the commencement of any legal proceeding. Either party to the mediation may terminate the mediation process without prejudice. The mediation agreement, if one is reached, may be presented to the court as a stipulation. If either party subsequently violates the stipulation, the other party may apply immediately to the court for relief.

(c) The Association shall be entitled to institute, defend or intervene in litigation or administrative proceedings in its own name on behalf of itself or two or more Owners on matters affecting the Project. In the event the Association desires to institute an action asserting defects in the construction of any number of the Parcels, the Association shall comply with the provisions of the Construction Defect Action Reform Act (Part 8 of Article 20 of Title 13 of Colorado Revised Statutes); and, if such action asserts defects in the construction of five or more Parcels, the Association shall comply with the provisions of Section 38-33.3-303.5 of the Act.

Section 12.02: Duration. The Declaration shall continue and remain in full force and effect in perpetuity, as the same may be amended from time to time in accordance with the provisions of

Section 12.03 hereof, unless the Declaration is terminated in accordance with the provisions of Sections 10.02 or 11.02 hereof.

Section 12.03: Amendment.

(a) The Declaration, including the Original Plat, may be amended only as follows:

(i) The Association shall be entitled to amend the Declaration, without the approval of the Owners or any Lienholders, as permitted under Sections 38-33.3-107, 38-33.3-218 (11) and (12) or 38-33.3- 313(9) of the Act or under any other express provisions of the Act or under any express provisions of the Declaration.

(ii) The Association shall be entitled to amend the Declaration without the approval of the Owners or any Lienholders pursuant to Section 38-33.3- 217(7) of the Act.

(iii) Unless such an amendment is permitted under Sections 12.03(a)(i) or (ii) hereof, the Declaration may be not be amended in regard to an increase of the number of Parcels in the Project, change the boundaries of a Parcel, reallocate the Allocated Interests of a Parcel or change the uses to which any Parcel is restricted without the approval by vote or agreement of the Owners who or which are entitled to vote at least 67 percent of the total votes of the Association. The percentage of the votes of the Owners set forth in this Section may not be reduced by an amendment to the Declaration which would violate the provisions of Sections 38-33-217(4) and (4.5) of the Act.

(iv) Except for any amendment to the Declaration described in Sections 12.03(a)(i), (ii) or (iii) hereof, the Declaration may be amended only by vote or agreement of Owners who or which are entitled to vote more than 50 percent of the total votes of the Association. The percentage of the votes of the Owners set forth in this Section may not be reduced by an amendment to the Declaration which would violate the provisions of Section 38-33-217(1) of the Act.

(b) Any amendment to the Declaration permitted by Section 12.03 hereof shall be prepared, executed and recorded in the real estate records of Eagle County, Colorado by the Association and shall be certified on behalf of the Association by any officer of the Association. The certification by an officer of the Association shall be to the effect that the either no approval from the Owners or any Lienholders of the amendment was required under the provisions of Sections 12.03(a)(i) and (ii) hereof or that the amendment received the approval of the percentage of the Owners as required by the provisions of Sections 12.03(a)(iii) or (iv) hereof. The expenses of preparing and recording an amendment to the Declaration shall be the responsibility of the Association. After the Association records an amendment to the Declaration in accordance with this Section 12.03, a presumption exists that such amendment is valid and such presumption shall become conclusive unless an action to challenge the validity of such amendment is brought within one year after the date of recording of such amendment.

Section 12.04: Covenants Running with the Land. Each provision of the Declaration, and any agreement, promise, covenant and undertaking to comply with each provision of the Declaration shall be deemed a covenant running with the land as a burden with and upon the title to each parcel of real property within the Project for the benefit of any other real property within the Project.

Section 12.05: Limited Liability. A director or an officer of the Association shall not be liable for actions taken or omissions made in the performance of his or her duties except for wanton and willful acts or omissions. The liability of directors and officers shall be further limited by the provisions of Part 4 of Article 128 of Title 7 of Colorado Revised Statutes and the provisions of the Articles.

Section 12.06: Successors and Assigns. Except as otherwise provided herein, the Declaration shall be binding upon and shall inure to the benefit of the Association and the Owners and each subsequent Owner and their respective heirs, devisees, personal representatives, successors and assigns. The Owners and each subsequent Owner shall be fully discharged and relieved of liability with respect to the obligations of such party under this Declaration upon ceasing to own an interest in a Parcel and upon the payment of all sums and the performance of all other obligations of such party under this Declaration up to the time such party ceased to own an interest in a Parcel.

Section 12.07: Severability. Invalidity or unenforceability of any provision of the Declaration in whole or in part shall not affect the validity or enforceability of any other provision or any valid and enforceable part of a provision of the Declaration.

Section 12.08: Captions. The captions and headings in the Declaration are for convenience only and shall not be considered in construing any provisions of the Declaration.

Section 12.09: Construction. When necessary for proper construction, the masculine of any word used in the Declaration shall include the feminine or neutered gender, and the singular the plural and vice versa.

Section 12.10: No Waiver. Failure to enforce any provisions of the Declaration shall not operate as a waiver of such provision or of any other provision of the Declaration.

Section 12.11: Governing Law. The Declaration shall be governed by and construed under Colorado law.

Section 12.12: Separate Signature Pages. This Document may be signed by the Signing Owners and the current Lienholders on separate signature pages which may be attached to a master copy of this Document and, once attached, such master copy shall constitute the original executed copy of this Document.

Section 12.13 Conflict Between Documents. In the event of any conflict between the Declaration, Bylaws, Rules and Regulation or Articles of Incorporation, the Declaration shall govern. In the event of any conflict between the Declaration and the Act the Act shall govern.

EXECUTED on the date set forth in the acknowledgment of each signature set forth below or contained on a separate signature page attached hereto to be effective for all purposes as of the date first set forth above.

ALQUEZAR HOMEOWNERS' ASSOCIATION,
a Colorado nonprofit corporation

(Corporate Seal)

By: ______________________
President

ATTEST:

____
Secretary

STATE OF COLORADO)
) ss.
COUNTY OF EAGLE)

The foregoing instrument was acknowledged before me this 29th day of January, 2009 by Michael R. Hecomovich as President and Nanette Kuich as Secretary of Alquezar Homeowners' Association, a Colorado nonprofit corporation, on behalf of such corporation.

Witness my hand and official seal.

____
Notary Public
My commission expires: 9/25/2011

EXHIBIT A

(Attached to and forming a part of Amended and Restated Declaration for Alquezar Homeowner's Association dated January 29, 2009)

LEGAL DESCRIPTION OF THE PROPERTY

ALQUEZAR HOMEOWNER'S ASSOCIATION, Eagle County, Colorado; according to (1) Declaration of Covenants, Conditions and Restrictions for Alcazar Villas recorded on October 4, 1991 in Book 564 at Page 83 as Reception No. 460208 of the real estate records of Eagle County, Colorado (the "Original Declaration"); the First Supplement to the Original Declaration recorded January 29, 1992 in Book 571 at Page 691 as Reception No. 467809 of the real estate records of Eagle County, Colorado; the First Amendment to the Original Declaration recorded May 26, 1993 in Book 609 at Page 766 as Reception No. 505846 of the real estate records of Eagle County, Colorado; Second Amendment to the Original Declaration recorded October 16, 1995 in Book 678 at Page 317 as Reception No. 574328 of the real estate records of Eagle County, Colorado; and the Third Amendment to the Original Declaration recorded June 24, 1996 at Book 698 at Page 205 as Reception No. 694196 of the real estate records of Eagle County, Colorado (collectively referred to herein as the "Original Declaration") and (2) Final Plat of Alcazar Villas, Phase I recorded on October 4, 1001 in Book 564 at Page 84 ("Phase I Final Plat") of the real estate records of Eagle County, Colorado; the Final Plat of Alcazar Villas, Phase II, a Resubdivision of Tract C, Alcazar Villas Phase II, recorded in Book 564 at Page 85 of the real estate records of Eagle County, Colorado ("Phase II Final Plat"); the Phase III Final Plat of Alcazar Villas, Phase III, a Resubdivision of Tracts C and D, Alcazar Villas Phase II, ("Phase III Final Plat") recorded on January 29, 1992 in Book 571 at Page 692 of the real estate records of Eagle County, Colorado; the Amended Final Plat of Alcazar Villas Phases I and II, a Resubdivision of Lots 2, 3, 4, 6 and 8, recorded on October 18, 1994 in Book 562 at Page 840 of the real estate records of Eagle County, Colorado; the Amended Final Plat, Alcazar Villas, Phase III, a Resubdivision of Lots 17, 19 and 21 recorded December 6, 2004 in Book 656 at Page 663 according to the of the real estate records of Eagle County, Colorado.