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CONDOMINIUM DECLARATION FOR
SILVER RIDGE CONDOMINIUMS

MT. CRESTED BUTTE, COLORADO

JUNE 5, 2001



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CONDOMINIUM DECLARATION FOR SILVER RIDGE CONDOMINIUMS

THIS CONDOMINIUM DECLARATION FOR SILVER RIDGE CONDOMINIUMS (this "Declaration") dated as of this 5th day of June, 2001, shall be effective upon recordation and is made by COLO-MINN CONDOMINIUMS LLC, A Colorado Limited Liability Company("Declarant"). Declarant is the owner of certain real property in Gunnison County, Colorado, more particularly described on Exhibit A attached and made part of this Declaration by this reference (the "Property"). Declarant hereby makes the following grants, submissions, and declarations:

ARTICLE I STATEMENT OF PURPOSE OF DECLARATION

1. **Purpose.** The purpose of this Declaration is to create a single-family condominium project (the "Project") pursuant to the Colorado Common Interest Ownership Act as set forth in Article 33.3, Title 38, Colorado Revised Statutes, as amended and supplemented from time to time (the "Act"), within the Building (as hereinafter defined) and other improvements located on the Property, which Project shall incorporate residential uses and shall be referred to as the "Project". Further, this Declaration is executed to define the character, duration, rights, duties, obligations and limitations of single-family condominium use and ownership of the property and to provide for the benefit of all unit owners located within the project.

1.2 **Intention of Declarant.** Declarant desires to (a) protect the value and desirability of the Project as a whole while respecting the separate and distinct interests of the owners of each of the Residential Units (b) further a plan for the improvement, sales, and condominium ownership of the Project (c) create a harmonious and attractive development within the Project, and (d) promote and safeguard the health, comfort, safety, convenience, and welfare of the owners of condominium units of the Residential project.

1.3 **Development and Use.** The Project will consist of a maximum of Twelve (12) condominium units, of which all shall be designated for single-family residential use. No additional condominium units may be established on the Property by subdivision of existing units, conversion of non-condominium space, or otherwise by the Declarant or the homeowner's association.

1.4 **Declaration.** To accomplish the purposes and intentions recited above, Declarant hereby submits the Property, together with all improvements, appurtenances, and facilities relating to or located on the Property now and in the future, to the provisions of the Act, and hereby imposes upon all of the Property the covenants, conditions, restrictions, easements, reservations, rights-of-way, and other provisions



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of this Declaration below. Further, Declarant hereby declares that all of the Property shall be held, sold, conveyed, encumbered, leased, rented, occupied, and improved, subject to the provisions of this Declaration.

1.5 Covenants Running With the Land. All provisions of this Declaration shall be deemed to be covenants running with the land, or equitable servitudes, as the case may be. The benefits, burdens, and other provisions contained in this Declaration shall be binding upon and shall inure to the benefit of Declarant, all Owners, and their respective heirs, executors, administrators, personal representatives, successors, and assigns.

1.6 Colorado Common Interest Ownership Act. Declarant declares the Property to be a Common Interest Community in accordance with the Colorado Common Interest Ownership Act.

ARTICLE II DEFINITIONS

The following words, when used in this Declaration and any exhibits attached hereto, shall have the meanings designated below unless the context shall expressly provide otherwise:

2.1 "Assessments" shall mean any assessments, whether regular, special or otherwise, levied pursuant to this Declaration or the Association Documents to provide the necessary funds for all requirements of this Declaration and the obligations of the Association. Assessments are also referred to as a Common Expense Liability under the Act.

2.2 "Association" shall mean "Silver Ridge Condominium Homeowners Association" a Colorado Nonprofit Corporation, and its successors and assigns.

2.3 "Association Documents" shall mean the basic documents creating and governing the Project, including, but not limited to, this Declaration, the articles of incorporation and bylaws of the Association, the Map, and any procedures, rules, regulations, or policies relating to the Project adopted under such documents by the Association or the Executive Board.

2.4 "Board of Directors or Board" shall mean the Board of Directors of the Association duly elected and acting according to the Association Documents as the governing body of the Association provided in the Articles of Incorporation and bylaws of the Association.

2.5 "Building" shall mean the building (including all fixtures and improvements contained within it) in which Condominium Units and Common Elements are located.



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2.6 "Common Elements" shall mean all of the Project, except the Individual Air Space Units, and including, without limiting the generality of the foregoing, the following components:

2.6.1 The property, excluding improvements on the Property unless specifically described in this subsection;

2.6.2 The Building (including, but not by way of limitation, the foundations, columns, girders, beams, supports, perimeter and supporting walls, fireplaces, chimneys, flues, chimney chases, roofs, patios, decks, balconies, corridors, lobbies, vestibules, entrances and exits; and the mechanical installations of the Building consisting of the equipment and materials making up any central services such as power, light, gas, hot and cold water, sewer, and heating and central air-conditioning which exist for use by one or more of the Owners, including the pipes, vents, ducts, flues, cable conduits, wires, telephone wire, and other similar utility installations used in connection therewith and the areas designated on the Map as including those installations; trash rooms and storage rooms; elevators and stairs), except for the Individual Air Space Units;

2.6.3 The yards, sidewalks, walkways, parking areas, paths, grass, shrubbery, trees, planters, driveways, roadways, landscaping, gardens and related facilities upon the Property;

2.6.4 The pumps, tanks, motors, fans, storm drainage structures, compressors, ducts, and, in general, all apparatus, installations, and equipment of the Building existing for use of one or more of the Owners; and

2.6.5 In general, all other parts of the Project designated by Declarant as Common Elements and existing for the use of one or more of the Owners.

The Common Elements shall be owned by the Owners of the separate Condominium Units, each Owner of a Condominium Unit having an undivided interest in the Common Elements as provided below.

2.7 "Common Expense(s)" shall mean and include the following:

2.7.1 Expenses of administration, insurance, operation, and management, repair, or replacement of the Common Elements except to the extent such repairs and replacements are responsibilities of an Owner as delineated in Section 9.2 below;

2.7.2 Expenses declared Common Expenses by the provisions of this Declaration or the bylaws of the Association;

2.7.3 All sums lawfully assessed against the Condominium Units by the Board;



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2.7.4 Expenses agreed upon as Common Expenses by the members of the Association; and

2.7.5 Expenses provided to be paid by the Owners in accordance with the terms of this Declaration pursuant to the respective Management Agreements for the maintenance of the General Common Elements.

2.8 "**Condominium Map**" or "**Map**" shall mean and include any engineering survey or surveys of the Property locating the Condominium Units in the Building and the Building on the Property, and depicting the floor plans of the Units together with other drawings or diagrammatic plans and information regarding the Property including, but not limited to a Plat, as may be included in the discretion of the Declarant, as recorded by Declarant in the office of the Clerk and Recorder of Gunnison County, Colorado. Any use of these terms shall include the Plat.

2.9 "**Condominium**" or "**Unit**" or "**Condominium Unit**" shall mean with the fee simple interest in and to an Individual Air Space Unit, together with the undivided interests in the Common Elements appurtenant to the Individual Air Space Unit as specified in the attached Exhibit B. Condominium Unit is also referred to as a Unit under the Act.

2.10 "**Declarant**" shall mean COLO-MINN CONDOMINIUMS LLC, a Colorado Limited Liability Company, and its successors and assigns.

2.11 "**Declaration**" shall mean this Declaration for Silver Ridge Condominiums together with any supplement or amendment to this Declaration, recorded by Declarant in the office of the Clerk and Recorder of Gunnison County, Colorado.

2.12 "**Director**" shall mean a member of the Board.

2.13 "**First Mortgage**" shall mean an unpaid and outstanding mortgage, deed of trust, or other security instrument recorded in the office of the Clerk and Recorder of Gunnison County, Colorado, which secures financing for the construction or development of the Project or which encumbers a Condominium Unit, and which, in any case, has priority of record over all other recorded liens except those governmental liens made superior by statute (such as general ad valorem tax liens and special assessments)

2.14 "**First Mortgagee**" shall mean the Mortgagee under a First Mortgage.

2.15 "**General Common Elements**" shall mean the Common Elements.

2.16 "**Individual Air Space Unit**" shall mean, that portion of a single Condominium Unit designated for separate ownership by an Owner depicted on the Map and consisting of enclosed rooms and bounded by the unfinished perimeter walls,



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ceilings, floors, doors, and windows thereof.

Unit(s) shall be those boundaries as are designated on the Map. For the purpose of defining an Individual Air Space Unit, the terms set forth below shall be defined as follows:

2.16.1 "Unfinished perimeter wall" shall mean the studs, supports, and other wooden, metal, or similar structural materials which constitute the interior face of a wall of an Individual Air Space Unit.

2.16.2 "Unfinished ceiling" means the beams, joists, and wooden or other structural materials which constitute the ceiling of an Individual Air Space Unit.

2.16.3 "Unfinished floor" means the beams, floor joists, and floor deck material which constitute the floor of an Individual Air Space Unit.

An Individual Air Space Unit shall include any drywall, wall paneling, wood, tile, paint, paper, carpeting, or any other wall, ceiling, or floor covering, windows and window frames, shutters, awnings, doorsteps, stoops, and doors and door frames. An Individual Air Space Unit shall also include any fireplace or stove hearth, facing brick, tile or firebox. An Individual Air Space Unit shall further include fixtures and hardware and all improvements contained within the unfinished perimeter walls, ceilings, and floors. An Individual Air Space Unit shall include any heating and refrigerating elements or related equipment, utility lines and outlets, electrical and plumbing fixtures, pipes, and all other related equipment required to provide heating, air-conditioning, hot and cold water, electrical, or other utility services to the Individual Air Space Unit and located within the unfinished perimeter walls, ceilings, and floors; provided, however, that an Individual Air Space Unit shall not include any of the structural components of the Building or utility or service lines located within the Individual Air Space Unit but serving more than one Individual Air Space Unit.

2.17 "Management Agreement" shall mean any contract or arrangement entered into for purposes of discharging the responsibilities of the Board or the Directors as the case may be, relative to the operation, maintenance, and management of the Project.

2.18 "Managing Agent" shall mean a person, firm, corporation, or other entity employed or engaged as an independent contractor pursuant to a Management Agreement to perform management services for the Project.

2.19 "Maximum Rate" shall mean two percentage points greater than that rate of interest charged by a bank (designated from time to time by the Board) to the best commercial customers of the designated bank for short-term loans and identified as the "prime rate" by such bank as of the date on which such Maximum Rate is imposed with respect to any amount payable under this Declaration, or if less, the maximum rate allowed by law.



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2.20 "Mortgage" shall mean any unpaid and outstanding mortgage, deed of trust, or other security instrument recorded in the office of the Clerk and Recorder of Gunnison County, Colorado, which secures financing for the construction or development of the Project or which encumbers a Condominium Unit.

2.21 "Mortgagee" shall mean any person or entity named as a mortgagee or beneficiary under any Mortgage, or any successor to the interest of any such person under such Mortgage.

2.22 "Owner" shall mean any record owner (including Declarant, and including a contract seller, but excluding a contract purchaser), whether a natural person or persons, or an entity, of a fee simple title interest in and to any Condominium Unit; excluding, however, any record owner with an interest therein merely as a Mortgagee (unless such Mortgagee has acquired fee simple title interest in the Condominium Unit pursuant to foreclosure or any proceedings in lieu of foreclosure)

2.23 "Property" shall mean the real property described in the attached Exhibit

2.24 "Snow storage area" shall mean any area designated on a Plat or Map as a snow storage area. Any snow storage area may be used by the Town or its authorized representative to store snow thereon as required for snow removal on the dedicated streets and roads.

2.25 "Town" shall mean the Town of Mt. Crested Butte, Colorado

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

ARTICLE III DIVISION OF PROJECT INTO CONDOMINIUM OWNERSHIP

3.1 Division Into Condominium Units. As of the recording of this Declaration, the Property is hereby divided into Twelve (12) Condominium Units. Each Condominium Unit consists of a fee simple interest in an Individual Air Space Unit and an undivided fee simple interest in the Common Elements in accordance with the respective undivided interests in the Common Elements as set forth in Exhibit B. Such undivided interests in the Common Elements are hereby declared to be appurtenant to the respective Units.

3.2 Delineation of Unit Boundaries. The boundaries of each Individual Air Space Unit are delineated and designated by an identifying number on the Map, and those numbers are set forth in Exhibit B.

3.3 Inseparability of Condominium Unit. No part of a Condominium Unit or of the legal rights comprising ownership of a Condominium Unit may be partitioned or separated from any other part thereof during the period of condominium ownership

prescribed in this Declaration. Subject to Section 3.1 above, each Condominium Unit shall always be conveyed, transferred, devised, bequeathed, encumbered, and otherwise affected only as a complete Condominium Unit. Every conveyance, transfer, gift, devise, bequest, encumbrance, or other disposition of a Condominium Unit or any part thereof shall be presumed to be a disposition of the entire Condominium Unit, together with all appurtenant rights and interests created by law or by this Declaration.

3.4 Nonpartitionability of Common Elements. Subject to the provisions of this Article and Article 5 below, the Common Elements shall be owned in common by all of the Owners and shall remain physically undivided. No Owner shall bring any action for partition or division of the Common Elements. By acceptance of a deed or other instrument of conveyance or assignment to a Condominium Unit, each Owner of the Unit shall be deemed to have specifically waived such Owner's right to institute or maintain a partition action or any other cause of action designed to cause a division of the General Common Elements, and this Section 3.4 may be pleaded as a bar to the maintenance of such an action. Any Owner who shall institute or maintain any such action shall be liable to the Association and hereby agrees to reimburse the Association for the Association's costs, expenses, and reasonable attorneys' fees in defending any such action. Such amounts shall automatically become a default Assessment determined and levied against such Owner's Unit and enforced by the Association in accordance with Sections 8.10, 8.11 and 8.12 below.

Notwithstanding the foregoing the Association shall have the right to dedicate, sell or otherwise transfer all or any part of the Common Elements to any public, governmental, or quasi-governmental agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the Owners. However, such dedication or transfer of the Common Elements shall not be effective unless an instrument has been signed by members holding an aggregate interest equal to at least eighty-five percent (85%) of the votes of the Owners agreeing to such dedication, sale or transfer. Notwithstanding the preceding sentence, the granting of easements by a majority of voting Directors of the Board, for public utilities, for access by pedestrians or for other public purposes not inconsistent with the intended use of the Common Elements shall not be deemed a transfer requiring such consent of the Owners within the meaning of this Section.

ARTICLE IV CONDOMINIUM MAP

4.1 Condominium Map. The Map shall be filed for record in the office of the Clerk and Recorder of Gunnison County, Colorado. Any Map filed subsequent to the first Map shall be termed a supplement to such Map, and the numerical sequence of such supplements shall be shown thereon. The Map shall be filed for record following substantial completion of those portions of the Building subject to this Declaration and prior to the conveyance of any Condominium Unit depicted on the Map to a purchaser. The Map shall show the location of the Building on the Property; the floor and elevation plans; the location of the Condominium Units within the Building, both horizontally and



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vertically; the thickness of the common walls, if any, between or separating the Condominium Units one from the other, or from Common Elements, as applicable; the Condominium Unit designations; designation of General Common Elements and such other information as Declarant may require in its discretion. The Map shall contain a certificate of a registered professional engineer or licensed architect or a licensed land surveyor certifying that the Map substantially depicts the location and the horizontal and vertical measurements of the Building and the Condominium Units, the dimensions and, if Declarant directs, the square foot areas of the Condominium Units, and the elevations of the unfinished floors and ceilings as constructed, and certifying that such Map is prepared subsequent to the substantial completion of the improvements. Each supplement or amendment shall set forth a like certificate when appropriate. The Map shall further contain such other information, certifications and depictions as may be required under Section 38-33.3-209 of The Act.

4.2 Amendment. Declarant reserves the right to amend the Map, from time to time, to the fullest extent permitted under the Act.

ARTICLE V OWNERS' PROPERTY RIGHTS IN COMMON ELEMENTS

5.1 General Common Elements. Every Owner and the family members, guests, tenants, and licensees of each Owner shall have a perpetual right and easement of access over, across, and upon the General Common Elements for the purpose of entering and exiting such Owner's Condominium Unit, the parking area of such Owner and the public ways for both pedestrian and vehicular travel, which right and easement shall be appurtenant to and pass with the transfer of title to such Condominium Unit; provided, however, that such right and easement shall be subject to the following:

5.1.1 The covenants, conditions, restrictions, easements, reservations, rights-of-way, and other provisions contained in this Declaration, and the Condominium Map;

5.1.2 The right of the Association to regulate on an equitable basis the use of parking spaces and storage spaces which are General Common Elements, from time to time;

5.1.3 The right of the Association to adopt, from time to time, rules and regulations concerning vehicular traffic and travel upon, in, under, and across the Project; and

5.1.4 The right of the Association to adopt, from time to time, any and all rules and regulations concerning the Common Elements as the Association may determine are necessary or prudent, subject to the terms of Section 7.7 and Article 13 hereof.



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Notwithstanding the foregoing, the Association shall take no action which unreasonably restricts any Owner's or his family members', guests', tenants' and licensees' right and easement of access over, across and upon the General Common Elements to his Unit(s)

5.2 Parking. The Owners acknowledge that in addition to the individually owned garages that are part of each Unit, the Association will own parking spaces located on the Project. The Association will have full right, power and authority to regulate such parking on an equitable basis as determined by the Board including, without limitation, the right to assign exclusive parking spaces to certain Units and the right to adopt rules and regulations governing the use and maintenance of such parking 'consistent with the Parking Documents.

ARTICLE VI MEMBERSHIP AND VOTING RIGHTS IN ASSOCIATION

6.1 Association Membership. Every Owner shall be a member of the Association and shall remain a member for the period of the Owner's ownership of a Condominium Unit. No Owner, whether one or more persons, shall have more than one membership per Condominium Unit owned, but all of the persons owning a Condominium Unit shall be entitled to rights of membership and of use and enjoyment appurtenant to ownership of a Unit. Membership in the Association shall be appurtenant to, and may not be separated from, ownership of a Condominium Unit. However, any Owner may appoint, in a written instrument furnished to the secretary of the Association, a delegate to exercise the rights of such Owner as a member of the Association, and in the event of such appointment, the delegate shall have the power to cast votes on behalf of the Owner as a member of the Association, subject to the provisions of and in accordance with the procedures more fully described in the bylaws of the Association.

6.2 Voting Rights. All owners within the Project shall be Members of the Association. Each Unit shall be entitled to one vote in the Association. The one vote for each unit shall be exercised by the Owner and when more than one person or entity holds an interest in a Unit, the vote for the Unit shall be exercised as the Owners may determine among themselves, but the vote for the Unit shall be cast by only one person.

6.3 Fairness Standard. The Board, the officers of the Association and the Association shall have the duty to represent the interest of all Owners in a fair and just manner on all matters

6.4 Registration of Mailing Address. Each Owner shall register his mailing address with the Association within seven (7) days of transfer of title to said Owner. Except for monthly statements and other routine notices, all notices or demands to be served upon an Owner shall be sent by either registered or certified mail, postage prepaid, addresses in the name of the Owner at such registered mailing address. All notices, demands or other notices intended to be served upon the Association shall be

sent by certified mail, postage prepaid, to the address of the Association.

6.5 Single Address for Mailing. In the event any Unit is owned by more than one person, or by a partnership, joint venture, corporation, or other such entity, the Owners thereof shall designate to the Association and to the Town of Mt. Crested Butte, Colorado, in writing the name and address of the agent of the Owner to whom all legal or official assessments, liens, levies or other such notices may be properly and lawfully mailed. Upon failure to so designate an agent, the Association shall be deemed to be the agent for receipt of notices to such Owners. If the address of the Unit is the registered address of the Owners, then any notice shall be deemed duly given if delivered to any person occupying the Unit or, if the Unit is unoccupied, if the notice is held and available for the Owners at the principal office of the Association.

ARTICLE VII ASSOCIATION DUTIES

7.1 Association Management Duties.

7.1.1 Subject to the rights and obligations of Declarant and other Owners as set forth in this Declaration, the Association shall be responsible for the administration and operation of the Project and for the exclusive management, control, maintenance, repair, replacement, and improvement of the General Common Elements (including facilities, furnishings, and equipment related thereto), and shall keep the same in good, clean, attractive, and sanitary condition, order, and repair. The expenses, costs, and fees of such management, operation, maintenance, and repair by the Association shall be part of the Assessments, and, subject to the budget approval procedures of Section 8.6 below. Prior approval of the Owners shall not be required in order for the Association to pay any such expenses, and fees.

7.1.2. The Owners shall be responsible for the exclusive management, control, maintenance, repair, replacement and improvement of the Common Elements. The expenses, costs and fees of such management, operation, maintenance and repair of the Common Elements shall be part of the Assessments to be paid by the Owners for such Common Elements and, subject to the budget approval procedures of Section 8.6 below, prior approval of the Owners shall not be required in order for the Association to pay any such expenses, costs and fees.

7.1.3 Notwithstanding the foregoing, if any Common Element is exclusively allocated to one or more Units, (such as private garages) the Owners of such individual Unit(s) shall be responsible for any Common Element to such Unit(s), other than parking spaces which for purposes of this Section shall be maintained by the Association in the same manner as the other Common Elements described above, and also responsible for other areas which, pursuant to Section 5.1.2 above, may be designated for use in connection with the Owner's Condominium Unit, and each Owner shall also be responsible for keeping the same in a good, clean, sanitary, and attractive condition.



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7.2 Reserve Account. The Association shall establish and maintain, as part of its budget and out of the installments of the annual Assessments, adequate reserve accounts for maintenance, repair, or replacement of those Common Elements that must be replaced on a periodic basis.

7.3 Owner's Negligence. In the event that the need for maintenance, repair, or replacement of all, or any portion of the Common Elements is caused through or by the negligent or willful act or omission of an Owner, or by any member of an Owner's family, or by an Owner's guests, invitees, or tenants, then the expenses incurred by the Association for such maintenance, repair, or replacement shall be a personal obligation of such Owner; and, if the Owner fails to repay the expenses incurred by the Association within seven (7) days after notice to the Owner of the amount owed, then the failure to so repay shall be a default by the Owner under the provisions of this Section 7.3, and such expenses shall automatically become a default Assessment determined and levied against such Condominium Unit, enforceable by the Association in accordance with Sections 8.10, 8.11 and 8.12 below.

7.4 Acquiring and Disposing of Personal Property. The Association may acquire, own, and hold tangible and intangible personal property for the use and benefit of all Owners, and may dispose of the same by sale or otherwise, and the beneficial interest in any such property shall be deemed to be owned by the Owners in the same undivided proportion as their respective undivided interests in the Common Elements. Such interests shall not be transferable except with the transfer of a Condominium Unit. A conveyance of a Condominium Unit shall transfer ownership of the transferor's beneficial interest in such personal property without any reference thereto. Each Owner may use such personal property in accordance with the purposes for which it is intended, without hindering or encroaching upon the lawful rights of other Owners. The transfer of title to a Condominium Unit under foreclosure shall entitle the purchaser to the interest in such personal property associated with the foreclosed Condominium Unit.

7.5 Issuance of Rules and Regulations. The Board may make and amend reasonable rules and regulations governing the use and rental of the Units and the use of the Common Elements. The Board may, by a majority of the voting Directors, make and amend reasonable rules and regulations governing the use and operation of the General Common Elements. Notwithstanding the foregoing, any such rules and regulations shall not be inconsistent with the terms of this Declaration, including, but not limited to Article 13. In addition, such rules and regulations shall, when applied to each of the Condominium Units considering the use of such Unit, be equitable and reasonable as applied to the Unit with respect to the use thereof. The Board shall provide thirty (30) days written notice prior to the adoption or amendment of any rules and regulations and provide for a reasonable opportunity for Owners to comment at a meeting of the Executive Board on the proposed adoption or amendment of any rules and regulations.

7.6 Enforcement of Association Documents. The Association or any aggrieved Owner may take judicial action against any Owner to enforce compliance with such rules and regulations and with the other provisions of the Association Documents

to obtain damages for noncompliance or for injunctive relief, or both, all to the extent permitted by law.

7.7 Identity of The Board and Managing Agent. From time to time, but no less frequently than annually, there shall be mailed by the Association to each Owner a notice containing the names and addresses of the members/directors of the Board and the Managing Agent(s), if any.

7.8 Payments to Working Capital Account. In order to provide the Association with adequate working capital funds, the Association shall collect at the time of the sale of each Condominium Unit an amount equal to three months' installments of annual Assessments at the rate in effect at the time of the sale. The Association shall maintain the working capital funds to meet unforeseen expenditures or to acquire additional equipment or services in connection with the General Common Elements for the benefit of the members of the Association, subject to the budget approval procedures of Section 8.6 below. Such payments to this fund shall not be considered advance payments of annual Assessments. The unused portion of the working capital deposit shall be returned to each Owner upon the sale of his Condominium Unit, provided that the new purchaser of the Unit has deposited the required working capital deposit with the Association.

7.9 Implied Rights. The Association may exercise any and all other rights or privileges given to it by this Declaration, or by the other Association Documents, or as may otherwise be given to it by law, and every other right or privilege reasonably to be implied from the existence of any right or privilege given to the Association in the Association Documents or reasonably necessary to effectuate any such right or privilege.

7.10 Books and Records of the Association. The Board and/or each Managing Agent, as the case may be, shall keep detailed, accurate records of the receipts and expenditures affecting the Common Elements and shall maintain such other books and records as may be required under the Act. Owners and Mortgagees may inspect the records of receipts and expenditures of the Managing Agent or the Board at convenient weekday business hours. In addition, the other books, records, and papers of the Association, including this Declaration, the articles of incorporation and the bylaws of the Association, as well as any Management Agreement and any rules and regulations of the Association, shall be available for inspection by any Owner or Mortgagee at all times during convenient weekday business hours.

ARTICLE VIII ASSESSMENTS

8.1 Covenant of Personal Obligation of Assessments. Declarant, by creating the Condominium Units pursuant to this Declaration, and every other Owner, by acceptance of the deed or other instrument of transfer of his Condominium Unit (whether or not it shall be so expressed in such deed or other instrument of transfer), is



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deemed to personally covenant and agree, with the Association, and hereby does so covenant and agree to pay to the Association the (a) annual Assessments, (b) special Assessments, and (c) default Assessments applicable to the Owner's Condominium Unit. No Owner may waive or otherwise escape personal liability for the payment of the Assessments provided for in this Declaration by not using the Common Elements or the facilities contained in the Common Elements or by abandoning or leasing his Condominium Unit.

8.2 Purpose of Assessments. The Assessments levied by the Association shall be used for the purpose of promoting the health, safety, convenience, and general welfare of the Owners, including the improvement and maintenance of the Property and of the services and facilities located on the Property. Proper uses of the Assessments shall include, but are not limited to, the following:

8.2.1 Repairing, replacing, renovating and maintaining any of the Common Elements not made the responsibility of the Owners by Section 7.1 or Section 7.3 above, Section 9.2 below, or other provisions of this Declaration;

8.2.2 Installing, maintaining, and repairing underground utilities upon, across, over, and under any part of the Project which are not conveyed to and accepted by utility companies;

8.2.3 Furnishing garbage and trash pickup and water and sewer services to the Project;

8.2.4 Obtaining and maintaining insurance in accordance with the provisions of Article 10 below;

8.2.5 Establishing and maintaining reserves for repairs, replacement, maintenance, taxes, capital improvements, and other purposes;

8.2.6 Carrying out all other powers, rights, and duties of the Association specified in the Association Documents;

8.2.7 Providing for and maintaining adequate snow removal services; and

8.2.8 Generally, addressing any other expenses necessary to meet the primary purposes of the Association.

8.3 Commencement of Assessments. All of the Units shall be allocated full Assessments, subject to the provisions of Section 8.6 below, no later than sixty (60) days after Declarant conveys the first Unit in the Project to a purchaser.

8.4 Amount of Total Annual Assessments. The total annual Assessments against all Condominium Units shall be based upon the Association's advance budget of

the cash requirements needed by it to provide for the administration and performance of its duties during such fiscal year, as approved by the Owners pursuant to Section 8.6 below, which estimates may include, among other things, the costs associated with the items enumerated in Section 8.2 above, together with any other costs and fees which may reasonably be expected to be incurred by the Association for the benefit of the Owners under or by reason of the Association Documents. In the event of surplus funds remaining after payment of or provision for Common Expenses and any prepayment of or provision for reserves, the Board may within its discretion apply the surplus funds (a) into reserves, (b) toward the following year's Common Expenses, (c) toward a credit to Owners against future assessments or in the form of a distribution, or (d) any combination of the foregoing.

8.5 Apportionment of Annual Assessments. The total annual Assessment for any fiscal year of the Association shall be assessed to each Unit as follows:

8.5.1 The annual Assessment for each Unit shall be in an amount equal to the percentage interest in the General Common Elements allocated to such Unit as shown on Exhibit B multiplied by the GCE Budget (as defined hereinafter).

To the extent any Common Expense relating to the General Common Element disproportionately benefits any Owner or group of Owners, the Board may, by a majority of the voting Directors adjust the assessment for such Common Expense in such proportion as may be appropriate. The Board, with the assistance of any company providing insurance for the benefit of the Owners under Article 10, may reasonably adjust the allocation to each Owner of the cost of premiums for any insurance carried for, and to be charged to, a particular Owner, as more fully detailed in Article 10. The total annual Assessments of the Association shall be apportioned among all Condominium Units as provided in this Section.

8.6 Annual Budget.

8.6.1 Within thirty (30) days after the adoption of any proposed budgets for the Association in accordance with the procedures described below, the Board shall deliver by ordinary first-class mail or in person a summary of the budget information relative to each of the Unit Owners. The Board shall also set a date for the meeting of all Owners to consider ratification of the budgets not less than fourteen (14) nor more than sixty (60) days after mailing or other delivery of the budgets.

8.6.2 Any proposed budget shall be deemed ratified upon majority vote of all the Owners pursuant to the Act.

8.6.3 The Board shall adopt budgets and submit the budgets to a vote of the Owners as provided herein no less frequently than annually. The Board shall levy and assess the Association's annual Assessments in accordance with the annual budgets.



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8.7 Special Assessments. In addition to the annual Assessments authorized above, the Board, if permitted under the Act, may at any time and from time to time determine, levy, and assess in any fiscal year (without the vote of the members of the Association, except as provided in the Act and in this Section below) a Special Assessment applicable to that particular fiscal year (and for any such longer period as the Board may determine) against all of the Owners with respect to the General Common Elements for the purpose of defraying, in whole or in part, the unbudgeted costs, fees, and expenses of any construction, reconstruction, repair, demolishing, replacement, renovation or maintenance of the project or of any facilities located on the project, specifically including any fixtures and personal property related to it. Any amounts determined, levied and assessed in connection with the General Common Elements pursuant to this Declaration shall be assessed by a majority of the voting of the Board to the Condominium Units in proportion to the respective undivided interests in the General Common Elements allocated to the Units as shown in Exhibit B provided, however, that any extraordinary insurance costs incurred as a result of the value of a particular Owner's Condominium Unit 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 8.6 provided that, if necessary, the Association may adopt a new budget pursuant to Section 8.6 prior to levying a special Assessment. Such special Assessment(s) shall be due and payable as determined by the Board.

8.8 Due Dates for Assessment Payments. Unless otherwise determined by the Board, the annual Assessments and any special Assessments which are to be paid in installments shall be paid quarterly in advance and shall be due and payable to the Association at its office or as the Board may otherwise direct in any Management Agreement, without notice (except for the notices required by this Article 8), on the first day of each quarter. If any such installment shall not be paid within fifteen (15) days after it shall have become due and payable, then the Board may assess a "late charge" on the installment in an amount of \$100 or such other charge as the Board may fix by rule from time to time as provided in the bylaws of the Association to cover the extra expenses involved in handling such delinquent Assessment installment. An Owner's Assessment shall be prorated if the ownership of a Condominium Unit commences or terminates on a day other than the first day or last day, respectively, of a quarter or other applicable payment period.

8.9 Declarant's Obligation to Pay Assessments. Declarant shall be obligated to pay the annual and special Assessments (including installments thereof) on each Condominium Unit owned by it.

8.10 Default Assessments. All monetary fines assessed against an Owner pursuant to the Association Documents, or any expense of the Association which is the obligation of an Owner shall become liens against such Owner's Unit which may be foreclosed or otherwise collected as provided in this Declaration. Notice of the amount and due date of such default Assessment shall be sent to the Owner subject to the Assessment at least thirty (30) days prior to the due date.

8.11 Lien for Assessments. The annual, special, and default Assessments (including installments of the Assessments) arising under the provisions of this Declaration (together with any and all interest, costs, late charges, expenses, and reasonable attorneys' fees, including legal assistants' fees, which may arise under the provisions of Section 8.12 below) shall be burdens running with, and a perpetual lien in favor of the Association upon, the specific Condominium Unit to which such Assessments apply. To further evidence such lien upon a specific Condominium Unit, the Association may, but shall not be obligated to, prepare a written lien notice setting forth the description of the Unit, the amount of Assessments on the Unit unpaid as of the date of such lien notice, the rate of default interest as set by the bylaws of the Association and Section 8.12 below, the name of the Owner or Owners of the Unit, and, any and all other information that the Association may deem proper. ~~Any such lien notice shall be signed by a member of the Board and shall be recorded in the office of the Clerk and Recorder of Gunnison County, Colorado.~~ Any such lien notice shall not constitute a condition precedent or delay the attachment of the lien, but such lien is a perpetual lien upon the Condominium Unit and attaches without notice at the beginning of the first day of any period for which any Assessment is levied.

8.12 Effect of Nonpayment of Assessments. If any annual, special, or default Assessment (or any installment of the Assessment) is not fully paid within thirty (30) days after the same becomes due and payable, then as often as the same may happen, (i) interest shall accrue at the Maximum Rate on any amount of the Assessment which was not paid within such 30-day period or on the amount of Assessment in default, whichever shall be applicable, accruing from the due date until date of payment, (ii) the Association may declare due and payable all unpaid quarterly or other installments of the annual Assessment or any special Assessment otherwise due during the fiscal year during which such default occurred, (iii) the Association may thereafter bring an action at law or in equity, or both, against any Owner personally obligated to pay the same, and (iv) the Association may proceed to foreclose its lien against the particular Condominium Unit in the manner and form provided by Colorado law for foreclosure of real estate mortgages.

An action at law or in equity by the Association against an Owner to recover a money judgment for unpaid Assessments (or any, installment thereof) may be commenced and pursued by the Association without foreclosing or in any way waiving the Association's lien for the Assessments. If any such Assessment (or installment thereof) is not fully paid when due and if the Association commences such an action (or counterclaims or crossclaims for such relief in any action) against any Owner personally obligated to pay the same, or proceeds to foreclose its lien against the particular Condominium Unit, then all unpaid installments of annual and special Assessments and all default Assessments (including any such installments or Assessments arising during the proceedings of such action or foreclosure proceedings), any late charges under Section 8.8 above, any accrued interest under this Section 8.12, the Association's costs, expenses, and reasonable attorneys' fees (including legal assistants' fees) incurred for any such action and/or foreclosure proceedings shall be taxed by the court as part of the costs of any such action or foreclosure proceedings.

and shall be recoverable by the Association from any Owner personally obligated to pay the same and from the proceeds from the foreclosure sale of the particular Condominium Unit in satisfaction of the Association's lien.

Foreclosure or attempted foreclosure by the Association of its lien shall not be deemed to stop or otherwise preclude the Association from again foreclosing or attempting to foreclose its lien for any subsequent Assessments (or installments thereof) which are not fully paid when due or for any subsequent default Assessments. The Association shall have the power and right to bid in or purchase any Condominium Unit at foreclosure or other legal sale and to acquire and hold, lease, or mortgage the Condominium Unit, and to convey, or otherwise deal with the Unit acquired in such proceedings.

First Mortgagees shall be entitled to cure any delinquency in the payment of Assessments of the Owner of a Condominium Unit encumbered by the First Mortgagee. In that event, the First Mortgagee shall be entitled to obtain a release from the lien imposed or perfected by reason of such delinquency.

8.13 Successor's Liability for Assessments. Notwithstanding the personal obligation of each Owner of a Condominium Unit to pay all Assessments on the Unit, and notwithstanding the Association's perpetual lien upon a Condominium Unit for such Assessments, all successors in interest to the fee simple title of a Condominium Unit, except as provided in Section 8.14 and Section 8.15 below, shall be jointly and severally liable with the prior Owner or Owners of the Unit for any and all unpaid Assessments, interest, late charges, costs, expenses, and attorneys' fees against such Condominium Unit, without prejudice to any such successor's right to recover from any prior Owner any amounts paid thereon by such successor. However, such successor in interest shall be entitled to rely upon the existence and status of unpaid Assessments, interest, late charges, costs, expenses, and attorneys' fees as shown upon any certificate issued by or on behalf of the Association to such named successor in interest pursuant to the provisions of Section 8.15 below.

8.14 Waiver of Homestead Exemption; Subordination of Association's Lien for Assessments. By acceptance of the deed or other instrument of transfer of a Condominium Unit, each Owner irrevocably waives the homestead exemption provided by Part 2, Article 41, Title 38, Colorado Revised Statutes, as amended. The Association's perpetual lien on a Condominium Unit for Assessments shall be superior to all other liens and encumbrances except the following:

8.14.1 Real property ad valorem taxes and special assessment liens duly imposed by a Colorado governmental or political subdivision or special taxing district, or any other liens made superior by statute;

8.14.2. To the extent permitted under the Act, the lien of any First Mortgage, including any and all advances made by the First Mortgagee and notwithstanding that any of such advances may have been made subsequent to the



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date of the attachment of the Association's liens.

8.15 Statement of Status of Assessments. Upon fourteen (14) calendar days written request (furnished in the manner described below for the response to such request) to the Board or the Association's registered agent and payment of a reasonable fee set from time to time by the Board, any Owner, prospective purchaser of a Condominium Unit, or Mortgagee shall be furnished, by personal delivery or by certified mail, first class postage prepaid, return receipt requested, to the inquiring party (in which event the date of posting shall be deemed the date of delivery) a statement of the Owner's account setting forth:

8.15.1 The amount of any unpaid Assessments, interest, late charges, costs, expenses, and attorneys' fees then existing against a particular Condominium Unit;

8.15.2 The amount of the current installments of the annual Assessment and the date that the next installment is due and payable;

8.15.3 The date of the payment of any installments of any special Assessments then existing against the Condominium Unit; and

8.15.4 Any other information deemed proper by the Association.

Upon the issuance of such a certificate signed by a member of the Board, or by an officer of the Association, the information contained therein shall be conclusive upon the Association as to the person or persons to whom such certificate is addressed and who rely on the certificate in good faith. Unless such a statement of status of Assessments is delivered as described above within said fourteen (14) calendar day period, the Association shall have no right to assert a priority lien upon the Unit over the inquiring party's interest for unpaid Assessments which were due as of the date of the request.

8.16 Liens. Except for annual, special, and default Assessment liens as provided in this Declaration, mechanics' liens (except as provided in Article 12 below), tax liens, and judgment liens and other liens validly arising by operation of law and liens arising under Mortgages, there shall be no other liens obtainable against the Common Elements or against the interest of the Owner of any Condominium Unit.

ARTICLE IX MAINTENANCE RESPONSIBILITY

9.1 Owner's Rights and Duties with Respect to Interiors. Except as may be provided in the purchase and sale agreement or other conveyancing documents executed by Declarant in connection with sales or leases to initial purchasers of the Condominium Units, each Owner shall have the exclusive right and duty to paint, tile, wax, paper, or otherwise decorate or redecorate and to maintain and repair the



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interior surfaces of the walls, floors, ceilings, and doors forming the boundaries of such Owner's Individual Air Space Unit and all walls, floors, ceilings, and doors within such boundaries

9.2 Responsibility of the Owner. The Owner at the Owner's expense shall maintain and keep in repair the interior of the Condominium Unit, including the fixtures and utilities located in the Condominium Unit to the extent current repair shall be necessary in order to avoid damaging other Condominium Units or the Common Elements. All fixtures, equipment, and utilities installed and included in an Individual Air Space Unit serving only that Unit, commencing at a point where the fixtures, equipment, and utilities enter the Individual Air Space Unit shall be maintained and kept in repair by the Owner of that Unit. An Owner shall also maintain and keep in repair all windows and other glass items related to such Owner's Condominium Unit, any entry door or doors serving such Unit and any garage door or doors serving the Unit. An Owner shall not allow any action or work that will impair the structural soundness of the improvements, impair the proper functioning of the utilities, heating, ventilation, or plumbing Systems or integrity of the Building, or impair any easement or hereditament

9.3 Responsibility of the Association. The Association, without the requirement of approval of the Owners but subject to Section 8.6 above, shall maintain and keep in good repair, replace and improve, as a Common Expense, the General Common Elements and all the Project not required in this Declaration to be maintained and kept in good repair by an Owner, or Declarant.

9.4 Owner's Failure to Maintain or Repair. In the event that portions of a Condominium Unit or other improvements are not properly maintained and repaired, and if the maintenance responsibility for the unmaintained improvement lies with the Owner of the Condominium Unit, or in the event that such improvements 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 written notice to the Owner and the expiration of a thirty (30) day cure period, and with the approval of the Executive Board, shall have the right to enter upon the Condominium Unit to perform such work as is reasonably required to restore the Condominium Unit and other improvements to a condition of good order and repair; provided, however, if such repair and reconstruction due to an event of casualty cannot be reasonably performed within such thirty (30) day cure period, the Owner shall have such time as reasonably required to perform such repair and reconstruction so long as the work has been commenced within such cure period and is diligently pursued to completion. All costs incurred by the Association in connection with the restoration shall be reimbursed to the Association by the Owner of the Condominium Unit, upon demand. All unreimbursed costs shall be a lien upon the Condominium Unit 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 8 of this Declaration.



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ARTICLE X INSURANCE AND FIDELITY BONDS

10.1 General Insurance Provisions. The Association shall maintain, to the extent reasonably available:

10.1.1 Property insurance on the Common Elements and the Units for broad form covered causes of loss; except that the total amount of insurance must be not less than the full insurable replacement costs of the insured Property less applicable deductibles at the time the insurance is purchased and at each renewal date, exclusive of land, excavations, foundations, paving areas, landscaping, personal property and other items normally excluded from Property policies; and

10.1.2 Commercial general liability insurance by the Association, through the Board for the General Common Elements) against claims and liabilities arising in connection with the ownership, existence, use, or management of the General Common Elements and the Association, in an amount, if any, deemed sufficient in the judgment of the Board. Declarant shall be included as an additional insured in Declarant's capacity as an Owner and Board member. The Owners shall be included as additional insureds but only for claims and liabilities arising in connection with the Ownership, existence, use or management of the Common Elements. The insurance shall cover claims of one or more insured parties against other insured parties.

10.1.3 The Association may carry such other and further insurance that the Board considers appropriate, including insurance on Condominium Units that the Association is not obligated to insure, to protect the Association or the Owners.

10.2 Cancellation. If the insurance described in Section 10.1 above is not reasonably available, or if any policy of such insurance is cancelled or not renewed without a replacement policy therefor having been obtained, the Association promptly shall cause notice of that fact to be hand delivered or sent prepaid by United States mail to all Owners.

10.3 Policy Provisions. Insurance policies carried pursuant to Subsection 10.1 above must provide that:

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

10.3.2 The insurer waives its rights to subrogation's under the policy against any Owner or member of his household;

10.3.3 No act or omission by any Owner, unless acting within the scope of such Owner's authority on behalf of the Association, will void the policy or be a

condition to recovery under the policy; and

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

10.4 Insurance Proceeds. Any loss covered by the Property insurance policy described in Subsection 10.1 above must be adjusted with the Association, but the insurance proceeds for that loss shall be payable to any insurance trustee designated for that purpose, or otherwise to the Association, and not to any holder of a security interest. The insurance trustee or the Association shall hold any insurance proceeds in trust for the Owners and First Mortgagees as their interests may appear. Subject to the provisions of Subsection 10.7 below, the proceeds must be disbursed first for the repair or restoration of the damaged Property, and the Association, Owners and First Mortgagees are not entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the damaged Property has been completely repaired or restored or the regime created by this Declaration is terminated.

10.5 Association Policies. The Association may adopt and establish written nondiscriminatory policies and procedures relating to the submittal of claims, responsibility for deductibles, and any other matters of claims adjustment. To the extent the Association settles claims for damages to the Property, it shall have the authority to assess negligent Owners causing such loss or benefiting from such repair or restoration all or any equitable portion of the deductibles paid by the Association.

10.6 Insurer Obligation. An insurer that has issued an insurance policy for the insurance described in Subsection 10.1 above shall issue certificates or memoranda of insurance to the Association and, upon request, to any Owner or Mortgagee. Unless otherwise provided by statute, the insurer issuing the policy may not cancel or refuse to renew it until thirty (30) days after notice of the proposed cancellation or nonrenewal has been mailed to the Association and to each Owner and Mortgagee to whom a certificate or memorandum of insurance has been issued at their respective last-known addresses.

10.7 Repair and Replacement.

10.7.1 Any portion of the Common Elements for which insurance is required under this Article which is damaged or destroyed must be repaired or replaced promptly by the Association unless:

- (i) The regime created by this Declaration is terminated; or
- (ii) Repair or replacement would be illegal under any state or local statute or ordinance governing health or safety; or
- (iii) Eighty-five percent (85%) of the votes of the Owners and



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all directly adversely affected Owners agree in writing not to rebuild; or

- (iv) Prior to the conveyance of any Condominium Unit to a person other than Declarant, the Mortgagee holding a Mortgage on the damaged portion of the Common Elements rightfully demands all or a substantial part of the insurance proceeds.

10.7.2 The cost of repair or replacement in excess of insurance proceeds and reserves is a Common Expense. If all damaged Common Elements are not repaired or replaced, the insurance proceeds attributable to the damaged Common Elements must be used to restore the damaged area to a condition compatible with the remainder of the Project, and except to the extent that other persons will be distributees, the insurance proceeds must be distributed to all the Owners or mortgagees, as their interests may appear, in proportion to their respective ownership interests in the Common Elements.

10.8 Common Expenses. Premiums for insurance that the Association acquires and other expenses connected with acquiring such insurance are Common Expenses.

10.9 Fidelity Insurance. Fidelity bonds shall be maintained by the Association to protect against dishonest acts on the part of its officers, directors, trustees, and employees and on the part of all others who handle or are responsible for handling the funds belonging to or administered by the Association in an amount not less than two (2) months' current Assessments plus reserves as calculated from the current budget of the Association. The Association must also secure and maintain, or require to be secured or maintained by any parties handling the collection, deposit, transfer or disbursement of Association funds, fidelity insurance with aggregate coverage of not less than two (2) months' assessments plus reserves, as calculated from the then-current budget of the Association; provided, however, in no event shall the coverage for third parties handling the collection, deposit, transfer or disbursement of Association funds be less than \$50,000. In addition all funds and accounts of the Association being held by a Managing Agent or other third persons shall be kept in an account separate from the funds of other parties held by such Managing Agent or third party, and all reserves of the Association shall be kept in an account separate from the operational account of the Association. Any such fidelity coverage shall name the Association as an obligee and such bonds shall contain waivers by the issuers of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees", or similar terms or expressions.

10.10 Worker's Compensation Insurance. If the Association has employees, the Association shall obtain worker's compensation or similar insurance with respect to its employees in the amounts and forms as may now or hereafter be required by law.



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10.11 Other Insurance. The Association shall also maintain insurance to the extent reasonably available and in such amounts as the Board may deem appropriate on behalf of Directors and officers against any liability asserted against a Director or officer or incurred by him in his capacity of or arising out of his status as a Director or officer. The Association may obtain insurance against such other risks, of a similar or dissimilar nature, as it shall deem appropriate with respect to its responsibilities and duties.

10.12 Insurance Obtained by Owners. It shall be the responsibility of each Owner, at such Owner's expense, to maintain physical damage insurance on such Owner's personal property and furnishings and public liability insurance covering such Owner's Individual Air Space Unit. In addition, an Owner may obtain such other and additional insurance coverage on and in relation to the Owner's Condominium Unit as the Owner in the Owner's sole discretion shall conclude to be desirable. However, none of such insurance coverage's obtained by such Owner shall affect any insurance coverage obtained by the Association or cause the diminution or termination of that insurance coverage, nor shall such insurance coverage of an Owner result in apportionment of insurance proceeds as between policies of insurance of the Association and the Owner. An Owner shall be liable to the Association for the amount of any such diminution of insurance proceeds to the Association as a result of insurance coverage maintained by the Owner, and the Association shall be entitled to collect the amount of the diminution from the Owner as if the amount were a default Assessment, with the understanding that the Association may impose and foreclose a lien for the payment due. Any insurance obtained by an Owner shall include a provision waiving the particular insurance company's right of subrogation against the Association and other Owners. Each Owner shall be responsible to provide insurance coverage for the amount of any additional value to any Condominium Unit caused by any improvement to the Condominium Unit made by such Owner and not initially made by Declarant, including, but not limited to, the value of structural upgrades or fixtures supplied by the Owner, or if the applicable insurance is to be provided by the Association, for any additional insurance costs associated with such increased value due to the improvements.

The Board may require an Owner who purchases additional insurance coverage for the Owner's Condominium Unit (other than coverage for the Owner's personal property) to file copies of such policies with the Association within thirty (30) days after the purchase of the coverage to eliminate potential conflicts with any master policy carried by the Association.

ARTICLE XI CONVEYANCES AND TAXATION OF CONDOMINIUM UNITS

11.1 Contracts to Convey Entered into Prior to Recording of Condominium Map and Declaration. A contract or other agreement for the sale of a Condominium Unit entered into prior to the filing for record of the Condominium Map and this Declaration in the office of the Clerk and Recorder of Gunnison County,



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Colorado, may legally describe such Condominium Unit in substantially the manner set forth in Section 11.2 below and may indicate that the Condominium Map and this Declaration are to be recorded.

11.2 Contracts to Convey and Conveyances Subsequent to Recording of Condominium Map and Declaration. Subsequent to the recording of the Condominium Map and this Declaration, contracts to convey, instruments of conveyance of Condominium Units, and every other instrument affecting title to a Condominium Unit shall be in substantially the following form with such omissions, insertions, recitals of fact, or other provisions as may be required under the Act or by the circumstances or appropriate to conform to the requirements of any governmental authority or any usage or requirement of law with respect thereto:

Condominium Unit _____, Silver Ridge, according to the Condominium Map recorded ___at Reception No. _____, on _____, 1999 in Book ___at Page ___, and as defined and described in the Declaration for Silver Ridge, recorded _____ in Book _____ at Page _____ in the office of the Clerk and Recorder of Gunnison County, Colorado.

11.3 Conveyance Deemed to Describe an Undivided Interest in Common Elements. Every instrument of conveyance, Mortgage, or other instrument affecting the title to a Condominium Unit which legally describes the Unit substantially in the manner set forth in Section 11.2 above shall be construed to describe the Individual Air Space Unit, together with the undivided interest in the Common Elements appurtenant to it, and together with all fixtures and improvements contained in it (unless any such fixtures or improvements shall be Common Elements), and to incorporate all the rights incident to ownership of a Condominium Unit and all the limitations of ownership as described in the covenants, conditions, restrictions, easements, reservations, rights-of-way, and other provisions contained in this Declaration, including the easement of enjoyment to use the Common Elements.

11.4 Separate Tax Assessments. Upon the recording of this Declaration and the filing of the Condominium Map for record in Gunnison County, Colorado, Declarant shall deliver a recorded copy of this Declaration and the Map to the Assessor of Gunnison County, Colorado, as provided by law, which notice shall set forth the descriptions of the Condominium Units, including the interest in the Common Elements appurtenant to the Unit, so that thereafter all taxes, assessments, and other charges by the State or any governmental or political subdivision or any special improvement district or any other taxing agent or assessing authority shall be assessed against and collected on each Condominium Unit, each of which shall be carried on the tax records as a separate and distinct parcel for that purpose. For the purpose of such assessment against the Condominium Units, valuation of the Common Elements shall be apportioned among the Units in proportion to the fractional interest in the Common Elements appurtenant to such Units. Accordingly, the Common Elements shall not be assessed separately but shall be assessed with the Condominium Units as provided pursuant to Colorado Revised Statutes Subsection 38-33.3-105(2).



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The lien for taxes assessed to the Owner or Owners of a Condominium Unit shall be confined to his Individual Air Space Unit and to his appurtenant undivided interest in the Common Elements. No forfeiture or sale of any Condominium Unit for delinquent taxes, assessments, or other governmental charges shall divest or in any way affect the title to any other Condominium Unit.

ARTICLE XII MECHANICS' LIENS

12.1 Mechanics' Liens. Subsequent to the filing of the Map and recording of this Declaration, no labor performed or materials furnished for use and incorporated in any Condominium Unit with the consent of or at the request of the Owner of the Unit or the Owner's agent, contractor or subcontractor shall be the basis for the filing of a lien against a Condominium Unit of any other Owner not expressly consenting to or requesting the same, or against any interest in the Common Elements except as to the undivided interest therein appurtenant to the Individual Air Space Unit of the Owner for whom such labor shall have been performed or such materials shall have been furnished. Each Owner shall indemnify and hold harmless each of the other Owners and the Association from and against any liability or loss arising from the claim of any mechanic's lien for labor performed or for materials furnished in work on such Owner's Condominium Unit against the Condominium Unit of another Owner or against the Common Elements, or any part thereof.

12.2 Enforcement by the Association. At its own initiative or upon the written request of any Owner (if the Association determines that further action by the Association is proper), the Association shall enforce the indemnity provided by the provisions of Section 12.1 above by collecting from the Owner of the Condominium Unit on which the labor was performed or materials furnished the amount necessary to discharge by bond or otherwise any such mechanic's lien, including all costs and reasonable attorneys' fees incidental to the lien, and obtain a release of such lien. In the event that the Owner of the Condominium Unit on which the labor was performed or materials furnished refuses or fails to so indemnify within seven (7) days after the Association shall have given notice to such Owner of the total amount of the claim, or any portions thereof from time to time, then the failure to so indemnify shall be a default by such Owner under the provisions of this Section 12.2, and such amount to be indemnified shall automatically become a default Assessment determined and levied against such Condominium Unit, and enforceable by the Association in accordance with Sections 8.10, 8.11 and 8.12 above.

ARTICLE XIII USE RESTRICTIONS

13.1 Use of Condominium Units. Residential uses only are contemplated within the Project, and any functions, activities and uses permitted under any zoning or other laws, rules or regulations applicable to the Town are expressly allowed, except



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that under no circumstances shall any unit be used for commercial purposes. No rules and regulations relating to the Project shall be adopted which unfairly discriminate against any use permitted within the Units. All Owners will be subject to the rules and regulations of the Association.

13.2 Residential Uses. All Units shall be used for dwelling and lodging purposes only, in conformity with all zoning laws, ordinances and regulations, which uses shall not cause unreasonable disturbance to other Owners and which are permitted by applicable zoning codes. Notwithstanding the foregoing restrictions, Residential Units may be used as a Project sales office, Unit management office, storage facility and/or such other uses as may be permitted under the Act.

13.3 No Commercial Use. No commercial or business enterprise of any nature shall be allowed or permitted on any lot; provided, however, that the Owner of a Unit may be permitted to conduct an in-home executive office or an in-home occupation, artistic or literary activity in a Unit upon the prior approval of the Board as to such occupation or activity. No such occupation or activity shall be approved by the Board which would create a visual, sound or traffic nuisance. Any such occupation or activity shall be subject to a reasonable limitation as to the number of persons and the number and type of motor vehicles involved in such occupation or activity. Certain in-home activities may require a permit from the Town of Mt. Crested Butte.

13.4 Use of Common Elements. There shall be no obstruction of, nor shall anything be kept or stored by any Owner or other party on any part of the General Common Elements without the prior written approval of the Association.

13.5 Signs. No sign of any kind shall be displayed to public view on any portion of any Unit, except only a sign not to exceed two square feet identifying the Owner and/or address of the Unit and a sign identifying the model Unit, if any, and sales office, if any, of the Declarant.

13.6 Trash. No trash, ashes, garbage or other refuse shall be allowed to accumulate or placed on or around any Unit or Common Area. There shall be no burning or other disposal of refuse out of doors. Each Owner shall provide suitable receptacles for the temporary storage and collection of such refuse and all such receptacles shall be screened from the public view and from the wind and protected from animal and other disturbance.

13.7 Abandoned or Inoperable Vehicles Abandoned or inoperable vehicles of any kind shall not be stored or parked on any portion of the Common areas or external parking areas of the Project. "Abandoned or inoperable vehicles" shall be defined as any vehicle which has not been driven under its own propulsion for a period of six weeks or longer. A written notice describing the vehicle and requesting removal thereof



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may be personally served upon the Owner or posted on the vehicle in question. If such vehicle has not been moved within seventy-two (72) hours of said notice, the Association shall have the right to remove the vehicle without liability to it, and the expense thereof shall be charged against the Owner.

13.8 Noise. No exterior horns, whistles, bells or other sound devices, except security devices used exclusively to protect the security of persons and improvements on a Unit, shall be placed or used on or around any Unit.

13.9 Hazardous or Illegal Activities. No activities shall be allowed or conducted on the Project Property which are illegal or which are or might be unsafe or hazardous to any person or property. Such activities include, but are not limited to, fireworks, firearms, bow and arrows, crossbows, explosives, air or pellet guns or any similar type devices except only in approved areas in accordance with the Rules and Regulations adopted by the Board. No use of illegal drugs or allowance of underage consumption of alcohol shall be allowed. Penalties for violations of this section shall assessed by the Board in compliance with the rules and Regulations of the Association.

13.10 Conveyance of Condominium Units. All Condominium Units, whether or not the instrument of conveyance or assignment shall refer to this Declaration, shall be subject to the covenants, conditions, restrictions, easements, reservations, rights-of-way, and other provisions contained in this Declaration, as the same may be amended from time to time.

13.11 Prohibition of Increases in Insurable Risks and Certain Activities. Nothing shall be done or kept in any Condominium Unit or in or on the Common Elements, or any part thereof, which would result in the cancellation of the insurance on all or any part of the Project without the prior written approval of the Association. Nothing shall be done or kept in any Condominium Unit or in or on the Common Elements which would be in violation of any statute, rule, ordinance, regulation, permit, or other imposed requirement of any governmental body. No damage to or waste of the Common Elements shall be committed by any Owner, or by any member of the Owner's family, or by any guest, invitee, or contract purchaser of any Owner, and each Owner shall indemnify and hold the Association and the other Owners harmless against all loss resulting from any such damage or waste caused by him, the members of his family, or his guests, invitees, or contract purchasers. Failure to so indemnify shall be a default by such Owner under this Section, and such amount to be indemnified shall automatically become a default Assessment determined and levied against such Condominium Unit. At its own initiative or upon the written request of any Owner (and if the Association determines that further action by the Association is proper), the Association shall enforce the foregoing indemnity as a default Assessment as provided in Sections 8.10, 8.11 and 8.12 above.

ARTICLE XIV EASEMENTS

14.1 Easement of Enjoyment. Every Owner shall have a nonexclusive easement for the use and enjoyment of the General Common Elements, which shall be appurtenant to and shall pass with the title to every Condominium Unit, subject to the easements set forth in this Article 14.

14.2 Delegation of Use. Any Owner may delegate, in accordance with the Association Documents, the Owner's right of enjoyment in the Common Elements to the Owner's tenants, employees, family, guests, and invitees.

14.3 Recorded Easements. The Property shall be subject to any easements as shown on any recorded plat affecting the Property, and as shown on the recorded Condominium Map. The recording data for recorded easements and licenses appurtenant to or included in the Property or to which any parts of the Property may become subject is set forth on the attached Exhibit C.

14.4 Easements for Encroachments. The Project, and all portions of it, are subject to easements hereby created for encroachments between Condominium Units and the Common Elements as follows.

14.4.1 In favor of the Association so that it shall have no legal liability when any part of the Common Elements encroaches upon on Individual Air Space Unit;

14.4.2 In favor of each Owner of each Unit so that the Owner shall have no legal liability when any part of his Individual Air Space Unit encroaches upon the Common Elements or upon another Individual Air Space Unit;

14.4.3 In favor of all Owners, the Association, and the Owner of any encroaching Individual Air Space Unit for the maintenance and repair of such encroachments.

Encroachments referred to in this Section 14.4 include, but are not limited to, encroachments caused by error or variance from the original plans in the construction of the Building or any Condominium Unit constructed on the Property, by error in the Condominium Map, by settling, rising, or shifting of the earth, or by changes in position caused by repair or reconstruction of any part of the Project. Such encroachments shall not be considered to be encumbrances upon any part of the Project.

14.5 Utility Easements. There is hereby created a general easement upon, across, over, in, and under all of the Property for ingress and egress and for installation, replacement, repair, and maintenance of all utilities, including but not limited to water, sewer, gas, telephone, electricity, and a cable communication system. By virtue of this easement, it shall be expressly permissible and proper for the companies providing



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electrical, telephone, and other communication services to erect and maintain the necessary equipment on the Property and to affix and maintain electrical, communications, and telephone wires, circuits, and conduits under the Property. Any utility company using this general easement shall use its best efforts to install and maintain the utilities provided without disturbing the uses of the Owners, the Association, and Declarant; shall prosecute its installation and maintenance activities as promptly as reasonably possible; and shall restore the surface to its original condition as soon as possible after completion of its work. Should any utility company furnishing a service covered by the general easement request a specific easement by separate recordable document, Declarant or the Board shall have, and are hereby given, the right and authority to grant such easement upon, across, over, or under any part or all of the Property without conflicting with the terms hereof. The easements provided for in this Section 14.5 shall in no way affect, avoid, extinguish, or modify any other recorded easement on the Property.

14.6 Reservation of Easements, Exceptions, and Exclusions. Declarant reserves for itself and its successors and assigns and hereby grants to the Association the concurrent right to establish from time to time by declaration or otherwise, utility and other easements within the Common Elements for purposes including but not limited to streets, paths, walkways, drainage, recreation areas, parking areas, ducts, shafts, flues, conduit installation areas, consistent with the condominium ownership of the Project for the best interest of all of the Owners and the Association, in order to serve all the Owners within the Project.

14.7 Emergency Access Easement. A general easement is hereby granted to all police, sheriff, fire protection, ambulance, and all other similar emergency agencies or persons to enter upon all streets and upon the Property in the proper performance of their duties.

14.8 Maintenance Easement. An easement is hereby granted to the Association and any Managing Agent and their respective officers, agents, employees, and assigns upon, across, over, in, and under the Common Elements and a right to make such use of the Common Elements as may be necessary or appropriate to perform the duties and functions which they are obligated or permitted to perform pursuant to this Declaration.

14.9 Drainage Easement. An easement is hereby reserved to Declarant and its successors and assigns and granted to the Association and its officers, agents, employees, successors, and assigns to enter upon, across, over, in, and under any portion of the Project for the purpose of changing, correcting, or otherwise modifying the grade or drainage channels of the Property so as to improve the drainage of water on the Property.

14.10 Easements of Access for Repair Maintenance, and Emergencies. Some of the Common Elements are or may be located within the Individual Air Space Units or may be conveniently accessible only through the Individual Air Space Units.



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The Owners of other Individual Air Space Units and the Association shall have the irrevocable right, to be exercised by the Association as the Owners' agent, to have access to each Individual Air Space Unit and to all Common Elements from time to time during such reasonable hours as may be necessary for the maintenance, snow removal, repair, removal, or replacement of any of the Common Elements therein or accessible therefrom or for making emergency repairs therein necessary to prevent damage to the Common Elements or to any Individual Air Space Unit. In addition, an easement is hereby created for such Common Elements as they currently exist within the Individual Air Space Units. Subject to the provisions of Section 7.3 above, damage to the interior of any part of an Individual Air Space Unit resulting from the maintenance, repair, emergency repair, removal, or replacement of any of the Common Elements or as a result of emergency repair within another Individual Air Space Unit at the instance of the Association or of Owners shall be a Common Expense.

14.11 Declarant's Rights Incident to Construction and Marketing.

Declarant, for itself and its successors and assigns, hereby retains a right and easement of ingress and egress over, in, upon, under, and across the Property and the right to store materials on the Property and to make such other use of the Property as may be reasonably necessary or incident to the complete construction and sale of the Project, including, but not limited to, construction trailers, temporary construction offices, sales offices, and directional and marketing signs; provided, however, that no such rights shall be exercised by Declarant in such a way as to unreasonably interfere with the occupancy, use, enjoyment, or access by any Owner, or family members, guests, or invitees of an Owner. Declarant, for itself and its successors and assigns, hereby retains a right to maintain any Condominium Unit or Units as sales offices, management offices or model residences so long as Declarant, or any successor to the rights of Declarant under this Declaration, continues to be an Owner of a Condominium Unit. The use by Declarant of any Unit as a model residence, office or other use shall not affect the Unit's designation on the Map as a separate Unit.

14.12 Right of Declarant and Association to Own Units and to Use Common Elements. An easement is hereby reserved by Declarant for itself and its successors and assigns and granted to the Association and its officers, agents, employees, successors and assigns to maintain offices, storage areas, conference areas, and recreational areas for use by the Association within the General Common Elements. The Association shall also have the right (but not the obligation) to purchase and own any Condominium Unit for the purpose of maintaining an office for the Association or for any other use which the Association determines is consistent with the operation of the Project. The costs and carrying charges incurred by the Association in purchasing and owning any such Condominium Unit shall be part of the Common Expenses.

14.13 Remodeling Easement. Declarant, for itself and its successors and assigns, including Owners, retains a right and easement in and about the Building for the construction and installation of any duct work, additional plumbing, or other additional services or utilities in the Common Elements in connection with the



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improvement or alteration of any Condominium Unit, including the right of access to such areas of the Common Elements as is reasonably necessary to accomplish such improvements; provided, however, no such right shall be exercised within the General Common Elements without consent of the Board, such consent not to be unreasonably withheld with respect to the General Common Elements. In the event of a dispute among Owners with respect to the scope of the easement reserved in this Section, the decision of the Board shall be final.

14.14 Easements Deemed Created. All conveyances of Condominium Units hereafter made, whether by Declarant or otherwise, shall be construed to grant and reserve the easements contained in this Article 14, even though no specific reference to such easements or to this Article 14 appears in the instrument for such conveyance.

ARTICLE XV ASSOCIATION AS ATTORNEY-IN-FACT

15.1 Appointment. Each and every Owner hereby irrevocably constitutes and appoints the Association as such Owner's true and lawful attorney-in-fact in such Owner's name, place, and stead for the purpose of dealing with the Project upon its damage, destruction, condemnation, or obsolescence as provided below in Articles 16, 17 and 18. In addition, the Association, or any insurance trustee or substitute insurance trustee designated by the Association, is hereby appointed as attorney-in-fact under this Declaration for the purpose of purchasing and maintaining insurance under Article 10 above, including: the collection and appropriate disposition of the proceeds of such insurance; the negotiation of losses and the execution of releases of liability; the execution of all documents; and the performance of all other acts necessary to accomplish such purpose. The Association, or any insurance trustee, shall hold or otherwise properly dispose of any insurance proceeds in trust for the Owners and their Mortgagees, as their interests may appear. Acceptance by any grantee of a deed or other instrument of conveyance from Declarant or from any Owner shall constitute appointments of the attorneys-in-fact as provided above. Notwithstanding any other provision of this Declaration to the contrary, the Association may exercise its authority as attorney-in-fact for any purpose permitted pursuant to this Declaration only if, in each and every instance where such exercise is so permitted, the Board approves the exercise of such authority by the affirmative vote of a majority of the voting Directors. If the Board fails to so approve any exercise of authority as attorney-in-fact, the Association shall have such authority as it may have pursuant to the Act.

15.2 General Authority. As attorney-in-fact, the Association shall have full and complete authorization, right, and power to make, execute, and deliver any contract, assignment, deed, waiver, or other instrument with respect to the interest of any Owner which may be necessary or appropriate to exercise the powers granted to the Association as attorney-in-fact.

ARTICLE XVI DAMAGE OR DESTRUCTION

16.1 The Role of the Board. Except as provided in Section 16.6, in the event of damage to or destruction of all or part of the General Common Elements, or other property covered by insurance written in the name of the Association under Article 10, the Board shall arrange for and supervise the prompt repair and restoration of the damaged areas of the Project, including, without limitation, the floor coverings, fixtures, and appliances initially installed therein by Declarant, and replacement thereof installed by the Owners up to the value of those initially installed by Declarant, but not including any furniture, furnishings, fixtures, equipment, or other personal property supplied or installed by the Owners in the Condominium Units unless covered by insurance obtained by the Association. Notwithstanding the foregoing, each Owner shall have the right to supervise the redecorating of that Owner's Unit.

16.2 Estimate of Damages or Destruction. As soon as practical after an event causing damage to or destruction of any part of the Project, the Association shall, unless such damage or destruction shall be minor, obtain an estimate or estimates that it deems reliable and complete of the costs of repair and reconstruction of that part of the Project damaged or destroyed. "Repair and reconstruction" as used in this Article 16 shall mean restoring the damaged or destroyed part of the Project to substantially the same condition in which it existed prior to the damage or destruction, with each Individual Air Space Unit and the Common Elements having substantially the same vertical and horizontal boundaries as before.

16.3 Repair and Reconstruction. As soon as practical after obtaining estimates, the Association shall diligently pursue to completion the repair and reconstruction of the part of the Project damaged or destroyed. As attorney-in-fact for the Owners, the Association may take any and all necessary or appropriate action to effect repair and reconstruction, and no consent or other action by any Owner shall be necessary in connection with that action.

16.4 Funds for Repair and Reconstruction. Subject to the provisions of Section 16.6 below, the proceeds received by the Association from any hazard insurance shall be used for the purpose of repair, replacement, and reconstruction.

16.5 Insurance Proceeds Sufficient to Repair. In the event of damage or destruction due to fire or other disaster, the insurance proceeds, if sufficient to reconstruct the improvements, shall be applied by the Association as attorney-in-fact to such reconstruction, and the improvements shall be promptly repaired and reconstructed. The Association shall have full authority, right, and power as attorney-in-fact to cause the repair and restoration of the improvements. Assessments for Common Expenses shall not be abated during the period of insurance adjustments and repair and reconstruction.



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16.6 Insurance Proceeds Insufficient to Repair; Special Assessment; Remedies for Failure to Pay Special Assessment. If the insurance proceeds are insufficient to repair and reconstruct the improvements, and if such damage is not more than seventy percent (70%) of the total replacement cost of all of the Condominium Units in the Project, not including land, such damage or destruction shall be promptly repaired and reconstructed by the Association as attorney-in-fact, using the proceeds of insurance and if permitted under the Act, the proceeds of a special Assessment to be made against all of the Owners and their Condominium Units. Any such special Assessment shall be a Common Expense in accordance with Section 8.7 above and shall be due and payable within thirty (30) days after written notice as provided in Article 8 above. The Association shall have full authority, right, and power as attorney-in-fact to cause the repair, replacement, or restoration of the improvements using all of the insurance proceeds for such purpose, notwithstanding the failure of an Owner to pay the Assessment.

Any Assessment provided for in this Section 16.6 shall be a debt of each Owner and a lien on the Owner's Condominium Unit and may be enforced and collected as provided in Article 8 above. In addition, the Association as attorney-in-fact shall have the absolute right and power to sell the Condominium Unit of any Owner refusing or failing to pay such deficiency Assessment within the time provided, and if not so paid, the Association shall cause to be recorded a notice that the Condominium Unit of the delinquent Owner shall be sold by the Association as attorney-in-fact pursuant to the provisions of this Section 16.6. The Assessments for the Common Expenses shall not be abated during the period of insurance adjustment and repair and reconstruction. The delinquent Owner shall be required to pay to the Association the costs and expenses for filing the notice, interest at the Maximum Rate on the amount of the Assessment, and all reasonable attorneys' fees. The proceeds derived from the sale of such Condominium Unit shall be used and disbursed by the Association as attorney-in-fact in the following order:

16.6.1 For payment of real property ad valorem taxes, special assessment liens duly imposed by a governmental subdivision, and customary expenses of sale;

16.6.2 For payment of the balance of the lien of any First Mortgage affecting the Condominium Unit;

16.6.3 For payment of unpaid Association Assessments, interest, costs, late charges, expenses, and attorneys' (and legal assistants') fees;

16.6.4 For payment of junior Mortgages affecting the Condominium Unit in the order of and to the extent of their priority; and

16.6.5 For payment of the balance remaining, if any, to the Owner of the Condominium Unit.



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If the insurance proceeds are insufficient to repair and reconstruct the improvements, and if such damage is more than seventy percent (70%) of the total replacement cost of all of the Condominium Units in the Project, not including land, such damage or destruction shall be promptly repaired and reconstructed by the Association, as attorney-in-fact, using the proceeds of insurance and, if permitted under the Act, the proceeds of a special Assessment made against all of the Owners and their Condominium Units, provided, however, that Owners representing an aggregate ownership interest in the Common Elements of eighty-five percent (85%) or more, may elect to terminate the Project; and in such event, the Association shall forthwith record a notice setting forth such fact or facts, and upon the recording of such notice by the Association's president and secretary, the entire Project shall be sold pursuant to the provisions of this Section by the Association as attorney-in-fact for all of the Owners, free and clear of the provisions contained in this Declaration, the Map, and the articles of incorporation, and bylaws of the Association. Assessments for Common Expenses shall not be abated during the period prior to sale.

In such event, the insurance settlement proceeds shall be collected by the Association, and such proceeds shall be divided by the Association according to each Owner's interest in the Common Elements, and such divided proceeds shall be paid into separate accounts, each such account representing one of the Condominium Units. Each such account shall be in the name of the Association, and shall be further identified by the Condominium Unit designation and the name of the Owner and designated as an agency account. From each separate account the Association, as attorney-in-fact, shall use and disburse the total amount of each of such accounts, without contributions from one account to another, toward the partial or full payment of the lien of any First Mortgagee encumbering the Condominium Unit represented by such separate account. Thereafter, each such account shall be supplemented by the apportioned amount of the proceeds obtained from the sale of the entire Property. Such apportionment shall be based upon each Condominium Unit Owner's interest in the Common Elements. The total funds of each account shall be used and disbursed, without contribution from one account to another, by the Association as attorney-in-fact for the same purposes and in the same order as is provided in Sections 16.6.1 through 16.6.5 above.

In the event that the Owners do not elect to terminate the Project as provided above, Owners representing at least eighty-five percent (85%) of the total allocated votes in the Association (other than Declarant), and all directly adversely affected Owners may alternatively agree in writing not to repair and reconstruct improvements within the Common Elements and if no alternative improvements are authorized, then and in that event the damaged Property shall be restored to its natural state and maintained as an undeveloped portion of the Common Elements by the Association in a neat and attractive condition. Any remaining insurance proceeds shall be distributed in accordance with the Act.

16.7 Repairs. All repairs and reconstruction contemplated by this Article 16 shall be performed substantially in accordance with this Declaration, the Map, and the



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original plans and specifications for the Project, unless other action is approved by the Association in accordance with the requirements of this Declaration and the other Association Documents.

16.8 Notice of Damage or Destruction. In the event that any portion of the Project encompassing more than one Individual Air Space Unit is substantially damaged or destroyed by fire or other casualty, then written notice of the damage or destruction shall be given by the Association to each Owner and First Mortgagee of the affected Units within a reasonable time following the event of casualty damage.

ARTICLE XVII OBsolescence

17.1 Adoption of Plan; Rights of Owners. The Owners representing an aggregate ownership interest in the Common Elements of eighty-five percent (85%) or more may agree that the Project is obsolete and adopt a written plan for the renewal and reconstruction thereof. Written notice of the adoption of such a plan shall be given to all Owners and a copy of such plan shall be recorded in the office of the Clerk and Recorder of Gunnison County, Colorado, and the expense of renewal and reconstruction shall be payable by all of the Owners as Common Expenses; provided, however, that an Owner not a party to such a plan for renewal or reconstruction may give written notice to the Association within fifteen (15) days after the date of adoption of such plan that his Condominium Unit shall be purchased by the Association for the fair market value of the Unit in cash or certified funds. The Association shall then have thirty (30) days after the expiration of such 15-day period within which to cancel such plan. If such plan is not canceled, the Condominium Unit of the requesting Owner shall be purchased according to the following procedures.

If such Owner and the Association can agree on the fair market value of the Unit, then such sale shall be consummated within ninety (90) days after such agreement. If the parties are unable to agree, the date when either party notifies the other that no agreement may be reached shall be the "commencement date" from which all periods of time mentioned hereafter shall be measured. Within ten (10) days following the commencement date, each party shall nominate in writing (and give notice of such nomination to the other party) an appraiser. If either party fails to make such a nomination, the appraiser nominated shall, within five (5) days after default by the other party, appoint and associate with another appraiser. If the two designated or selected appraisers are unable to agree on the fair market value of the Unit, they shall appoint another appraiser to be umpire between them, if they can agree on such person, which umpire shall independently determine the fair market value of the Unit in the case of continued disagreement. If the two appraisers are unable to agree upon such umpire, each appraiser previously appointed shall nominate two appraisers, and from the names of the four appraisers so nominated one shall be drawn by lot by any judge of any court of record in Colorado, and the name so drawn shall be such umpire. The nominations from whom the umpire is to be drawn by lot shall be submitted within ten (10) days of the failure of the two appraisers to agree, which, in any event, shall not be



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later than twenty (20) days following the appointment of the second appraiser.

The decision of the appraisers as to the fair market value, or in the case of their disagreement, then such decision of the umpire shall be final and binding, and a judgment based upon the decision rendered may be entered in any court having jurisdiction thereof. The expenses and fees of such appraisers shall be borne equally by the Association and the Owner. The sale shall be consummated within fifteen (15) days thereafter, and the Association, as attorney-in-fact, shall disburse such proceeds for the same purposes and in the same order as provided in Sections 16.6.1 through 16.6.5 above.

17.2 Sale of Obsolete Units. The Owners representing an aggregate ownership interest in the Common Elements of eighty-five percent (85%) or may agree that the Condominium Units are obsolete and that the Project should be sold. In such instance, the Association shall immediately record in the office of the Clerk and Recorder of Gunnison County, Colorado, a notice setting forth such fact or facts, and upon the recording of such notice by the Association, the Project shall be sold by the Association as attorney-in-fact for all of the Owners, free and clear of the provisions contained in this Declaration, the Condominium Map, and the articles of incorporation and bylaws of the Association. Unless otherwise agreed in writing by all the Owners, the sale proceeds (and any insurance proceeds under Section 16.5 above) shall be apportioned among the Owners in proportion to each Owner's undivided interest in the Common Elements, and such apportioned proceeds shall be paid into separate accounts, each such account representing one Condominium Unit. Each such account shall be in the name of the Association, and shall be further identified by the Condominium Unit designation and the name of the Owner and designated as an agency account. From each separate account the Association, as attorney-in-fact, shall use and disburse the total amount of such accounts, without contribution from one account to another, for the same purposes and in the same order as is provided in Sections 16.6.1 through 16.6.5 above.

ARTICLE XVIII CONDEMNATION

18.1 Consequences of Condemnation. If, at any time or times during the continuance of the Project pursuant to this Declaration, all or any part of the Project shall be taken or condemned by any public authority or sold or otherwise disposed of in lieu or in avoidance of condemnation, then all compensation, damages, or other proceeds of condemnation, the sum of which is referred to as the "condemnation award" below, shall be payable to the Association, and the provisions of this Article 18 shall apply.

18.2 Complete Taking. In the event that the entire Project is taken or condemned or sold or otherwise disposed of in lieu or in avoidance of condemnation, the condominium ownership pursuant to this Declaration shall terminate, subject to the provisions of Section 18.7 below. The condemnation award shall be paid to the Association for the use and benefit of the Owners and the Mortgagees as their interests

may appear. Such award shall be apportioned among the Owners and the Mortgagees on the basis of the undivided interest in the Common Elements appurtenant to the Unit in which such Owners and Mortgagees have an interest; provided, however, that if a standard different from the value of the Project as a whole is employed to measure the condemnation award in the negotiation, judicial decree, or otherwise, then in determining such apportionment the same standard shall be employed. The Association shall, as soon as practical, determine the share of the condemnation award to which each Owner and Mortgagee is entitled and such shares shall be paid into separate accounts and disbursed as soon as practical for the same purposes and in the same order as is provided in Sections 16.6.1 through 16.6.5 above.

18.3 Partial Taking. In the event that less than the entire Project is taken or condemned or sold or otherwise disposed of in lieu or in avoidance of condemnation, the condominium ownership under this Declaration shall not terminate. Each Owner (and Mortgagee holding an interest in such Owner's Unit) shall be entitled to a share of the condemnation award to be determined under the following provisions. The condemnation award shall be paid to the Association for the use and benefit of the Owners and the Mortgagees as their interests may appear. As soon as practical, the Association shall reasonably and in good faith allocate the condemnation award between compensation, damages, or other proceeds, and shall apportion the amounts so allocated among the Owners, unless otherwise required under the Act, as follows:

18.3.1 The total amount allocated to a taking of or injury to the Common Elements shall be apportioned among Owners and their Mortgagees on the basis of each Owner's undivided interest in the General Common Elements.

18.3.2 The total amount allocated to severance damages shall be apportioned to the Owners and Mortgagees of those Condominium Units which were not taken or condemned;

18.3.3 The respective amounts allocated to the taking of or injury to a particular Condominium Unit or to improvements an Owner has made within the Owner's own Condominium Unit shall be apportioned to the Owner and Mortgagees of that particular Condominium Unit involved; and

18.3.4 The total amount allocated to consequential damages and any other takings or injuries shall be apportioned as the Association determines to be equitable under the circumstances.

If an allocation of the condemnation award is already established in negotiation, judicial decree, or otherwise, then in allocating the condemnation award, the Association shall employ such allocation. Distribution of apportioned proceeds shall be made by checks payable jointly to the respective Owners and their respective Mortgagees.



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18.4 Reorganization. In the event a partial taking results in the taking of an Individual Air Space Unit, the Owners thereof shall automatically cease to be members of the Association, and their ownership interests in the Common Elements shall terminate and vest in the Owners of the remaining Condominium Units. Thereafter, subject to the provisions of Section 18.7 below, the Association shall reallocate the ownership, voting rights, and Assessment ratios determined in accordance with this Declaration according to the same principles employed in this Declaration at its inception and shall submit such reallocation to the Owners of the remaining Individual Air Space Units for the amendment of this Declaration.

18.5 Repair and Reconstruction. Any repair and reconstruction necessitated by condemnation shall be governed by the procedures contained in Article 16 above.

18.6 Notice of Condemnation. In the event that any portion of the Project shall be made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, then timely written notice of such condemnation shall be given by the Association to each Owner and First Mortgagee.

18.7 Limitations on Actions of Association. Except as provided by statute, in case of condemnation, unless Owners representing an aggregate ownership interest in the Common Elements of eighty-five percent (85%) or more have given their prior written approval, the Association may not take any of the actions specified in Sections 18.1 through 18.6 above.

ARTICLE XIX OTHER ASSOCIATION MATTERS

19.1 Architectural Control.

19.1.1 No exterior or structural addition to or change or alteration to the General Common Elements (including the construction of any additional skylight, window, awning or door) shall be made until the plans and specifications showing the nature, kind, shape, height, color, materials, and location of the same shall have been submitted to and approved in writing by the Board as to harmony of external design and location in relation to surrounding structures and topography.

No exterior or structural addition to or change or alteration to a (including the construction of any additional skylight, window, awning or door) shall be made until the plans and specifications showing the nature, kind, shape, height, color, materials, and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Association.

The alterations and changes described in this section shall also be in compliance with any applicable zoning and other laws, rules and regulations, including the rules and



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regulations promulgated by the Association.

19.1.2 After receiving the approval of the Board, the Owner required to obtain such approval shall thereafter obtain all other approvals as may be required by any governmental or quasi-governmental body having jurisdiction over the Property.

19.2 General Reservation. Subject to any applicable restrictions under the Act, Declarant reserves the right to dedicate any access roads and streets serving the Property for and to public use and to allow such street or road to be used by owners of adjacent land

19.3 Employee Housing. The Declarant is required to comply with the Town's Employee Housing Unit Policy. The Declarant purchased an off-site dwelling unit containing the number of living spaces required by the Town and located within the Town's boundaries, and did record and made said dwelling subject to a restrictive covenant restricting the use of said dwelling for employee living spaces as defined in Article I, Section 21 of the Zoning Ordinance of the Town of Mt. Crested Butte.

19.4 No Use of Trademark. The term "Silver Ridge" is a service mark and trademark of COLO-MINN CONDOMINIUMS, LLC, a Colorado Limited Liability Company. Each Owner, by accepting a deed to a Lot, covenants and agrees that such Owner shall not use the term "Silver Ridge" without the prior written permission of COLO-MINN LLC.

19.5 Access. Each Owner, by accepting a deed to a Condominium Unit, agrees to be subject to the easements and the rules and regulations of the Town of Mt. Crested Butte governing the use of roads, as from time to time are in effect.

19.6 Limit on Timesharing. No Owner of any Condominium Unit shall offer or sell any interest in such Condominium Unit under a "timesharing" or "interval ownership" plan, or any similar plan without the specific prior written approval of the Association.

19.7 Fireplaces. Each Owner, by accepting a deed to a Condominium Unit, acknowledges that the use of any fireplace in the Unit is governed by the rules and regulations of the Town of Mt. Crested Butte pertaining to fireplaces, and each Owner agrees to abide by all of such rules and regulations.

19.8 Resort Activities. Each Owner is hereby advised of the following matters affecting the Property and the Owners' use and enjoyment thereof:

(a) Silver Ridge is located adjacent to a public skiing facility and recreation area (the "Ski Facility"), which may generate an unpredictable amount of visible, audible and odorous impacts and disturbances from activities relating to the construction, operation, use and maintenance thereof. The activities associated with the Ski Facility include, without limitation: (i) vehicular and residential traffic,

including, without limitation, (A) buses which transport skiers and others around Mt. Crested Butte and between the base of the Ski Facility and the parking lots located adjacent to the Town's roadways, (B) buses, vans, snowcats, snowmobiles and other vehicles which transport residents and guests of Mt. Crested Butte over, around and through the Ski Facility and Crested Butte Mountain Resort, and (C) construction vehicles and equipment; (ii) activities relating to the construction, operation and maintenance of ski trails, skiways and skier bridges and tunnels relating to the Ski Facility, including, without limitation, (A) tree cutting and clearing, grading and earth moving, and other construction activities, (B) construction, operation and maintenance of access roads, snowmaking equipment and chair lifts, gondolas and other skier transportation systems, and (C) operation of snow-grooming vehicles and equipment and safety and supervision vehicles; and (iii) activities relating to the use of the Ski Facility, including, without limitation, skiing, snow-boarding, hiking, horseback riding, bicycling and other recreational activities and organized events and competitions relating to such activities.

Substantial construction-related activities relating to the development of Silver Ridge or other development within or near the Town of Mt. Crested Butte may cause considerable noise, dust and other inconveniences to the Owners.

19.9 Amenities. No interest in any amenity located on or near Silver Ridge, shall be conveyed to an Owner pursuant to this Declaration. The owners of those facilities shall have the right, in their sole discretion, to remove, relocate, discontinue operation, restrict access to, charge fees for the use of, sell interests in or otherwise deal with such assets in their sole discretion without regard to any prior use of or benefit to any residents of Silver Ridge.

19.10 Snow Removal. The Association, as a Common Expense to the Owners, shall be responsible for contracting for the removal and storage of snow from the roofs of the Units and all areas requiring such removal as addressed herein or as otherwise deemed necessary by the Board or the Town of Mt. Crested Butte. All roofs shall be shoveled after every snowfall exceeding 6". All walkways, driveways and access roads shall be shoveled and/or plowed after every snowfall exceeding 3". All such snow that is accumulated as a result of these snow clearing activities shall be stored off premises at a site to be leased by the Association for such snow storage. Under no circumstances shall any snow be stored or allowed to accumulate on the right-of-ways of the Town. If the Association fails to remove any snow from its property as set forth herein or is otherwise responsible for the accumulation of any snow on the Town's right-of-ways, after twenty four (24) hours notice from the Town, penalties as set forth in the Town's Zoning Ordinance at Sections 21-5, 21-6, and 21-7 may apply.

ARTICLE XX DECLARANT'S RIGHTS REGARDING TRANSFER

Any right or any interest reserved or contained in this Declaration for the benefit of Declarant may be transferred or assigned by Declarant, either separately or with one or more other such rights or interests, to any person, corporation, partnership, association, or other entity, only by written instrument executed by both Declarant and the transferee or assignee and recorded in the Office of the Clerk and Recorder of Gunnison County, Colorado. Upon such recording, Declarant's rights and obligations under this Declaration shall cease and terminate to the extent provided in such instrument.

ARTICLE XXI RESERVATIONS BY DECLARANT

21.1 Rights of Declarant. Notwithstanding any other provisions expressed or implied in this Declaration or the Association Documents of the Association, the Declarant specifically reserves unto itself, its successors and assigns the following rights:

21.1.1 To appoint members of the Board of Directors during the period of Declarant control. The period of Declarant control shall terminate no later than the earlier of (1) sixty (60) days after the conveyance of seventy-five percent (75%) of the Units within the Project to Owners other than the Declarant, or (2) two (2) years after Declarant has conveyed a Unit within the Project in the ordinary course of business. Further, no later than sixty (60) days after the conveyance of least twenty-five percent (25%) of the Units to Owners other than Declarant, at least one member and not less than twenty-five percent (25%) of the members of the Board of Directors shall be elected by the Unit Owners other than Declarant and not later than sixty (60) days after the conveyance of fifty percent (50%) of the Units to Owners other than Declarant, not less than one-third (1/3) of the members of the Board of Directors shall be elected by the Unit owners other than Declarant.

ARTICLE XXII ANIMALS

22.1 Dogs and Cats. The Owner of the Unit may keep and maintain one dog or one cat within the Unit subject to the following restrictions:

22.1.1 All dogs and cats shall be confined the Owners Unit or attached to a leash or other suitable control device at all times.

22.1.2 The Owner shall at all times be personally liable and responsible for all actions of any dog or cat and any damage or injury caused by the dog or cat.

22.1.3 No dog or cat shall create a nuisance nor noise problem within



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the Project.

22.1.4 The Owner of any dog or cat shall be personally responsible and liable for the cleanup of any excrement left by such animal within the Project.

22.2 Other Animals and Pets. No other animals or pets may be kept or maintained by any Owner.

22.3 Impoundment of Animals. The Association is specifically empowered to impound any animal running at large within the Project Property. Upon impoundment, the Owner of the animal, if known, shall be immediately notified and the animal taken to the nearest facility which accepts impounded animals. It is the duty of the Owner of such animal to recover the animal from such facility and to pay all costs and fees incurred in the impoundment of the animal. If the animal is not recovered by the Owner in accordance with the rules and regulations of the impoundment facility, the facility may destroy the animal without liability to the facility, any other Owner or the Association by the Owner of such animal.

ARTICLE XXIII MISCELLANEOUS

23.1 Restriction on Declarant Powers. Notwithstanding anything to the contrary herein, no rights or powers reserved to Declarant hereunder shall exceed the time limitations or permissible extent of such rights or powers as restricted under the Act. Any provision in this Declaration in conflict with the requirements of the Act shall not be deemed to invalidate such provision as a whole but shall be adjusted as is necessary to comply with the Act.

23.2 Term. The covenants and restrictions of this Declaration shall run with and bind the land in perpetuity, subject to the termination provisions of the Act.

23.3 Amendment. The provisions of this Declaration may be amended or terminated, in whole or in part, from time to time, upon the written consent of Owners representing an aggregate ownership interest in the Common Elements of eighty-five percent (85%) or more, provided, however, matters not requiring Owner approval as described in C.R.S. 38-33.3-217(1) may be handled by the Board. In addition, a majority of the voting Directors of the Board including may make, without the approval of the Owners, (a) changes to the Map or any other Association Documents to the extent necessary to correct a factual error, and (b) any proposed amendment to this Declaration which affects any right of Declarant shall require the prior written approval of Declarant, in addition to the approval requirements otherwise set forth herein.

23.4 Unilateral Amendment Rights Reserved by Declarant. Notwithstanding any provision in this Declaration to the contrary, Declarant, acting alone, reserves to itself the right and power to modify and amend this Declaration to the fullest extent permitted under the Act.



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23.5 Recording of Amendments. Any amendment to this Declaration made in accordance with this Article 21 shall be immediately effective upon recording in the office of the Clerk and Recorder of Gunnison County, Colorado, a copy of the amendment, executed and acknowledged by the appropriate number of Owners, accompanied by a certificate of a licensed title insurance company as to ownership, or upon the recording of a copy of the amendment, together with a duly authenticated certificate of the secretary of the Association stating that the required number of consents of Owners and a certificate of a licensed title company as to title to the Condominium Units were obtained and are on file in the office of the Association.

23.6 Enforcement/Attorney Fees Enforcement of the covenants, conditions, restrictions, easements, reservations, rights-of-way, liens, charges and other provisions contained in this Declaration, the articles, the bylaws and the rules and regulations of the Association, all as amended, shall be by any proceeding at law or in equity against any person or persons, including the Association, violating or attempting to violate any such provision. The Association and any aggrieved Owner shall have the right to institute, maintain and/or prosecute any such proceedings, and the Association shall further have the right (after notice and an opportunity to be heard) to levy and collect fines for the violation of any provision of the aforesaid documents. Any legal action initiated by the Association other than as described in this Declaration shall require the majority approval of the Board. In any action instituted or maintained under this Section, the prevailing party shall be entitled to recover its costs and reasonable attorneys' fees incurred pursuant thereto, as well as any and all other sums awarded by the Court. Failure by the Association or any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

23.7 Severability. Invalidity of any of the covenants, restrictions or other provisions contained in this Declaration by judgment or court order shall in no way affect or limit any other provisions which shall remain in full force and effect.

23.8 Conflict of Provisions. In case of any conflict between this Declaration and the articles or the bylaws of the Association, this Declaration shall control. In case of any conflict between the articles and the bylaws, the articles shall control. The foregoing to the contrary notwithstanding, in the event of any inconsistency between this Declaration or the articles or the bylaws, on the one hand, and the Act, on the other, then in all events the Act shall control.

23.9 Nonwaiver. Failure by Declarant, the Association, or any Owner or First Mortgagee to enforce any covenant, condition, restriction, easement, reservation, right-of-way, or other provision contained in this Declaration shall in no way or event be deemed to be a waiver of the right to do so thereafter.

23.10 Number and Gender. Unless the context provides or requires to the contrary, the use of the singular herein shall include the plural, the use of the plural shall include the singular, and the use of any gender shall include all genders.



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23.11 Captions. The captions to the Articles and Sections and the Table of Contents at the beginning of this Declaration are inserted only as a matter of convenience and for reference, and are in no way to be construed to define, limit, or otherwise describe the scope of this Declaration or the intent of any provision of this Declaration.

23.12 Exhibits. All the Exhibits attached to and described in this Declaration are incorporated in this Declaration by this reference.

Executed as of the 19th day of June, 2001

COLO-MINN CONDOMINIUMS LLC,
a Colorado Limited Liability Company

By: James S. Watt
James S. Watt, Manager

STATE OF COLORADO)
)ss.
COUNTY OF Gunnison)

The foregoing instrument was acknowledged before me this 19th day of June, 2001, by James S. Watt, Manager, **COLO-MINN CONDOMINIUMS, LLC**, a Colorado limited liability company.

Witness my hand and official seal.

My commission expires: 4-28-2002

(SEAL)

JENNIFER L. KNOX
NOTARY PUBLIC
STATE OF COLORADO

James H. Knox

Notary Public



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EXHIBIT A

Township 13 South, Range 86 West, 6th P.M.

Section 26: 2 parcels of land located in the SE ¼ NE ¼ of said
Section 26, being more particularly described as follows:

TRACT 1. PARCEL B

Beginning at a point on the easterly boundary of Snowmass Road from whence the SE 1/16 corner of said Section 26 bears S 07°43'45" W a distance of 2050.56 feet; thence N 19°06'24" E along the easterly boundary of Snowmass Road a distance of 240.09 feet; thence on a curve to the left along said easterly boundary a distance of 26.57 feet, said curve having a radius of 125.00 feet and a chord which bears N 11°21'12" E a distance of 26.52 feet; thence N 56°38'45" E along the southeasterly boundary of Ski Center Condominium site as recorded in the Gunnison County records Reception No. 294345, a distance of 115.67 feet; thence S 06°11'10" W a distance of 69.83 feet; thence S 19°06'24" W a distance of 297.00 feet to a point which is the northeast corner of Parcel A, Tract 1; thence N 66°03'32" W along the northerly boundary of Parcel A, Tract 1 a distance of 82.81 feet to the POINT OF BEGINNING,

TRACT 2. PARCEL B

Beginning at a point which is the southeast corner of Tract 1; thence N 19°06'24" E along the easterly boundary of Tract 1 a distance of 297.00 feet; thence N 06°11'10" E a distance of 69.83 feet along the easterly boundary of Tract 1 to a point on the southeasterly boundary of Ski Center Condominium site; thence N 56°38'45" E along the southeasterly boundary of Ski Center Condominium site a distance of 21.03 feet; thence S 16°40'28" E a distance of 100.74 feet; thence S 19°06'24" W a distance of 304.76 feet to a point which is the northeast corner of Parcel A, Tract 2; thence N 66°03'32" W along the northerly boundary of Parcel A, Tract 2 a distance of 56.30 feet to the POINT OF BEGINNING,

The bearings of the above described parcel is based on the bearing of S 89°28'38" E between the Southeast 1/16 corner and the South 1/16 corner of said Section 26,

Any references in the above legal description to Parcel A, Tract 1 or Parcel A, Tract 2 shall mean those tracts of land described in a Warranty Deed from Crested Butte Mountain Resort, Inc., a Colorado corporation to Genesee Land Company, a Colorado limited partnership as recorded in Book 555 at page 304 of the records of Gunnison County, Colorado,

Town of Mt. Crested Butte,
County of Gunnison,
State of Colorado.



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EXHIBIT B
(DIVISION OF UNITS AND RESPECTIVE UNDIVIDED INTERESTS)

<u>UNIT #</u>	<u>INTEREST</u>
Unit # 1	1/12 interest
Unit # 2	1/12 interest
Unit # 3	1/12 interest
Unit # 4	1/12 interest
Unit # 6	1/12 interest
Unit # 7	1/12 interest
Unit # 8	1/12 interest
Unit # 9	1/12 interest
Unit # 10	1/12 interest
Unit # 11	1/12 interest
Unit # 12	1/12 interest



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EXHIBIT C
(EASEMENTS TO WHICH PROPERTY IS SUBJECT)

1. Right-of-way for general maintenance of snow removal purposes, extending 38 feet on each side of the centerline of Snowmass Road as reserved in the recorded plat of Lodge Sites Area filed October 21, 1963, as Reception No. 256818.
2. An underground utility easement 16 feet in width for the construction, installation, and maintenance of underground utilities over and across the subject property recorded in Book 565 at Page 888.
3. A perpetual reserved easement to Crested Butte Mountain Resort, Inc., a Colorado corporation, its successors and assigns, recorded May 7, 1981, in Book 565 at Page 951.
4. Terms and Conditions as contained in Grant of Easement and Easement Agreement recorded March 23, 1999, at Reception No. 491768.