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DECLARATION

FOR

SKY LEGEND AT COTTON RANCH

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DECLARATION
FOR
SKY LEGEND AT COTTON RANCH

THIS DECLARATION FOR SKY LEGEND AT COTTON RANCH (this "Declaration"), dated as of April 11, 2005, shall be effective upon recordation and is made by SKY LEGEND LLC, a Delaware limited liability company ("Declarant"). Declarant is the owner of certain real property in Town of Gypsum, Colorado, more particularly described on Exhibit A attached hereto and made part of this Declaration by this reference (the "Property"), and Declarant and other third parties are the owners of additional real property located in Town of Gypsum, Colorado, more particularly described on Exhibit B (the "Expansion Property"). Declarant hereby makes the following grants, submissions, and declarations:

ARTICLE 1
IMPOSITION OF COVENANTS

Section 1.1 Purpose. The purpose of this Declaration is to create a residential planned community (the "Project") pursuant to the Colorado Common Interest Ownership Act as set forth in Article 33.3, Title 38, Colorado Revised Statutes, within the Property.

Section 1.2 Intention of Declarant. Declarant intends to develop the Property as a residential community, for the benefit of all persons residing in Sky Legend at Cotton Ranch. Declarant desires to (a) protect the value and desirability of the Property, (b) to own and operate certain common amenities and properties for the benefit of the owner(s) of the Property and the separate projects which may be formed thereon, (c) create a harmonious and attractive residential development within the Property, and to promote and safeguard the health, comfort, safety, convenience, and welfare of the owners of Residential Units in Sky Legend at Cotton Ranch.

Section 1.3 Number of Units. The Sky Legend at Cotton Ranch Community Documents (as that term is hereinafter defined) in effect as of the date hereof permit the development of a maximum of 247 Residential Units and Declarant hereby reserves the right to create such residential areas. Declarant intends to develop Residential Units within the Project, including single family homes and multi-family developments.

Section 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, and other provisions of this Declaration below, and 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.

Section 1.5 Master Declaration. The Property is subject to the Declaration of Protective Covenants, Conditions and Restrictions of the Cotton Ranch as recorded October 30, 1995, under Reception No. 575562, in the office of the Clerk and Recorder of Eagle County, Colorado, and as amended and supplemented from time to time (the "Master Declaration").

Section 1.6 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.

ARTICLE 2 DEFINITIONS

The following words, when used in this Declaration or any Supplemental Declaration, shall have the meanings designated below unless the context shall expressly provide otherwise:

Section 2.1 "Act" means the Colorado Common Interest Ownership Act as set forth in the Colorado Revised Statutes, Section 38-33.3-101, et. seq.

Section 2.2 "Agency" means any agency or corporation such as the Department of Housing and Urban Development, Veteran's Administration, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, the Government National Mortgage Association or Federal Housing Administration that purchases, guarantees or insures residential mortgages.

Section 2.3 "Assessment Obligation" means the apportionment of Assessments for which a Unit is responsible as calculated pursuant to Section 7.4 below.

Section 2.4 "Assessments" means the annual, special, default and transfer Assessments levied pursuant to Article 7 below. Assessments are also referred to as a Common Expense Liability under the Act.

Section 2.5 "Association" means Sky Legend at Cotton Ranch Association, a Colorado nonprofit corporation, and its successors and assigns. The Association acts through its Executive Board unless a vote of the Owners is otherwise specifically required by the Act, this Declaration or the articles of incorporation or bylaws of the Association.

Section 2.6 "Association Documents" means the basic documents governing the Association, including, but not limited to, this Declaration, the articles of incorporation and bylaws of the Association, and any procedures, rules, regulations, or policies relating to the Association adopted under such documents by the Association or the Executive Board

Section 2.7 "Building" means any building (including all fixtures and improvements contained within it) located on the Property.

Section 2.8 "Bylaws" means the Bylaws adopted by the Association, as amended from time to time.

Section 2.9 "Common Area" means, to the extent of the Association's interest in such real property or improvements, if any, any real property or improvements (a) that are owned by the Association, (b) that are owned by a person or entity other than the Association, but in which the Association has rights of use or possession pursuant to a lease, license, easement or other agreement, or (c) that the Association is otherwise required to operate, manage, maintain or repair, together with any improvements located thereon. Declarant is legally obligated to construct landscaping, green spaces and additional similar improvements within and/or outside of the Property as required by the Community Documents. The responsibilities which Declarant anticipates may be handled by the Association are as follows: landscaping and related irrigation (including landscaping within dedicated public rights-of-way serving the Property), green space, trails, portions of a raw water irrigation system, private drives and parking areas expressly accepted by the Association, and snow removal from cul-de-sac rights-of-way, together with any related improvements or amenities associated with any of the foregoing.

Section 2.10 "Common Expenses" means (a) all expenses expressly declared to be common expenses by this Declaration or the Bylaws; (b) all other expenses of administering, servicing, conserving, managing, maintaining, repairing or replacing the Common Area and other areas of Association responsibility; (c) insurance premiums for the insurance carried under Article 11; and (d) all expenses lawfully determined to be common expenses by the Executive Board.

Section 2.11 "Community Documents" means those certain documents relating to Sky Legend at Cotton Ranch covering, without limitation, the Property, and other property, such documents to include, without limitation, applicable zoning requirements and/or PUD documentation, annexation agreements, subdivision improvement agreements and other agreements with the Town of Gypsum relating to Sky Legend at Cotton Ranch, together with any amendments thereto.

Section 2.12 "Declarant" means Sky Legend LLC, a Delaware limited liability company, and its successors and assigns. No party other than Sky Legend LLC shall exercise the rights and privileges reserved herein to Declarant unless such party shall receive and record in the real property records of Eagle County, Colorado a written assignment from Sky Legend LLC or a portion of such rights and privileges.

Section 2.13 "Declarant Control Period" shall have the meaning given it in Section 6.4 of this Declaration.

Section 2.14 "Declaration" means this Declaration for Sky Legend At Cotton Ranch, together with any supplement or amendment to this Declaration, recorded by Declarant in the office of the Clerk and Recorder of Town of Gypsum, Colorado.

Section 2.15 "Design Guidelines" means the guidelines and rules published and amended and supplemented from time to time by the Design Review Committee established under the Master Declaration.

Section 2.16 "Design Review Committee" means and refers to the Design Review Committee established and created pursuant to the Master Declaration.

Section 2.17 "Director" means a member of the Executive Board.

Section 2.18 "Eligible Mortgage Holder" means a First Mortgagee or any insurer or guarantor of a First Mortgage, or any Agency, which has notified the Association in writing of its name and address and its status as the holder, insurer or guarantor of a First Mortgage. Such notice shall be deemed to include a request that the Eligible Mortgage Holder be given the notices and other rights described in Article 18 below, regardless of whether such Article requires notice to such party.

Section 2.19 "Executive Board" means the governing body of the Association, as provided in this Declaration and in the articles of incorporation and Bylaws.

Section 2.20 "Expansion Property" means the real property located in Town of Gypsum, Colorado, more particularly described on Exhibit B attached hereto and incorporated herein by this reference, which Declarant may subject to this Declaration by one or more duly recorded Supplemental Declarations.

Section 2.21 "First Mortgage" means a Mortgage which has priority of record over all other recorded liens except those governmental liens made superior by statute (such as general ad valorem tax liens, special and governmental transfer assessments).

Section 2.22 "First Mortgagee" means the Mortgagee under a First Mortgage.

Section 2.23 "Function" means any activity, function or service required under this Declaration to be undertaken or performed by the Association as well as any activity, function or service otherwise undertaken or performed by the Association.

Section 2.24 "Guest" means any family member, customer, agent, employee, independent contractor, guest, invitee or Lessee of an Owner and any person or persons, entity or entities who have any right, title or interest in a Unit which is not the fee simple title to the Unit (including a Lessee), and any family member, customer, agent, employee, independent contractor, guest or invitee of such person or persons, entity or entities.

Section 2.25 "Lessee" means the person or persons, entity or entities which constitute the lessee under a lease of all or any part of a Unit. The term Lessee shall include Declarant to the extent it is a Lessee as defined above and shall include a sublessee, but it shall not include the Association or any governmental entity (which term shall include but is not limited to special districts formed pursuant to Colorado law).

Section 2.26 "Management Agreement" means the contract or arrangement entered into for purposes of discharging the responsibilities of the Executive Board relative to the operation, maintenance and management of the Common Area or for purposes of undertaking or discharging any Function.

Section 2.27 "Managing Agent" means the person, firm, corporation, or other entity employed or engaged as an independent contractor pursuant to a Management Agreement to perform management services for the Common Area and/or the Association.

Section 2.28 "Master Association" means the Cotton Ranch Homeowners' Association, a Colorado nonprofit corporation, and its successors and assigns.

Section 2.29 "Master Declaration" means the Declaration of Protective Covenants, Conditions and Restrictions of the Cotton Ranch as recorded October 30, 1995, under Reception No. 575562, in the office of the Clerk and Recorder of Eagle County, Colorado, and as amended and supplemented from time to time.

Section 2.30 "Maximum Rate" shall mean three (3) percentage points greater than that rate of interest charged by a bank designated from time to time by the Executive 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.

Section 2.31 "Mortgage" means any unpaid and outstanding mortgage, deed of trust, or other security instrument recorded in the office of the Clerk and Recorder of Town of Gypsum, Colorado, which secures financing for the construction or development of any portion of the Property or which encumbers a Unit.

Section 2.32 "Mortgagee" means 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.

Section 2.33 "Non-Association Amenities" means certain real property and any improvements and facilities thereon located adjacent to, in the vicinity of, or within the Property, which are privately or publicly owned and operated by persons other than the Association for recreational, commercial and related purposes, on a membership basis or otherwise, and shall include, without limitation, the Cotton Ranch Golf Club and its related amenities.

Section 2.34 "Owner" means 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 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 Unit pursuant to foreclosure or any proceedings in lieu of foreclosure).

Section 2.35 "Plat" means that certain Final Plat of Sky Legend At Cotton Ranch recorded in the office of the Clerk and Recorder of Eagle County, Colorado, as amended and/or supplemented from time to time.

Section 2.36 "Project" or "Projects" means one or more Buildings, together with the Lot on which such Building(s) are located and which lot is submitted to a condominium or planned community regime by a Project Declaration.

Section 2.37 "Project Association" or "Project Associations" means the association(s), formed for the purpose of representing owners of Units within a particular Project.

Section 2.38 "Project Declaration" means each Declaration creating a Common Interest Community within the planned community created by this Declaration.

Section 2.39 "Project Unit" means any Unit that is part of a Project.

Section 2.40 "Property" means the real property subject to this Declaration.

Section 2.41 "Residence(s)" means, individually or collectively, the improvements constructed on a Lot and used for dwelling purposes.

Section 2.42 "Residential Lot" or "Lot" means, individually or collectively, any separately numbered lot(s) designated on the Plat or any Supplemental Plat for any portion of the Property, recorded in the office of the Clerk and Recorder of Eagle County, Colorado, as the same may be amended from time to time.

Section 2.43 "Residential Unit" or "Unit" means any separate fee simple interest in and to any parcel of real property subject to this Declaration which is designated for separate ownership and that may be conveyed in fee in compliance with all applicable subdivision regulations which is permitted to be used for residential purposes in the Community Documents. A Residential Unit may include, without limitation, a Lot, or, if improved with a Residence, a Lot and the Residence located thereon.

Section 2.44 "Sky Legend At Cotton Ranch" means the entirety of the Property subject to the terms and provisions of this Declaration.

Section 2.45 "Special Assessment" means an assessment levied pursuant to Section 7.6 below on an irregular basis.

Section 2.46 "Successor Declarant" means any party or entity to whom Declarant assigns any or all of its rights, obligations, or interest as Declarant, as evidenced by an assignment or deed of record executed by both Declarant and the transferee or assignee and recorded in the Office of the Clerk and Recorder of Eagle County, Colorado, designating such party as a Successor Declarant.

Section 2.47 "Supplemental Declaration" means an instrument which subjects any part of the Expansion Property to this Declaration, as more fully provided in Article 17 below.

Section 2.48 "Supplemental Plat" means a subdivision plat which depicts any part of the Expansion Property becoming subject to this Declaration through a Supplemental Declaration, as more fully provided in Article 17 below.

Section 2.49 "Town" means the Town of Gypsum, State of Colorado, the governmental entity which has the planning and zoning authority with respect to the Property.

Section 2.50 "Voting Allocation" means the apportionment of voting rights of an Owner as calculated pursuant to Section 6.2 below.

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

ARTICLE 3
NAME, DIVISION INTO RESIDENTIAL UNITS

Section 3.1 Name. The name of the development governed by this Declaration is Sky Legend At Cotton Ranch. The Project is a Planned Community pursuant to the Act.

Section 3.2 Association. The name of the Association is Sky Legend At Cotton Ranch Association. Declarant has caused the Association to be incorporated under the laws of the State of Colorado as a nonprofit corporation with the purpose of exercising the Functions as herein set forth.

Section 3.3 Number of Units. The number of Units initially submitted to this Declaration is seventy-seven (77). Declarant reserves the right for itself and any Successor Declarant to expand the Property to include up to a maximum of two hundred forty-seven (247) Residential Units, and to expand the Common Area

Section 3.4 Identification of Units. The identification number of each Unit shown as its lot number on the Plat.

Section 3.5 Description of Units.

3.5.1 Each Unit shall be inseparable and may be leased, devised, or encumbered only as a residence.

3.5.2 Title to a Unit may be held individually or in any form of concurrent ownership recognized in Colorado. In case of any such concurrent ownership, each co-owner shall be jointly and severally liable for performance and observance of all the duties and responsibilities of an Owner with respect to the Unit in which he owns an interest. For all purposes herein, there shall be deemed to be only one Owner for each Unit. The parties, if more than one, having the ownership of a Unit shall agree among themselves how to share the rights and obligations of such ownership, but all such parties shall be jointly and severally liable for performance and observance of all of the duties and obligations of an Owner hereunder with respect to the Unit in which they own an interest.

3.5.3 Any contract of sale, deed, lease, Mortgage, will or other instrument affecting a Unit may describe it by its Lot number, Sky Legend At Cotton Ranch, County of Eagle, State of Colorado, according to the Plat thereof recorded _____, _____, in Plat Book _____ at Page _____, as Reception No. _____, and any recorded amendment and supplement thereto, and this Declaration, which will be recorded in the Office of the Clerk and Recorder of Eagle County, Colorado, and any recorded amendment and supplement hereto (with applicable recording information inserted herein).

3.5.4 Each Unit shall be considered a separate parcel of real property and shall be separately assessed and taxed. Accordingly, the Common Area shall not be assessed separately but shall be assessed with the Units as provided pursuant to Colorado Revised Statutes Subsections 39-1-103(10) and 38-33.3-105(2).

3.5.5 No Owner of a Unit shall bring any action for partition or division of the Common Area.

ARTICLE 4 MAINTENANCE

Section 4.1 Owner's Responsibility. Except for those maintenance functions specifically assumed by the Association under this Declaration or by a Project Association under a Project Declaration, an Owner shall be responsible for maintaining all portions of the Owner's Unit, including, without limitation, the exterior of all Residences and Buildings, which shall include but shall not be limited to, painting and/or staining of the exterior (including decks and porches), painting and/or staining of all walls, fences and gates and roof maintenance and repair (including snow and ice removal). The Owner shall be responsible for window washing, the repair or replacement of broken window panes and all other exterior maintenance and repairs. Each Owner or Project Association, as is applicable, hereby covenants and agrees to maintain the Building for which it is responsible in first class condition and repair. Each Owner or Project Association shall also maintain all sidewalks and driveways within the Owner's Lot or the Project, as applicable. The maintenance provided by Owner or Project Association under this Section shall include snow removal services. Each Owner shall maintain the yard associated with its Unit, including the grass, landscaping, and irrigation system maintenance and operation, except that the Association will maintain, including the grass, landscaping, and irrigation system operation and maintenance: the front yard of all Units and street-side side yard of all corner Units. Notwithstanding, Owners of Lots designated with a "C" on the Plat shall maintain, including the grass, landscaping, and the installation, operation and maintenance of the irrigation system, their entire yard. The Association shall have the right and power to prohibit on a Unit any storage or other activities deemed unsafe, unsightly, unreasonably noisy or otherwise offensive to the senses and perceptible from another Unit or the Common Area. No Owner shall make any addition or other alteration to any portion of such Owner's Unit without the express consent of the Design Review Committee of the Master Association, as more fully discussed in Article 8.

Section 4.2 Association's Responsibility. The Association shall provide for the care, operation, management, maintenance, repair and replacement of all Common Areas. Moreover, the Association may provide for the care and maintenance of other areas of the Property or other areas outside of the Property if the Association is charged with such responsibility pursuant to this Declaration or a Community Document or if the Executive Board, in its sole and exclusive discretion, deems such care and maintenance to be necessary or desirable for access to the boundary of or full utilization of any Unit or any improvements within Sky Legend at Cotton Ranch. Such Functions shall include, without limitation: maintenance of any property which has been dedicated to the Town or owned by the Cotton Ranch Metropolitan District but which may be required to be maintained by the Association in accordance with the Community Documents or otherwise by agreement by the Association; removal of snow from and application of sand, salt and other de-icing materials to walks, parking areas, trails and other similar Common Areas and cul-de-sac rights-of-way and other road maintenance responsibilities described in this Section below as necessary for their customary use and enjoyment; maintenance and care of bike and/or pedestrian paths, trails, open space or unimproved areas included in the Common Area and of plants, trees and shrubs in such Common Area; maintenance of sidewalks and all landscaping and streetscaping located on or

within any right-of-way or sidewalks and all planters, flowers and other items located thereon; maintenance of lighting (but not related utility charges) provided for walks, drives, paths, trails and other similar Common Areas; removal of trash and debris from Common Areas; purchase, and maintenance and irrigation of all landscaping within the Common Areas. With respect to the maintenance of roads within the Property, Exhibit C to this Declaration depicts three categories of roads, as follows: (a) those roads owned by the Town of Gypsum, who shall be responsible for maintaining such roads, including snow removal and ongoing maintenance and repair; (b) those roads owned by the Town of Gypsum, who shall be responsible for ongoing maintenance and repair but for which the Association shall be responsible for snow removal; and (c) those roads owned by the Association, who shall be responsible for maintaining such roads, including snow removal and ongoing maintenance and repair. The Executive Board shall be the sole judge as to the appropriate maintenance, operation and management of the Common Area and other areas of the Property. The Association or the Cotton Ranch Metropolitan District shall provide a raw water irrigation system and point of connection to Owners, but individual Owners or Project Associations shall be responsible for the extension of such system on individual Lots, the maintenance of such system, the maintenance of associated landscaping on Lots and the provision of all utilities necessary for the maintenance and upkeep of such landscaping. Notwithstanding the foregoing, the Association shall maintain, including the grass, landscaping, and the operation and maintenance of the irrigation system, all front yards of all Units and street-side side yards of all corner Units, except that Owners of Lots designed with a "C" on the Plat shall will maintain, including the grass, landscaping, and installation, operation and maintenance of irrigation system, such Lot's entire yard.

Section 4.3 Association's Right to Grant Owner's Maintenance Area. The Association reserves the right to grant the maintenance responsibility of areas for which the Association is responsible to applicable Unit Owners or Project Associations, as applicable, and the Owner or Project Association is obligated to accept said maintenance responsibility, provided said assignment is done in a uniform and nondiscriminatory manner among the same type of Units. Furthermore, the Association shall have the right to promulgate reasonable rules and regulations regarding the maintenance by the Owners and Project Associations.

Section 4.4 Special Easement. The Association and the Executive Board and their respective representatives are hereby granted a nonexclusive easement to enter upon and use the Lots as may be necessary or appropriate to perform the duties and Functions which they may be obligated or permitted to perform pursuant to this Declaration.

Section 4.5 Maintenance Contract. The Association or Executive Board shall employ or contract for the services of an individual or maintenance company to perform certain delegated powers, functions, or duties of the Association, including, without limitation, the maintenance of the Common Area. The employed individual or maintenance company shall have the authority to make expenditures upon prior approval and direction of the Executive Board. The Executive Board shall not be liable for any omission or improper exercise by the employed individual or management company of any duty, power, or function so delegated by written instrument executed by or on behalf of the Executive Board.

Section 4.6 Owner's Failure to Maintain or Repair. Except for the Functions specifically undertaken by the Association, all Owners are expected to maintain their Units in accordance with

the standards of quality typical within Sky Legend at Cotton Ranch. In the event that a Unit and the improvements and landscaping thereupon are not properly maintained and repaired, or in the event that the improvements or landscaping on the Unit are damaged or destroyed by an event of casualty and the Owner does not take reasonable measures to diligently pursue the repair and reconstruction of the damaged or destroyed improvements to substantially the same condition in which they existed prior to the damage or destruction, then the Association, after notice to the Owner and with the approval of the Executive Board, shall have the right to enter upon the Unit to perform such work as is reasonably required to restore the Unit and the Buildings and other improvements thereon to a condition of good order and repair. All costs incurred by the Association in connection with the restoration shall be reimbursed to the Association by the Owner of the Unit, as is applicable, upon demand. All unreimbursed costs shall be a lien upon the 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 7 of this Declaration.

Section 4.7 No Association Liability. Neither Declarant, the Association, nor any of their respective directors, members, officers, agents or employees, shall be liable for any incidental or consequential damages for failure to inspect any Unit or Project or improvements or portion thereof or to repair or maintain the same. Declarant, the Association or any member of the general public, firm or corporation undertaking such repairs or maintenance shall not be liable for any personal injury or other incidental or consequential damages occasioned by any act or omission in the repair or maintenance of any Unit or Project or improvements or portion thereof.

ARTICLE 5 ASSOCIATION RIGHTS AND DUTIES

Section 5.1 Association Duties and Functions. 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 Property and for the exclusive management, control, maintenance, repair, replacement, and improvement of the Common Area (including facilities, furnishings, and equipment related thereto) and shall keep the same in good, clean, attractive, and sanitary condition, order, and repair. Further, the Association is authorized, without obligation, to administer and operate such other functions designed for the general health, safety and welfare of the Owners or the value and desirability of Sky Legend at Cotton Ranch, including, without limitation, any public health and safety function, vehicular regulation function, animal control function, marketing and promotion function, and community television, telephone, communications or trash removal function. 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 7.5 below, prior approval of the Owners shall not be required in order for the Association to pay any such expenses, costs, and fees.

Section 5.2 Right to Make Rules and Regulations. The Association shall be authorized to and shall have the power to adopt, amend and enforce rules and regulations applicable within Sky Legend At Cotton Ranch with respect to any Common Area or Function, and to implement the provisions of this Declaration or other Association Documents, including but not limited to, rules and regulations to regulate use of any and all Common Area in order to assure compliance with the Community Documents or to protect the natural features thereof or the interests of all Owners and

Guests; to prevent or reduce fire hazard; to prevent disorder and disturbances of the peace; to regulate pedestrian and vehicular traffic; to regulate animals); to protect wildlife; to regulate signs; to regulate weed and pest control on property within Sky Legend at Cotton Ranch; to promote the general health, safety and welfare of persons residing, visiting and doing business within Sky Legend At Cotton Ranch; and to protect and preserve property and property rights. All rules and regulations shall comply with the Association Documents, the Community Documents, and other applicable land use restrictions for Sky Legend At Cotton Ranch. The rules and regulations shall be reasonable and shall be uniformly applied, except such rules may differentiate between reasonable categories of Units, Projects, Neighborhoods, Owners, Lessees, Guests or members of the general public. At its own initiative or upon the written request of any Owner (if the Association determines that further action by the Association is proper) and subject to the hearing procedures set forth in Section 4.14 of the Bylaws, the Association may provide for enforcement of any such rules and regulations through reasonable and uniformly applied fines and penalties, through exclusion of violators from the Common Area or from enjoyment of any Functions, or otherwise. With respect to violations of parking regulations or of other rules and regulations that require an immediate remedy, the Association shall have the right to remove vehicles in violation or take other action to remedy the violation without first implementing the hearing procedures. Each Owner, Lessee, Guest and member of the general public shall be obligated to and shall comply with and abide by such rules and regulations and pay such fines or penalties upon failure to comply with or abide by such rules and regulations, and such unpaid fines and penalties shall be enforceable as a default Assessment in accordance with Section 7.9.

Section 5.3 Payments to Working Capital Account. In order to provide the Association with adequate working capital funds, the Association shall may collect at the time of the first sale of each Unit an amount equal to one quarter's Assessments. Such payments to this fund shall not be considered advance payments of annual Assessments.

Section 5.4 Taxes. The Association shall pay all ad valorem real estate taxes, special improvement and other assessments (ordinary and extraordinary), ad valorem personal property taxes, and all other taxes, duties, charges, fees and payments required to be made to any governmental or public authority which shall be imposed, assessed or levied upon, or arise in connection with the Common Area or Functions.

Section 5.5 Right to Dispose of Common Area; Third Party Rights in Common Area. Subject to Subsection 5.8.7 below, the Association shall have the full power and authority to sell, lease, grant easements, rights-of-way, licenses, leases or concessions in or to, transfer, encumber, abandon or dispose of any Common Area provided that such action does not result in a violation of the Community Documents or the Act. The Association shall be entitled to grant easements to third parties and take other actions which do not constitute a transfer in fee of a Common Area. The Association shall be entitled to contract with third parties, including, without limitation, other residential or recreational associations or individuals, allowing such persons the use and enjoyment of all or a portion of the Common Area under such terms and for such charges as may be acceptable to the Executive Board.

Section 5.6 Governmental Successor. Subject to applicable provisions of the Act, any Common Area and any Function may be turned over to a governmental or quasi-governmental entity

including the Cotton Ranch Metropolitan District or any special district or metropolitan district which is willing to accept and assume the same upon such terms and conditions as the Association shall deem to be appropriate.

Section 5.7 Records. The Association shall keep financial records sufficiently detailed to enable the Association to comply with Section 38-33.3-316(8) of the Act concerning statements of unpaid assessments. All financial and other records shall be made available for examination by any Owner or such Owner's authorized agents during normal business hours and under other reasonable circumstances. The Association may charge a reasonable fee for copying such materials.

Section 5.8 Implied Rights of the Association. The Association shall have and may exercise any right or privilege given to it expressly in this Declaration or, except to the extent limited by the terms and provisions of this Declaration, given to it by law and shall have and may exercise every other right, privilege, power and/or authority necessary or desirable to fulfill its obligations under this Declaration, including without limitation the rights to:

5.8.1 adopt and amend the bylaws and rules and regulations of the Association;

5.8.2 adopt and amend budgets for revenues, expenditures and reserves and collect Assessments, including, without limitation, Assessments for Common Expenses, from Owners;

5.8.3 hire and terminate Managing Agents and other employees, agents and independent contractors. Notwithstanding any provisions contained in this Declaration to the contrary, it is the intent of this Declaration that the Executive Board shall not be able to independently terminate the Management Agreement pursuant to Section 38-33.3-305 of the Act without a vote of Owners representing an aggregate voting interest of fifty-one percent (51%) or more. The Managing Agent shall not have the authority to make expenditures except upon prior approval and direction by the Executive Board. The Executive Board shall not be liable for any omission or improper exercise by a Managing Agent of any duty, power or Function so delegated by written instrument executed by or on behalf of the Executive Board;

5.8.4 institute, defend or intervene in litigation or administrative proceedings in its own name on behalf of itself or two or more Owners on matters affecting Sky Legend at Cotton Ranch

5.8.5 make contracts and incur liabilities;

5.8.6 regulate the use, maintenance, repair, replacement and modification of the Common Area;

5.8.7 acquire, hold, encumber and convey in its own name any right, title or interest in real or personal property; provided, however, that the fee interest of any Common Area may not be conveyed or subjected to a security interest unless (a) such action receives approval of Owners holding a majority of the total voting interest in the Association or any greater level of approval if required by the Act; (b) such action is evidenced by a written agreement, or a written ratification of an agreement, executed in the same manner as a deed by the required number of Owners; and (c) such action does not deprive any Unit of its rights of ingress, egress and support;

5.8.8 impose and receive any payments, fees or charges for the use, rental or operation of Common Area;

5.8.9 impose charges for late payments of Assessments, recover reasonable attorney's fees and disbursements and other costs of collection for Assessments and other actions to enforce the rights of the Association, regardless of whether or not suit was initiated, and after notice and opportunity to be heard pursuant to the hearing procedures set forth in Section 4.14 of the Bylaws, levy reasonable fines and penalties for violations of the Association Documents;

5.8.10 impose reasonable charges for the preparation and recordation of amendments to the Declaration or statements of unpaid Assessments;

5.8.11 provide for the indemnification of the Association's officers and directors and maintain directors' and officers' liability insurance;

5.8.12 assign its right to future income, including without limitation, its right to receive Assessments (by way of example and not limitation, the Association may assign its rights to receive Assessments to secure financing for improvements to the Common Area or performance of Functions);

5.8.13 obtain and pay for legal, accounting and other professional services;

5.8.14 perform any Function by, through or under contractual arrangements, licenses or other arrangements with any governmental or private entity as may be necessary or desirable; and

5.8.15 enjoy and exercise any other power or authority which similar associations may now or hereafter enjoy or exercise in the state of Colorado.

Section 5.9 Association Documents. Each Owner shall comply with and may benefit from each term, provision, covenant, condition, restriction, reservation and easement contained in the Association Documents. The obligations, burdens and benefits of membership in the Association touch and concern the Property and are, and shall be, covenants running with each Unit for the benefit of all other Units and the Common Area.

Section 5.10 Indemnification. The Association shall be obligated to and shall indemnify Declarant and hold it harmless from all liability, loss, cost, damage and expense, including without limitation attorneys' fees and disbursements, arising with respect to any operations of the Association or any of the Common Area or any Functions undertaken by the Association pursuant to this Declaration.

Section 5.11 Owner's Negligence. In the event that the need for maintenance, repair, or replacement of all or any portion of the Common Area is caused through or by the negligent or willful act or omission of an Owner or an Owner's Guest or Lessee, or by any Project Association, then the expenses incurred by the Association for such maintenance, repair, or replacement shall be a personal obligation of such Owner or, in the case of a negligent or willful act or omission of a Project Association, then of all Owners of Units within that Project; and, if an 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 Declaration, and such expenses shall automatically become a default Assessment determined and levied against such Unit, enforceable by the Association in accordance with Sections 7.9, 7.10 and 7.11 below.

Section 5.12 Enforcement of Association Documents. The Association or any aggrieved Owner may take judicial action against any Owner to enforce compliance with the rules and regulations of the Association 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. In addition, at its own initiative or upon the written request of any Owner (if the Association determines that further action by the Association is proper) and subject to the hearing procedures set forth in Section 4.14 of the Bylaws, the Association may provide for enforcement of the Association Documents through reasonable and uniformly applied fines and penalties, through exclusion of violators from the Common Area or from enjoyment of any Functions, or otherwise. Each Owner, Lessee, Guest and member of the general public shall be obligated to and shall comply with and abide by the Association Documents and pay such fines or penalties upon failure to comply with or abide by such Association Documents, and such unpaid fines and penalties shall be enforceable as a default Assessment in accordance with Section 7.9.

Section 5.13 Cooperation with Other Associations and Metro District. The Association may contract or cooperate with a Project Association or with other homeowners' associations, metropolitan districts or entities, including, without limitation, the Cotton Ranch Metropolitan District, as convenient or necessary to provide services and privileges and to fairly allocate costs among the parties utilizing such services and privileges which may be administered by the Association or such other organizations, for the benefit of Owners and their Lessees and Guests. The costs associated with such efforts by the Association (to the extent not chargeable to other organizations) shall be a Common Expense.

Section 5.14 Enforcement of Master Covenants. The Association shall have the power, subject to the primary power of the executive board of the Master Association, to enforce the covenants and restrictions contained in the Master Declaration and in the Design Guidelines, but only as said covenants and restrictions relate to Sky Legend at Cotton Ranch, and to collect regular, special and default assessments on behalf of the Master Association.

Section 5.15 LIMITATION OF LIABILITY OF ASSOCIATION. NOTWITHSTANDING THE DUTY OF THE ASSOCIATION TO MAINTAIN AND REPAIR THE COMMON AREA, AND EXCEPT TO THE EXTENT COVERED BY ASSOCIATION INSURANCE AS DESCRIBED IN ARTICLE 11, THE ASSOCIATION SHALL NOT BE LIABLE TO OWNERS FOR INJURY OR DAMAGE, OTHER THAN FOR THE COST OF MAINTENANCE AND REPAIR, CAUSED BY ANY LATENT CONDITION OF THE COMMON AREA TO BE MAINTAINED AND REPAIRED BY THE ASSOCIATION OR CAUSED BY THE ELEMENTS OR OTHER OWNERS OR PERSONS OR THE PROJECT ASSOCIATIONS.

ARTICLE 6

MEMBERSHIP IN ASSOCIATION

Section 6.1 Association Membership. Every Owner of a Unit shall be a member of the Association. No Owner, whether one or more persons, shall have more than one membership per Unit owned, as applicable. Membership in the Association shall be appurtenant to, and may not be separated from, ownership of a Unit.

Section 6.2 Classes of Membership. The Association shall have one (1) category of membership consisting of all Owners, including the Declarant so long as Declarant continues to own an interest in a Unit. Except as otherwise provided for in this Declaration, including, without limitation, Section 6.3 below, each Member shall be entitled to vote in Association matters pursuant to this Declaration on the basis of one vote for each Unit owned (the "Voting Allocation"). The Association shall not have a vote with respect to any Unit which may be owned by it. Declarant shall be entitled to vote with respect to Units owned by it. Members of the Association may exercise such voting rights subject to and in accordance with the provisions of the Bylaws. All members of the Association shall be entitled to vote on all matters affecting Sky Legend at Cotton Ranch.

Section 6.3 Election of Directors. During the period that Declarant is entitled to appoint the majority of the members of the Executive Board (such period, the "Declarant Control Period" as more particularly described in Section 6.4 below and the bylaws of the Association), the Directors shall be elected as provided in the bylaws of the Association without regard to the categories of Directors or the election thereof by certain categories of members as described in this Section below. After the expiration of the Declarant Control Period, the Executive Board shall consist of three (3) persons. All members of the Executive Board shall be entitled to participate in all Association affairs which affect Sky Legend at Cotton Ranch.

Section 6.4 Declarant Control. Notwithstanding anything to the contrary provided for herein and in accordance with applicable law, Declarant shall be entitled to appoint and remove the members of the Association's Executive Board and officers of the Association to the maximum extent permitted by the Act. The specific restrictions and procedures governing the exercise of Declarant's right to so appoint and remove Directors and officers shall be set out in the bylaws of the Association. Declarant may voluntarily relinquish such power evidenced by a notice executed by Declarant and recorded in the office of the Clerk and Recorder for Eagle County, Colorado but, in such event, Declarant may at its option require that specified actions of the Association or the Executive Board as described in the recorded notice, during the period Declarant would otherwise be entitled to appoint and remove Directors and officers, be approved by Declarant before they become effective.

Section 6.5 Fairness Standard. The Executive Board, the officers of the Association and the Association shall have the duty to represent the interests of Residential Unit Members in a fair and just manner on all matters that may affect Unit Owners. In upholding their duties, the Executive Board, the officers and the Association shall be held in their decisions to the standards of good faith and reasonableness with respect to such matters, taking into account the effect, if any, of the matter on Sky Legend at Cotton Ranch as a whole.

Section 6.6 Notice of Ownership. Any person, on becoming an Owner, will furnish the Secretary of the Association with a photocopy or certified copy of the recorded instrument or such other evidence as may be specified by the Executive Board under the bylaws or the Association rules, vesting the person with the interest required to make him an Owner. At the same time, the Owner will provide the Association with the single name and address to which the Association will send any notices given pursuant to the Association Documents. The Owner will state in such notice the voting interest in the Association to which the Owner believes he is entitled and the basis for that determination. In the event of any change in the facts reported in the original written notice, including any change of ownership, the Owner will give a new written notice to the Association containing all of the information required to be covered in the original notice. The Association will keep and preserve the most recent written notice received by the Association with respect to each Owner.

Section 6.7 Voting by Association Members. To the extent a matter is required by this Declaration or the Act to be submitted to the vote of the members of the Association, all members shall be entitled to participate in the vote on such matter.

Section 6.8 Owner's and Association's Address for Notices. All Owners of an individual Unit shall have one and the same registered mailing address and, if desired by such Owners, an electronic address to be used by the Association or other Owners for notices, demands, and all other communications regarding Association matters. The Owner or Owners shall furnish such registered mailing address, and at the election such Owner or Owners a registered electronic address, to the secretary of the Association within five (5) days after transfer of title to the Unit to such Owner or Owners. Such registration shall be in written form and signed by all of the Owners or by such persons as are authorized by law to represent the interests of all Owners. Notwithstanding the foregoing, the Association shall be entitled to rely upon any such registration or other notice of a change in address of the Owners of the Unit which is signed by less than all of the Owners of such Unit.

If the address of the Unit is the registered mailing 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.

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

Executive Board
Sky Legend at Cotton Ranch Association
c/o Sky Legend LLC
P.O. Box 1959
530 Cotton Ranch Drive
Gypsum, Co 81632

All notices given in accordance with this Section shall be sent by personal delivery or by electronic mailing, which shall be effective upon receipt; by overnight courier service, which shall be effective one business day following timely deposit with the courier service; or regular, registered or certified mail, postage prepaid, which shall be effective three days after deposit in the U.S. mail. Notwithstanding the foregoing, any notice of a meeting of the Members, including, without limitation the budget ratification meeting discussed in Section 7.5 below, shall be hand delivered or sent prepaid by U.S. mail to the registered mailing address.

ARTICLE 7 ASSESSMENTS

Section 7.1 Covenant of Personal Obligation of Assessments. Declarant and every other Owner of a Unit, by acceptance of the deed or other instrument of transfer of his Unit (whether or not it shall be so expressed in such deed or other instrument of transfer), is deemed to personally covenant and agree, jointly and severally, with every other Owner and 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 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 Area or the facilities contained in the Common Area or by abandoning or leasing his Unit.

Section 7.2 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 and the improvement and maintenance of the Common Area and the performance of Functions, and of the services and facilities located on the Common Area. Proper uses of the Assessments may include, but are not limited to, the following:

7.2.1 Protecting, repairing, replacing, renovating and maintaining any of the Common Area or other improvements maintained by the Association not made the responsibility of the Owners by Section 4.3 above or other provisions of this Declaration;

7.2.2 Furnishing garbage and trash pickup and water, sewer and other utility services to the Common Area;

7.2.3 Obtaining and maintaining insurance in accordance with the provisions of Article 11 below;

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

7.2.5 Protecting and managing wildlife within, affecting or affected by the Property or Sky Legend at Cotton Ranch;

7.2.6 Protecting, enhancing or restoring any environmental features or concerns within the Property;

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

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

Annual Assessments shall not include any amounts for maintenance, including the grass, landscaping, and irrigation system operation and maintenance, of the yards of any Units

Section 7.3 Amount of Total Annual Assessments. The total annual Assessments against all 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 pursuant to Section 7.5 below, which estimates may include, among other things, the costs associated with the items enumerated in Section 7.2 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 Executive 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.

Section 7.4 Apportionment of Annual Assessments.

7.4.1 The total annual Assessment for any fiscal year of the Association shall be assessed to the Owners of the Units on the basis of an equal allocation among all Units. Any Owner's Assessment obligation computed in accordance with Subsection 7.4.1 above is hereinafter referred to as its "Assessment Obligation".

7.4.2 Notwithstanding any terms in this Section to the contrary, (a) the Executive Board, with the assistance of any company providing insurance for the benefit of the Owners under Article 11, 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 11; and (b) in the event a specific item in the Association's budget may more directly benefit a certain Project, Unit or group of Units, or Unit classification in excess of its Assessment Obligation, or in the event the Association has provided services to such Project, Neighborhood, Units or classification in excess of those provided to other Projects, Units or classifications within the Property, the rate of Assessments levied with respect to such item or services may be modified to reflect such additional benefit at the sole and exclusive discretion of the Executive Board; provided, however, that such rate of Assessments shall be uniform within each Project, Units or classification benefited and shall not be used to circumvent the Assessment apportionment formulas as set forth in this Declaration.

7.4.3 The total annual Assessments of the Association shall be apportioned among all Units as provided in this Section.

Section 7.5 Annual Budget. Any budget proposed to be adopted by the Executive Board shall include (i) the estimated Common Expenses, other costs and proposed capital expenditures which will be chargeable to the Association to fulfill its obligations under the Association Documents; (ii) the estimated income and other funds which will be received by the Association; and (iii) the estimated total amounts required to be raised by the annual, special, transfer and default Assessments to cover such costs, expenses and capital expenditures of the Association and to provide a reasonable reserve. Within ninety (90) days after the adoption of any proposed budget for the Association, the Executive Board shall mail, by ordinary first-class mail, or otherwise deliver a summary of the budget to all Owners of Units and shall set a date for a meeting to consider ratification of the budget within a reasonable time after mailing or other delivery of the summary. Unless at that meeting Owners holding at least sixty-seven percent (67%) of all votes entitled to be cast on Association matters reject the budget, the budget is ratified, whether or not a quorum is present. In the event that the proposed budget is rejected, the periodic budget last ratified in accordance with this Section must be continued until such time as the Owners ratify a subsequent budget proposed by the Executive Board. The Executive Board shall adopt a budget and submit the budget to a vote as provided herein no less frequently than annually. The Executive Board shall levy and assess the Association's annual Assessments in accordance with the annual budget.

Section 7.6 Special Assessments. In addition to the annual Assessments authorized above, the Executive Board 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 Executive Board may determine) 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 Common Area, any facilities located on the Common Area or any other improvements maintained and operated by the Association, specifically including any related fixtures and personal property. Further, the Association shall determine, levy and assess a special Assessment for the cost of yard maintenance, including the grass, landscaping, and irrigation system operation and maintenance, each year to those Units whose yards are maintained by the Association. Such special Assessments for the costs of yard maintenance shall be charged equally to all Owners of Units whose yards are maintained, in whole or part, by the Association. The Association may adopt a policy addressing any Owner altering the landscape or grass which is to be maintained by the Association and may determine, levy and assess a Unit a special Assessment if any such changes increase the cost of maintenance. Any amounts determined, levied, and assessed pursuant to this Section shall be assessed to the Units in the same manner as described with respect to annual Assessments in Section 7.4 above; provided, however, that any extraordinary insurance costs incurred as a result of the value of a particular Owner's Unit or the actions of a particular Owner (or his agents, servants, Guests or Lessees) shall be borne by that Owner. Special Assessments shall be based on a budget adopted in accordance with Section 7.5 provided that if necessary, the Association may adopt a new budget pursuant to Section 7.5 prior to levying a special Assessment. Such special Assessment(s) shall be due and payable as determined by the Executive Board.

Section 7.7 Due Dates for Assessment Payments. Unless otherwise determined by the Executive 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 Executive Board may otherwise direct in any Management Agreement, without notice (except for the notices required by this Article), on the first day of each calendar 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 fifteen percent (15%) of the amount outstanding or such other charge as the Executive 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 Unit commences or terminates on a day other than the first day or last day, respectively, of a quarter or other applicable payment period.

Section 7.8 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 or which is incurred by the Association on behalf of the Owner pursuant to the Association Documents and any expenses incurred by the Association as a result of the failure of an Owner to abide by the Association Documents (including without limitation attorneys fees) 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.

Section 7.9 Lien for Assessments. The annual, special, transfer 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 7.10 below) shall be burdens running with, and a perpetual lien in favor of the Association upon, the specific Unit to which such Assessments apply. To further evidence such lien upon a specific 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 Section 7.10 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 Executive Board, an officer of the Association, or the Managing Agent and shall be recorded in the office of the Clerk and Recorder of Eagle 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 Unit and attaches without notice at the beginning of the first day of any period for which any Assessment is levied.

Section 7.10 Effect of Nonpayment of Assessments. If any annual, special, transfer 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 monthly 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 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 cross-claims for such relief in any action) against any Owner personally obligated to pay the same, or proceeds to foreclose its lien against the particular Unit, then all unpaid installments of annual and special Assessments and all default and transfer Assessments (including any such installments or Assessments arising during the proceedings of such action or foreclosure proceedings), any late charges under Section 7.7 above, any accrued interest under this Section, 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 Unit in satisfaction of the Association's lien.

Foreclosure or attempted foreclosure by the Association of its lien shall not be deemed to estop 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 Unit at foreclosure or other legal sale and to acquire and hold, lease, or mortgage the Unit, and to convey, or otherwise deal with the Unit acquired in such proceedings.

Section 7.11 Successor's Liability for Assessments. Notwithstanding the personal obligation of each Owner of a Unit to pay all Assessments on the Unit, and notwithstanding the Association's perpetual lien upon a Unit for such Assessments, all successors in interest to the fee simple title of a Unit, except as provided in Section 7.12 and Section 7.13 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 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 7.13 below.

Section 7.12 Waiver of Homestead Exemption; Subordination of Association's Lien for Assessments. By acceptance of the deed or other instrument of transfer of a 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 for Assessments shall be superior to all other liens and encumbrances except the following:

7.12.1 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; and

7.12.2 The lien of a First Mortgage except that the Association's lien is prior to the lien of a First Mortgage to the extent of an amount equal to the portion of annual Assessments based on a periodic budget adopted by the Association which would have become due, in the absence of any acceleration, during the six (6) months immediately preceding institution of an action or a nonjudicial foreclosure either to enforce or extinguish the lien.

With respect to the foregoing Subsection 7.12.2, to the extent permitted under the Act, any First Mortgagee who acquires title to a Unit by virtue of foreclosing the First Mortgage or by virtue of a deed or assignment in lieu of such a foreclosure, or any purchaser at a foreclosure sale of the First Mortgage, will take the Unit free of any claims for unpaid Association Assessments, interest, late charges, costs, expenses, and attorneys' fees against the Unit which accrue prior to the time such First Mortgagee or purchaser acquires title to the Unit, and the amount of the extinguished lien may be reallocated and assessed to all Units as a Common Expense at the direction of the Executive Board.

All other persons not holding liens described in Subsection 7.12.1 above and obtaining a lien or encumbrance on any Unit after the recording of this Declaration shall be deemed to consent that any such lien or encumbrance shall be subordinate and inferior to the Association's future liens for Assessments, interest, late charges, costs, expenses, and attorneys' fees, as provided in this Article, whether or not such consent is specifically set forth in the instrument creating any such lien or encumbrance.

A sale or other transfer of any Unit, including but not limited to a foreclosure sale, except as provided in Subsections 7.12.1 and 7.12.2 above, and except as provided in Section 7.13 below, shall not affect the Association's lien on such Unit for Assessments, interest, late charges, costs, expenses, and attorneys' fees due and owing prior to the time such purchaser acquires title and shall not affect the personal liability of each Owner who shall have been responsible for the payment thereof. Further, no such sale or transfer shall relieve the purchaser or transferee of a Unit from liability for, or the Unit from the lien of, any Assessments made after the sale or transfer.

Section 7.13 Statement of Status of Assessments. Upon fourteen (14) calendar days' written request to the Managing Agent, Executive Board or the Association's registered agent and payment of a reasonable fee set from time to time by the Executive Board, any Owner, prospective purchaser of a 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:

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

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

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

7.13.4 Any other information deemed proper by the Association, including the amount of any unpaid lien created or imposed under the terms of the Declaration and collected by the Association as permitted under this Declaration.

Upon the issuance of such a certificate signed by a member of the Executive Board, by an officer of the Association, or by a Managing Agent, 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.

Section 7.14 Liens. Except for annual, special, transfer and default Assessment liens as provided in this Declaration, mechanics' liens (except as provided in Article 12 below), tax liens, judgment liens, other liens validly arising by operation of law and liens arising under Mortgages, there shall be no other liens obtainable against the Common Area.

Section 7.15 Failure to Assess. The omission or failure of the Executive Board to fix the Assessment amounts or rates or to deliver or mail an Assessment notice to each Owner will not be deemed a waiver, modification, or release of any Owner from the obligation to pay Assessments. In such event, each Owner will continue to pay Annual Assessments on the same basis as for the last year for which an Assessment was made until a new Assessment is made, at which time any shortfalls in collections may be assessed retroactively by the Association in accordance with any budget procedures as may be required by the Act.

ARTICLE 8 ARCHITECTURAL CONTROL

Section 8.1 Design Review Committee Approval. Each Owner acknowledges and agrees that no improvement, including, but not limited to, paint colors, awnings, walls, fences, decks, porches, patio covers, sunrooms and exterior lighting, will be erected, placed, reconstructed, replaced, repaired or otherwise altered, nor will any construction, repair or reconstruction be commenced within Sky Legend at Cotton Ranch until plans for the improvements shall have been submitted to and approved in writing by the Design Review Committee established under the Master Declaration (the "Design Review Committee"); provided, however, improvements that are completely within a structure and not visible from the exterior of the structure may be undertaken without such approval

The improvements, alterations and changes described in this Section shall also be in compliance with and have received all approvals required by any applicable zoning and other laws, rules, and regulations, including the rules and regulations promulgated by the Association.

Section 8.2 Completion of Improvements. All improvements commenced on the Residential Lots will be prosecuted diligently to completion and will be completed within twelve (12) months after commencement, unless an exception is granted in writing by the Executive Board. If an improvement is commenced and construction is then abandoned for more than thirty (30) days (other than weather-required delays), or if construction is not completed within the required period of time, then after notice and opportunity for hearing as provided in the bylaws of the Association, the Association may impose a fine of \$1,000 per day (or such other reasonable amount as the Association may set) to be charged against the Owner of the Unit or Project until construction is resumed, or the improvement is completed, as applicable, unless the Owner can prove to the satisfaction of the Executive Board that such abandonment is for circumstances beyond the Owner's control. Such charges will be a default Assessment and lien as provided in Article 7.

ARTICLE 9 EASEMENTS

Section 9.1 Easement of Enjoyment. Every Owner shall have a nonexclusive easement for the use and enjoyment of the Common Area, which shall be appurtenant to and shall pass with the title to every Unit, subject to the easements set forth in this Article. Such easement is subject to such reasonable regulation on access and use as described in Article 10 and as otherwise imposed by the Association or the Community Documents.

Section 9.2 Delegation of Use. Any Owner may delegate, in accordance with the Association Documents, the Owner's right of enjoyment in the Common Area to the Owner's Guests or Lessees.

Section 9.3 Recorded Easements. The Property shall be subject to any easements, rights-of-way or other matters as shown on any recorded Plat or Supplemental Plat affecting the Property, as reserved or granted under the Project Declarations, or as reflected in any other recorded documents. A list of current easements and licenses of record are provided on Exhibit D hereto.

Section 9.4 Easements for Encroachments. The Common Area, and all portions of it, are subject to easements hereby created for encroachments of any portion of a Project or the Common Area as follows:

9.4.1 In favor of the Association so that it shall have no legal liability when any part of the Common Area encroaches upon a Unit or any portion of a Project;

9.4.2 In favor of each Project Association so that the Project Association shall have no legal liability when any part of the common area or common elements of a Project encroaches upon the Common Area;

9.4.3 In favor of all Owners, the Project Associations and the Association for the existence, maintenance and repair of such encroachments.

Encroachments referred to in this Section include, but are not limited to, encroachments of improvements located on the Common Area onto Units, or common area or common elements of Projects, encroachments of overhangs or other portions of Buildings or other improvements which

are part of the common area or common elements of the Projects onto the Common Area, and other encroachments caused by error or variance from the original plans in the construction of improvements on the Common Area or within a Project, by error in a Map, by settling, rising, or shifting of the earth, or by changes in position caused by repair or reconstruction of any part of the improvements on the Common Area or the Projects. Such encroachments shall not be considered to be encumbrances upon any Unit, any part of the Projects or the Common Area.

Section 9.5 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 for purposes including but not limited to streets, paths, walkways, drainage, recreation areas, parking areas, ducts, shafts, flues and conduit installation areas, consistent with the ownership of the Property for the best interest of all of the Owners and the Association, in order to serve all the Owners.

Section 9.6 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.

Section 9.7 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 Property and a right to make such use of the Property as may be necessary or appropriate to perform the duties and Functions which they are obligated or permitted to perform pursuant to this Declaration.

Section 9.8 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 Property outside the footprint of any Building 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. Notwithstanding the forgoing, the Owners and Project Association(s) acknowledge and agree that each Owner with respect to its Lot and each Project Association with respect to its Project shall be solely responsible for the maintenance and upkeep of all drainage improvements and for proper drainage from such Owner's Lot or such Project Association's Project.

Section 9.9 Easements of Access for Repair, Maintenance and Emergencies. Some portions of the Common Area or the facilities serving same are or may be located on or within certain Units or common area or common elements of certain Projects, or may be conveniently accessible only through certain Units or common area or common elements of certain Projects. The Association shall have the irrevocable right to have access to each Unit and to all common elements or common areas of any Project from time to time during such reasonable hours as may be necessary for the maintenance, repair, removal or replacement of any of the Common Area therein or accessible therefrom or for making emergency repairs therein necessary to prevent damage to the Common Area or to any Unit. Additionally there is hereby created an easement for such Common Area as it currently exists within the Units. Subject to the provisions of Section 5.11 above, damage to the interior of any part of a Unit resulting from the maintenance, repair, emergency repair,

removal or replacement of any of the Common Area or as a result of emergency repair within another Unit at the instance of the Association shall be a Common Expense.

Section 9.10 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 of improvements on the Property and/or sale of the Units and the Projects and all warranty work related to same, including, but not limited to, construction trailers, temporary construction offices, sales offices, and directional and marketing signs. Declarant may designate a portion of the Common Area for the foregoing construction and other purposes in connection with the development of a particular Unit or Project. Declarant, for itself and its successors and assigns, hereby retains a right to maintain any Unit or Units as sales offices, management offices or model residences so long as Declarant, or its successors or assigns, continues to be an Owner of a 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 Plat, Supplemental Plat or any Map as a separate Unit. Declarant further reserves exclusive easement rights over and across the Property for the purpose of marketing, sales and rental of Units or of other projects developed or marketed by Declarant or its affiliates from time to time, including, without limitation, the right to show the Property and to display signs and other promotional devices. Declarant also reserves the right to lease unsold Units. None of the foregoing rights shall be exercised by Declarant in such a way as to unreasonably interfere with the occupancy, use, enjoyment or access by any Owner, Lessee, or Guest, or so as to be in contravention of applicable laws, regulations, rules, or other governmental requirements.

Section 9.11 Governmental Requirements. Declarant hereby reserves the right to grant such easements and rights-of-way across the Property, from time to time, as may be required by any government agency. Such easements and rights-of-way shall specifically include, but not be limited to, any public rights-of-way and any environmental easements required by federal, state or local environmental agencies, for so long as the Declarant holds an interest in any Unit subject to this Declaration.

Section 9.12 Declarant Easements. Declarant reserves unto itself, its successors, assigns, Lessees and Guests, for so long as it holds any interest in any Unit, the same easement rights granted to Owners under this Declaration and specific easement rights over and across the Property as it may deem necessary for its use from time to time.

Section 9.13 Right of Declarant and Association to Own Units and to Use Common Area. 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 Common Area, subject to all rules and regulations established under this Declaration. The Association shall also have the right (but not the obligation) to purchase and own any 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 Sky Legend at Cotton Ranch. The costs and carrying charges incurred by the Association in purchasing and owning any such Unit shall be part of the Common Expenses.

Section 9.14 Remodeling Easement. Declarant, for itself and its successors and assigns, including Owners, retains a right and easement in and about the Common Areas for the construction and installation of any duct work, additional plumbing, or other additional services or utilities serving the Common Area in connection with the maintenance, repair, improvement or alteration of the Common Area, including the right of access to such areas of the Property as are reasonably necessary to accomplish such improvements. In the event of a dispute among Owners with respect to the scope of the easement reserved in this Section, the decision of the Executive Board shall be final.

Section 9.15 General Reservations. Declarant reserves (a) the right to dedicate any access roads and streets serving the Property or and to public use, to grant road easements with respect thereto and to allow such street or road to be used by owners of adjacent land; and (b) the right to enter into, establish, execute, amend, and otherwise deal with contracts and agreements for the use, lease, repair maintenance or regulation of parking or recreational facilities, which may or may not be a part of the Property for the benefit of the Owners, or the Association.

Section 9.16 Reservation for Expansion. Declarant hereby reserves for itself and the Association and/or for Owners in all future phases of Sky Legend at Cotton Ranch an easement and right-of-way over, upon and across the Property for construction, utilities, drainage, and ingress and egress from the Expansion Property, and other properties abutting and contiguous to the Property and the Expansion Property, and for use of the Common Area as may be reasonably necessary or incident to the construction of improvements on the Residential or other improvements on the Property or the Expansion Property; provided, however, that no such rights shall be exercised by Declarant in a way which unreasonably interferes with the occupancy, use, enjoyment or access to Sky Legend at Cotton Ranch by the Owners. The location of these easements and rights-of-way may be made certain by Declarant or the Association by instruments recorded in the office of the Clerk and Recorder of Eagle County, Colorado.

Section 9.17 Easements Deemed Created. All conveyances of Units hereafter made, whether by Declarant or otherwise, shall be construed to grant and reserve the easements contained in this Article, even though no specific reference to such easements or to this Article appears in the instrument for such conveyance.

ARTICLE 10 RESTRICTIONS ON USE

Section 10.1 Land Use Restrictions. In addition to the restrictions found in this Article 10, all or any portion of the Property shall be further restricted in its use, density or design according to the Community Documents; any supplemental declarations of land use restrictions for Sky Legend at Cotton Ranch recorded with the Clerk and Recorder of Eagle County, Colorado, if any such supplemental declarations are recorded prior to the time Declarant transfers or conveys any such Property to the Association or to any third party; and the rules and regulations of the Association. Each Owner shall comply with all other terms, provisions, covenants, conditions, restrictions, easements and reservations on the Owner's part to be complied with under this Declaration. During the period in which Declarant retains Expansion and Development Rights as defined in Section 17.6

hereof, no Owner shall be entitled to apply for any change to the Community Documents affecting the zoning of such Owner's property without Declarant's consent.

Section 10.2 Use Limitations. All Residential Units may be used only for dwelling purposes and typical residential activities incident thereto in accordance with applicable zoning regulations in effect from time to time. Occupancy of each Residential Unit is limited to no more occupants than the number of bedrooms plus one, except that more occupants will be permitted in a Residential Unit if all of such occupants are in the same immediate family. Leasing of Residential Units is permitted, but every lease must have a term of not less than six (6) months and provide that the Executive Board has the right to evict tenants for non-compliance with the Association Documents. Except as otherwise provided in Section 9.10 or as expressly permitted in writing by the Executive Board, no trailers, or temporary structures shall be permitted on the Property. All Units must comply with the Uniform Building Code approved and enforced by the Town.

Section 10.3 Maintenance of Property. Units, except for any portion of the Property then undergoing major construction, including all improvements on such Property, shall be kept and maintained by the Owner thereof in a clean, safe, attractive and sightly condition and in good repair, and no trash, trash containers (other than on trash collection day), litter, junk, boxes, containers, bottles, cans, clothes lines, window air conditioning units, implements, machinery, lumber or other building materials shall be permitted to remain exposed upon any Unit or common area or common elements of a Project so that they are visible from, or are a nuisance in any way to, any other Unit, the Common Area or any road. All flags, antennas, cables, satellite dishes, lights, signs and any other items visible from the exterior of any Residence are subject to the review and approval of the Design Review Committee of the Master Association, as described in Article 8 above.

Section 10.4 Reception Devices. No conventional television antennas of any kind may be installed on the exterior of any Unit, building or other improvement upon the Property. No satellite dishes, antennas and similar devices for the transmission or reception of television, radio, satellite or other signals of any kind (hereinafter, "Reception Devices") shall be permitted upon the exterior of any Unit, building or other improvement upon the Property except as otherwise expressly provided herein and except with the express prior written consent of the Executive Board, which consent may be given or withheld in the Executive Board's sole and absolute discretion. The foregoing notwithstanding, (i) satellite dishes designed to receive direct broadcast satellite service which are of a diameter considered acceptable to the Executive Board within its judgment or (ii) satellite dishes designed to receive video programming services via multi-point distribution services which are of a diameter considered acceptable to the Executive Board within its judgment, ("Permitted Devices") shall be permitted, provided that any such Permitted Device for a Unit is placed in the least conspicuous location on the Unit at which an acceptable quality signal can be received, or is screened from such view in a manner approved in writing by the Executive Board in its sole and absolute discretion, and provided further that any such Permitted Device must be as small and unobtrusive as possible.

This Section is intended to comply with the Telecommunications Act of 1996 and the rules and regulations promulgated by the Federal Communications Commission (FCC). Specifically, this Section is not intended to unreasonably delay or prevent installation, maintenance or use of Reception Devices, unreasonably increase the cost of installation, maintenance or use of

Reception Devices, or preclude reception of an acceptable quality signal. In the event that any portion of this Section is found to violate such Act or any rule or regulation of the FCC the portion of this Section that is found to be in violation shall be stricken and the remaining provisions of this Section shall remain in full force and effect.

Section 10.5 Use of Property During Construction. It shall be expressly permissible and proper for Declarant and any Owner acting in accordance with the Design Review Guidelines or with the prior written consent of the Design Review Committee, and their respective employees, agents, independent contractors, successors and assigns involved in the construction of improvements on, or the providing of utility service to, the Property, to perform such activities and to maintain upon portions of the Property as they deem necessary such facilities as may be reasonably required, convenient, necessary or incidental to such construction and development of the Property. However, no activity by an Owner will be performed and no facility will be maintained by an Owner on any portion of the Property in such a way as to unreasonably interfere with the use or access of any other Owner or its Guests or Lessees to such Owner's Unit. If any Owner's use under this provision is deemed objectionable by the Design Review Committee established under the Master Declaration, then the Design Review Committee, in its sole discretion, may withdraw any permission granted.

Section 10.6 No Noxious or Offensive Activity. No noxious or offensive activity shall be carried on upon any Unit or the Common Area nor shall anything be done or placed on any Unit, the common area or common elements of any Project or the Common Area which is or may become a nuisance. As used herein, the term "noxious or offensive activity" shall include any loud noise, but shall not include any activities of an Owner, Declarant or their respective designees which are reasonably necessary to the development of and construction on the Property so long as such activities do not violate Association Documents or the statutes, rules or regulations of any governmental authority having jurisdiction with respect thereto and do not unreasonably interfere with any Owner's use of its Unit or with any Owner's ingress and egress to or from its Unit and a roadway.

Section 10.7 No Hazardous Activities. No activities shall be conducted on any Unit, the common area or common elements of any Project or the Common Area and no improvements shall be constructed on any part of Property, which are or might be unsafe or hazardous to any person or property. Use of charcoal grills on wood decks is prohibited, and Owners acknowledge that more restrictive regulations governing fire and other hazards may be adopted by the Executive Board as part of the Association's rules and regulations. Owners further acknowledge that certain wildlife restrictions applicable to the Property are contained in the PUD Guide for Cotton Ranch, as well as in the Architectural Control Guidelines of the Design Review Committee. Off road vehicles, including snowmobiles and four wheelers, may not be operated within the Project.

Section 10.8 No Unsightliness. No unsightliness shall be permitted on any Unit or the common area or common elements of any Project. Without limiting the generality of the foregoing:

10.8.1 All unsightly structures, facilities, equipment, objects and conditions shall be kept within an enclosed structure at all times, no grills, toys bicycles or other items may be kept on front porches or on balconies except for appropriate furniture designed specifically for outdoor use;

10.8.2 Mobile homes, travel trailers, tent trailers, trailers, trucks (except pickup trucks), inoperable or unlicensed vehicles, snowmobiles, golf carts, boats, boat trailers, tractors, detached campers, camper shells, snow removal equipment and garden or maintenance equipment shall be kept in an enclosed structure at all times, except when in actual use; and

10.8.3 Pipes for water, gas, sewer, drainage or other purposes, wires, cables, poles, antennas and other facilities for the transmission or reception of audio or visual signals or electricity, utility meters or other utility facilities, gas, oil, water or other tanks, and sewage disposal systems or devices shall be kept and maintained within an enclosed structure or below the surface of the ground, and satellite dishes shall be appropriately regulated by the Design Review Committee as permitted by applicable law.

All structures, including tennis courts, outdoor swimming pools, outdoor hot tubs or jacuzzis, or similar facilities shall be in compliance with the rules and regulations of the Design Review Committee established under the Master Declaration, as in effect from time to time. The Design Review Committee shall have the power to grant a variance from the provisions of this Section from time to time as it deems necessary or desirable.

Section 10.9 Restriction on Animals. No animals of any kind shall be raised, bred or kept on any Unit or Project except domestic cats, dogs or other household pets permitted by the Association so long as they are (i) maintained in accordance with this Declaration, the rules and regulations of the Association and any other Association Document, (ii) not a nuisance or kept, bred or maintained for any commercial purposes and (iii) do not exceed two pets per Residential Unit. No person shall allow any dog owned or controlled by such person to roam within Sky Legend at Cotton Ranch unattended or to bark for long periods of time if the barking can be heard from any Common Area or public right of way. Dogs shall either be contained indoors or confined within the boundary of a Unit in a manner approved by the Executive Board. At all other times, dogs shall be on a leash and under the direct control and supervision of their owners. Contractors and subcontractors shall be prohibited from bringing dogs into Sky Legend at Cotton Ranch, and such prohibition shall even apply to dogs kept inside motor vehicles. Violations of this policy may, at the discretion of the Executive Board, result in the eviction of the dog from the Sky Legend at Cotton Ranch, following appropriate notice and hearing.

Section 10.10 Restriction on Signs. Except as otherwise provided in Section 9.10, no signs or advertising devices of any nature shall be erected or maintained on any Unit or the common area or common elements of any Project in such a manner as to be visible from any other Unit or the Common Area except signs required by applicable law or legal proceedings, signs which are required by law to be allowed, temporary signs to caution or warn of danger, pre-approved for sale signs and signs necessary or desirable to give directions or advise of rules or regulations. Permitted signs shall be subject to the reasonable regulation by the Design Review Guidelines.

Section 10.11 Parking and Use of Garage. Each garage must be kept free of contents that would prevent the garage from being used by the number of cars it was designed to accommodate. Vehicles must be parked in the garage, with additional vehicle(s) parked in the driveway only when the garage is being fully used by the number of cars that the garage is designed to accommodate. Garage doors must remain closed at all times other than when a vehicle is moving in or out of the

garage. No servicing, maintenance or repair of vehicles may occur within the Property unless performed in a closed garage. Vehicles may not be washed in any right of way within the Property.

Section 10.12 Drainage Restriction. The flow of any surface drainage into any sewer system on the Property, except into storm sewers constructed for that purpose, shall be prohibited.

Section 10.13 Declarant's Exemption. Nothing contained in this Declaration shall be construed to prevent (i) the exercise by Declarant of any special declarant rights (as that term is defined in the Act); or (ii) the erection or maintenance by Declarant or its duly authorized agents, of temporary structures, trailers, improvements or signs necessary or convenient to the development, marketing or sale of property within Sky Legend at Cotton Ranch; provided, however, that Declarant shall comply with all applicable laws in the exercise of the rights in this Section.

Section 10.14 Health, Safety and Welfare. In the event additional uses, activities and/or facilities are deemed by the Executive Board to be nuisances or to adversely affect the health, safety or welfare of Owners or members of the general public or the value of any Property, the Executive Board may adopt rules and regulations restricting or regulating the same.

Section 10.15 Compliance with Law. In addition to the compliance requirements set forth in Section 8.1 above, no portion of the Property shall be used, occupied, altered, changed, improved or repaired except in compliance with all present and future laws, rules, requirements, orders, directions, ordinances and regulations of the United States of America, State of Colorado, Town of Gypsum, County of Eagle, and all other municipal, governmental or lawful authority whatsoever, affecting the Property or the improvements thereon or any part thereof, and of all their departments, bureaus and officials. Furthermore, no Owner shall release, discharge or emit from the Property or dispose of, or allow any person under such Owner's control or direction to release, discharge or emit from the Property or dispose of, any material on, above or under the Property that is designated as a pollutant or contaminant under any federal, state or local law, regulation or ordinance.

Section 10.16 Violation. Determination with respect to whether or not a particular activity or occurrence shall constitute a violation of this Article 10 shall be made by the Executive Board after notice and an opportunity to be heard and shall be final. Procedures for notice and hearing are contained in the Bylaws of the Association.

ARTICLE 11 INSURANCE AND FIDELITY BONDS

Section 11.1 General Insurance Provisions. The Association shall maintain, to the extent reasonably available:

11.1.1 Property insurance on the Common Area 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; and

11.1.2 Commercial general liability insurance against claims and liabilities arising in connection with the ownership, existence, use or management of the Common Area and the

Association insuring the Executive Board, the Association, the Managing Agent and their respective employees, agents and all persons acting as agents. Limits of liability will be determined by the Executive Board and will be at least \$1,000,000 for any injuries or death sustained by any person and property damage in any single occurrence. Such policy will include coverage for contractual liability, liability for non-owned and hired automobiles, and such other risks as are customarily covered with respect to developments similar to Sky Legend at Cotton Ranch in construction, location and use. Declarant shall be included as an additional insured in Declarant's capacity as an Owner and Executive 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 Area. The insurance shall cover claims of one or more insured parties against other insured parties.

11.1.3 The Association may carry such other and further insurance that the Executive Board considers appropriate, including insurance on Units and/or common areas or common elements of Projects that the Association is not obligated to insure to protect the Association or the Owners.

Section 11.2 Cancellation. If the insurance described in Section 11.1 above is not reasonably available, or if any policy of such insurance is cancelled or not renewed without a replacement policy therefore having been obtained, the Association promptly shall cause notice of that fact to be hand delivered or sent prepaid by United States mail to all Owners.

Section 11.3 Policy Provisions. Insurance policies carried pursuant to Section 11.1 above must provide that:

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

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

11.3.3 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

11.3.4 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.

Section 11.4 Insurance Proceeds. Any loss covered by the property insurance policy described in Section 11.1 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 Article 14 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.

Section 11.5 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.

Section 11.6 Insurer Obligation. An insurer that has issued an insurance policy for the insurance described in Section 11.1 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.

Section 11.7 Common Expenses. Premiums for insurance that the Association acquires and other expenses connected with acquiring such insurance are Common Expenses.

Section 11.8 Fidelity Insurance. Fidelity bonds must 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 three (3) 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 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.

Section 11.9 Workmen's Compensation Insurance. The Association shall obtain workmen's compensation or similar insurance with respect to its employees in the amounts and forms as may now or hereafter be required by law.

Section 11.10 Other Insurance. The Association shall also maintain insurance to the extent reasonably available and in such amounts as the Executive Board may deem appropriate on behalf of

Directors against any liability asserted against a Director or incurred by him in his capacity of or arising out of his status as a Director. 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.

Section 11.11 Insurance Obtained by Owners. It shall be the responsibility of each Owner at such party's expense, to maintain physical damage insurance on such Owner's Unit and personal property and furnishings and on the common areas or common elements of such Project and public liability insurance covering such Owner's Unit and the common areas or common elements of such Project in limits which shall at any time be considered customary to protect against tort liability. In addition, an Owner may obtain such other and additional insurance coverage on and in relation to the Owner's Unit as the Owner in the Owner's sole discretion shall conclude to be desirable, in its sole discretion, shall conclude to be desirable. However, none of such insurance coverages 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, or 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 individual Owner or all Owners of Units within the Project 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 s.

The Executive Board may require an Owner who purchases insurance coverage as described herein to file copies of such policies with the Association within thirty (30) days after purchase of the coverage to eliminate potential conflicts with any master policy carried by the Association.

ARTICLE 12 MECHANICS' LIENS

Section 12.1 Mechanics' Liens. Subsequent to the recording of this Declaration, no labor performed or materials furnished for use and incorporated in any 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 Unit of any other Owner not expressly consenting to or requesting the same, or against any interest in the Common Area or the common areas or common elements of any Project. Each Owner shall indemnify and hold harmless each of the other Owners, the Project Associations 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 Unit against the Unit of another Owner, the common elements or common areas of any Project or against the Common Area, or any part thereof.

Section 12.2 Enforcement by the Association. At its own initiative or upon the written request of any Owner the Association shall enforce the indemnity provided by the provisions of Section 12.1 above by collecting from the Owner of the 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 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, and such amount to be indemnified shall automatically become a default Assessment determined and levied against such Unit, and enforceable by the Association in accordance with Sections 7.9, 7.10 and 7.11 above.

ARTICLE 13 ASSOCIATION AS ATTORNEY-IN-FACT

Section 13.1 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 Common Area upon its damage, destruction, condemnation, or obsolescence as provided below in Articles 14, 15 and 16. 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 11 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.

Section 13.2 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 14 DAMAGE OR DESTRUCTION

Section 14.1 Casualty to Common Area. In the event of damage or destruction to any part of the Common Area due to fire or other adversity or disaster, any insurance proceeds shall be collected by and paid to the Association and such insurance proceeds, if sufficient to reconstruct or repair the damage, shall be applied by the Association to such reconstruction and repair. If the insurance proceeds with respect to such damage or destruction are insufficient to repair and reconstruct the damaged or destroyed Common Area, as applicable, or if there are no insurance proceeds, the Executive Board shall levy an Assessment pursuant to Article 7 in the aggregate amount of such deficiency and shall proceed to make such repairs or reconstruction. Notwithstanding the foregoing, the Association shall have no obligation to repair or reconstruct the damaged or destroyed Common Area if such repair or reconstruction would be illegal under any state or local statute or ordinance governing health or safety or if within sixty (60) days after such damage or destruction Owners representing sixty-seven percent (67%) of the votes in the

Association elect not to rebuild. The Assessment provided for herein shall be a debt of each Owner and a lien on its Unit, and may be enforced and collected in the same manner as any assessment lien provided for in Article 7. If Owners representing sixty-seven percent (67%) of the votes in the Association elect not to rebuild any damage or destruction to the Common Area in accordance with the terms and provisions set forth above, the Association shall demolish any destroyed or damaged improvements, remove all debris and rubble caused by such demolition and return the damaged or destroyed area to a slightly condition and shall have the right to levy against and collect from the Owners an Assessment for this limited purpose, if necessary.

Section 14.2 Casualty to Unit or Project. In the event of damage or destruction of the improvements located on any Unit or any part thereof or any damage or destruction to any common areas or common elements of any Project (other than any Common Area which is governed by Section 14.1), due to fire or other adversity or disaster, the Owner of such Unit shall, at its sole cost and expense, with due diligence, cause the damaged or destroyed improvements to be repaired and restored to a condition comparable to that prior to the damage or destruction. If such repair or restoration or such demolition, debris removal, regrading and landscaping is not commenced within one hundred eighty (180) days from the date of such damage or destruction, or if the same is commenced but then abandoned for a period of more than ninety (90) days, the Association may, after notice and an opportunity to be heard, impose a fine of \$1,000.00 per day or such other rate imposed by the Executive Board in compliance with the Act, charged against the Owner until such repair or restoration or such demolition, debris removal, regrading and landscaping is commenced or re-commenced, as the case may be, unless the Owner can prove to the satisfaction of the Executive Board that such failure is due to circumstances beyond the Owner's control. Such fine shall be in addition to any Assessment to which such property is subject and the Association shall have all of the rights pertaining to a default Assessment specified in Article 7 for such amount.

ARTICLE 15 OBSELESCENCE

The Owners holding an aggregate of sixty-seven percent (67%) or more of the total voting interest in the Association, including sixty-seven percent (67%) of the total voting interest of each class of members, may agree that the Common Area 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 Eagle County, Colorado, and the expense of renewal and reconstruction shall be payable by all of the Owners as a Common Expense.

ARTICLE 16 CONDEMNATION

Section 16.1 Condemnation of Common Area. In the event the Common Area, or any portion thereof, shall be taken for any public or quasi-public use, under any statute, by right of eminent domain or by purchase in lieu thereof (herein, a "taking"), each Owner will be entitled to notice thereof, but the Association will act as attorney-in-fact for all Owners in the proceedings incident to the taking unless otherwise prohibited by law. The award for such taking will be payable to the Association as trustee for all of the Owners to be disbursed as follows:

16.1.1 If the taking involves a portion of the Common Area on which improvements have been constructed, then, unless restoration or replacement of such improvements would be illegal under any state or local statute or ordinance governing health or safety or unless within sixty (60) days after such taking Owners representing eighty percent (80%) of the votes in the Association elect not to restore or replace such improvements, the Association will restore or replace such improvements so taken on the remaining land included in the Common Area to the extent lands are available therefor, in accordance with plans approved by the Executive Board, the Design Review Committee and any other governmental or quasi-governmental entity having jurisdiction over the Property. If such improvements are to be restored or replaced, and the award for the taking is insufficient to restore or replace such improvements, the Executive Board may levy an Assessment in accordance with Article 7 in the aggregate amount of such deficiency and shall proceed to restore or replace such improvements.

16.1.2 If the taking does not involve any improvements, or if there is a decision made not to restore or replace as set forth above, or if there are net funds remaining after any such restoration or replacement of improvements is completed, then the Association may retain such excess proceeds or distribute such excess in proportionate shares on the basis of all Assessments levied against such Units (other than default Assessments) for the prior twelve (12) month period.

Section 16.2 Condemnation of a Unit or Common Area or Common Element of a Project. In the event any Unit or common area or common element of a Project, or any portion thereof (other than any Common Area which is governed by Section 16.1), shall be taken, the condemnation award for such taking shall be paid solely to the Owner of such Unit or the Project Association, as applicable. The repair or restoration of any improvements located on such property which are affected by the taking shall be governed by the terms of Section 14.2. If an entire Unit shall be condemned, the Owner thereof shall automatically cease to be a member of the Association.

Section 16.3 Allocation of Interest After Condemnation. Section 39-33.3-107 of the Act shall govern the allocation of interests to Units following any condemnation.

ARTICLE 17 EXPANSION AND WITHDRAWAL

Section 17.1 Reservation of Expansion and Withdrawal Rights.

17.1.1 Declarant reserves the right for itself and any Successor Declarant to subject all or any part of the Expansion Property to the provisions of this Declaration and thereby expand the Property to include up to a maximum of two hundred forty-seven (247) Units and to expand the Common Area without consent or approval of the Owners.

17.1.2 Subject to those restrictions set forth in Section 38-33.3-222 of the Act, Declarant reserves the right for itself and any Successor Declarant at any time and from time to time to subject unspecified real property to Sky Legend at Cotton Ranch and the provisions of this Declaration.

Section 17.2 Supplemental Declarations and Supplemental Plats. Such expansion may be accomplished by the filing for record by Declarant in the office of the Clerk and Recorder for Eagle County, Colorado, of one or more Supplemental Declarations and, if the real property being subject to this Declaration by such Supplemental Declaration has not been previously platted in a plat recorded in the Office of the Clerk and Recorder for Eagle County, Colorado, of a Supplemental Plat depicting such Expansion Property recorded concurrently with the applicable Supplemental Declaration. The Supplemental Declaration shall set forth the Residential Lots, Common Area and other real property, if any, to be included in the expansion, together with any covenants, conditions, restrictions and easements particular to such property. The expansion, which shall cause Sky Legend at Cotton Ranch to contain no more than two hundred forty-seven (247) Units, may be accomplished in stages by successive supplements or in one supplemental expansion. Declarant may exercise such rights for expansion on all or any portion of the Expansion Property in whatever order of development Declarant in its sole discretion determines. Declarant shall not be obligated to expand Sky Legend at Cotton Ranch beyond the number of Units initially submitted to this Declaration.

Section 17.3 Expansion of Definitions. In the event of such expansion, the definitions used in this Declaration shall be expanded automatically to encompass and refer to the Property subject to this Declaration as so expanded. For example, "Unit" shall mean the Units as shown on the Plat plus any additional Units added by a Supplemental Declaration or Declarations and, if necessary, Supplemental Plat or Plats, and reference to this Declaration shall mean this Declaration as supplemented. All conveyances of Units shall be effective to transfer rights in the Property as expanded.

Section 17.4 Declaration Operative on New Units.

17.4.1 The new Units shall be subject to all of the terms and conditions of this Declaration and of any Supplemental Declaration, upon placing the Supplemental Declaration and, if necessary, the Supplemental Plat(s) depicting the Expansion Property of public record in the real estate records of Eagle County, Colorado.

17.4.2 It is contemplated that additional Units on the Property will be committed to this Declaration. In the event that a portion of the Expansion Property is submitted to the provisions of this Declaration, Declarant shall retain the right to, but shall not be obligated to, submit any additional portion of the Expansion Property to the provisions of this Declaration. The rights of Declarant and any Successor Declarant, as described herein, shall apply to all Units which are added to this Declaration in accordance with these provisions relating to enlargement thereof.

17.4.3 No rights of any character of any owner of Units in the Expansion Property shall attach until a Supplemental Declaration and, if necessary, a Supplemental Plat is filed of record annexing the Lots constructed in such area to Sky Legend at Cotton Ranch. Upon the recording of such Supplemental Declaration and, if necessary, Supplemental Plat, the Units constructed in the area shall be deemed to be governed in all respects by the provisions of this Declaration.

Section 17.5 Effect of Expansion. Upon the construction of additional Units and their inclusion under this Declaration and the filing of the Supplemental Declaration(s) and, if necessary,

Supplemental Plat(s) thereof, the Voting Allocation and the Assessment Obligation applicable to a Unit shall automatically be amended in the manner described in Sections 6.2 and 7.4 respectively.

Notwithstanding any inclusion of additional Units under this Declaration, each Owner (regardless of whether such Owner is the owner of a Unit shown on the original Plat or is the Owner of a Unit constructed on the Expansion Property) shall remain fully liable with respect to his obligation for the payment of the Common Expenses of the Association, including the expenses for such new Common Area, costs and fees, if any. The recording of a Supplemental Declaration or Supplemental Plat shall not alter the amount of the Common Expenses assessed to a Unit prior to such recording.

Section 17.6 Termination of Expansion and Development Rights. The rights reserved to Declarant for itself, its successors and assigns for the expansion and development of the Expansion Property ("Expansion and Development Rights") shall expire twenty (20) years from the date of recording this Declaration, unless terminated earlier pursuant to the terms and provisions of the Act, or unless the Expansion and Development Rights are (i) extended as allowed by law or (ii) reinstated or extended by the Association, subject to whatever terms, conditions, and limitations the Executive Board may impose on the subsequent exercise of the Expansion and Development Rights by Declarant.

ARTICLE 18 ACKNOWLEDGMENTS

Each Owner is hereby advised of, and each Owner is hereby deemed to have accepted, the following matters affecting the Property and the Owners' use and enjoyment thereof:

Section 18.1 Non-Association Amenities.

18.1.1 No interest in or right to use any Non-Association Amenities located near or on the Property, including, without limitation, the Cotton Ranch Golf Club, and amenities or other recreational facilities permitted by the Community Documents, shall be conveyed to any Owner pursuant to this Declaration. The owners of those facilities shall have the right, in their sole discretion, to remove, relocate, discontinue operation of, 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 Owners. To the extent any of such facilities are made available to the public, the Owners will be subject to all applicable rules and procedures for use of such Non-Association Amenities. Access to and use of the Non-Association Amenities are strictly subject to the rules and procedures of the respective owners of the Non-Association Amenities, and no person gains any right to enter or to use those facilities by virtue of membership in the Association or ownership or occupancy of a Unit.

18.1.2 ALL PERSONS, INCLUDING ALL OWNERS, ARE HEREBY ADVISED THAT NO REPRESENTATIONS OR WARRANTIES, EITHER WRITTEN OR ORAL, HAVE BEEN MADE OR ARE MADE BY DECLARANT OR ANY OTHER PERSON WITH REGARD TO THE NATURE OR SIZE OF IMPROVEMENTS TO, THE LEVEL OF MAINTENANCE OF, THE DAYS AND HOURS OF OPERATION OF, OR THE CONTINUING OWNERSHIP OR

OPERATION OF, THE NON-ASSOCIATION AMENITIES. NO PURPORTED REPRESENTATION OR WARRANTY, WRITTEN OR ORAL, IN REGARD TO THE NON-ASSOCIATION AMENITIES SHALL EVER BE EFFECTIVE WITHOUT AN AMENDMENT HERETO EXECUTED OR JOINED INTO BY DECLARANT.

Section 18.2 Cotton Ranch Golf Course. Every Owner further acknowledges that the Cotton Ranch Golf Course (the "Golf Course") exists immediately adjacent to Sky Legend at Cotton Ranch, and that certain Units within Sky Legend at Cotton Ranch may be subject to certain effects from the use and operation of the Golf Course. Each Owner further acknowledges that such effects may include, without limitation, the general effects of golf course maintenance and use and the periodic effects of golf tournaments, conferences or other group events conducted at the Golf Course, which conferences, golf tournaments or other group events may result, without limitation, in the implementation of high security measures, the playing of music, the use of public address systems, the conducting of fireworks displays, and/or the presence of galleries or audiences upon the Golf Course, and may further result in increased traffic levels.

Additionally, each Owner acknowledges that the proximity of the Golf Course may further subject Sky Legend at Cotton Ranch to certain periodic effects from errant golf balls from the Golf Course and from the operation, maintenance and repair of the Golf Course, including, without limitation, the over spray of fertilizers, herbicides, pesticides and water (from any irrigation system). In connection therewith, each Owner hereby expressly waives, to the fullest extent permitted by law, any and all claims, causes of action, liabilities or other rights such Owner may have against Declarant, the Association, the Master Association or the Golf Course arising from or in any way associated with such errant golf balls or any damages resulting therefrom, or from effects caused by the operation, maintenance and repair of the Golf Course, including, without limitation, the over spray described above.

Each Owner has been advised and understands, acknowledges and agree that the Golf Course is not a part of Sky Legend at Cotton Ranch and the Owners have no right, by virtue of their ownership of a Unit, to enter upon or otherwise in any way use the Golf Course or any of their related facilities, club houses or other amenities, and that any such unauthorized use shall be deemed a trespass, subjecting such Owner to all of the Golf Course's rights against such Owner at law or in equity. Maintenance of the Golf Course may entail the use of fertilizers, herbicides, pesticides and the like which may be dangerous to pets. Pets have no right to be on any portion of the Golf Course at any time, and under no circumstances will Declarant, the Association, the Master Association or the Golf Course or any member, manager, officer, director or partner of any of the foregoing, or the operator of the Golf Course, be held liable for any injury to or death of pets resulting from their presence upon the Golf Course.

Section 18.3 Airport Facilities. The Project is located near airport facilities and the use of such facilities is expected to generate attendant noise and other inconveniences to Owners. Each Owner acknowledges and accepts the terms and provisions of that certain Aviation Agreement to which the Property is subject.

Section 18.4 Overhead Lines. Owners acknowledge and understand that a certain overhead electrical lines easement located within the Property as reflected on the Plat will remain in place,

which easement may accommodate future utility expansions serving the Property and/or other properties.

Section 18.5 Restriction on Irrigation. Each Owner acknowledges and accepts that pursuant to the terms of that certain Water Agreement with the Town, each Lot shall be limited in the amount of square footage that can be irrigated. Each Owner shall be deemed to be a party to such Water Agreement and shall be strictly responsible for compliance with such agreement with respect to such Owner's Lot.

Section 18.6 Construction Activities. Substantial construction-related activities relating to the development of Units or Projects or other development within or near Sky Legend at Cotton Ranch may cause considerable noise, dust and other inconveniences to the Owners.

Section 18.7 Future Development. Properties located within Sky Legend at Cotton Ranch may be developed pursuant to the land uses and restrictions set forth in the Community Documents with no representation being made herein concerning the planned uses of such other properties. The zoning for Sky Legend at Cotton Ranch is established and governed by the Community Documents. Any amendment of the Community Documents requires approval by the Town. Each Owner acknowledges and agrees that such Owner has not relied upon any statements or representation regarding Sky Legend at Cotton Ranch or any other properties except for the statements and representations expressly set forth in this Declaration and the Community Documents. Each Owner and Project Association further acknowledges and agrees that such Owner and Project Association will not take any action to impair or delay any development of real property governed by the Community Documents so long as such development complies with the Community Documents, and each Owner and Project Association hereby waives any right it may have to object to any Project to be developed on any Undeveloped Property so long as such Project is in conformance with the terms, conditions and restrictions of the Community Documents as the same may be amended from time to time.

Section 18.8 Mountain Conditions. Ownership of real property in mountain areas involves certain inherent inconveniences and risks. These include, but are not limited to, (a) dripping water onto decks and porches from snow melt, (b) snow and ice build-up on decks and porches during winter months, (c) wildfire hazards, and (d) other inconveniences arising from the sometimes variable weather conditions in the Rocky Mountains.

Section 18.9 Other Impacts. The Project is located adjacent to various public and private facilities constructed or planned for construction within Sky Legend at Cotton Ranch, including, without limitation, the Cotton Ranch Golf Club, bike paths and other possible uses as set forth in the Community Documents (the "Adjacent Facilities"). Each Owner acknowledges and agrees that such areas may generate an unpredictable amount of visible, audible and odorous impacts and disturbances from activities relating to the construction, operation, use and maintenance thereof, including, without limitation: (i) associated vehicular, pedestrian and bicycle traffic, (ii) construction vehicles and equipment; (iii) events organization and (iv) outdoor lighting.

ARTICLE 19

DURATION OF COVENANTS AND AMENDMENT

Section 19.1 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.

Section 19.2 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 holding an aggregate of sixty-seven percent (67%) or more of the total voting interest of members in the Association. No amendment shall be effective to change, limit, impair or reduce any right of Declarant as provided herein unless such amendment is approved in writing by Declarant. Notwithstanding the foregoing, Declarant, acting alone, reserves to itself the right and power to modify and amend this Declaration and/or any Plat to the fullest extent permitted under the Act including, without limitation, to correct clerical, typographical or technical errors, or to comply with the requirements, standards, or guidelines of recognized secondary mortgage markets, the Department of Housing and Urban Development, the Federal Housing Administration, the Veterans Administration, the Federal Home Loan Mortgage Corporation, the Government National Mortgage Association, or the Federal National Mortgage Association.

Section 19.3 Recording of Amendments. Any amendment to this Declaration made in accordance with this Article shall be immediately effective upon recording in the office of the Clerk and Recorder of Eagle 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 Units were obtained and are on file in the office of the Association.

ARTICLE 20

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 Eagle 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 21

ALTERNATIVE DISPUTE RESOLUTION

Section 21.1 Agreement to Avoid Litigation. The Declarant, the Association, its officers, directors and committee members, all persons subject to this Declaration, and any person not otherwise subject to this Declaration who agrees to submit to this Article (collectively, "Bound Parties") agree to encourage the amicable resolution of disputes involving the Project, without the

emotional and financial costs of litigation. Accordingly, each Bound Party covenants and agrees that those claims, grievances or disputes described herein ("Claims") shall be resolved using the procedures set forth below in lieu of filing suit in any court.

Section 21.2 Claims. Unless specifically exempted below, all claims, grievances or disputes arising out of or relating to the interpretation, application or enforcement of the Association Documents, or the rights, obligations and duties of any Bound Party under the Association Documents or relating to the design or construction of improvements on the Project shall be subject to the provisions of this Section.

Notwithstanding the above, unless all parties thereto otherwise agree, the following shall not be Claims and shall not be subject to the provisions of this Section:

21.2.1 Any suit by the Association against any Bound Party to enforce the provisions of Article 7 (Assessments).

21.2.2 Any suit by the Association to obtain a temporary restraining order (or equivalent emergency equitable relief) and such other ancillary relief as the court may deem necessary in order to maintain the status quo and preserve the Association's ability to enforce the architectural standards and use restrictions and rules;

21.2.3 Any suit between Owners, which does not include Declarant or the Association as a party, if such suit asserts a Claim which would constitute a cause of action independent of the Association Documents;

21.2.4 Any suit in which any indispensable party is not a Bound Party;
and

21.2.5 Any suit as to which any applicable statute of limitations would expire within 180 days of giving the notice required below.

With the consent of all parties thereto, any of the above may be submitted to the alternative dispute resolution procedures set forth below.

Section 21.3 Mandatory Procedures.

21.3.1 Notice. Any Bound Party having a Claim ("Claimant") against any other Bound Party ("Respondent") (collectively, the "Parties") shall notify each Respondent in writing (the "Notice"), stating plainly and concisely:

21.3.1.1 The nature of the Claim, including the Persons involved and Respondent's role in the Claim;

21.3.1.2 The legal basis of the Claim (i.e., the specific authority out of which the Claim arises);

21.3.1.3 Claimant's proposed remedy; and

21.3.1.4 That Claimant will meet with Respondent to discuss in good faith ways to resolve the Claim.

21.3.2 Negotiation and Mediation.

21.3.2.1 The Parties shall make every reasonable effort to meet in person and confer for the purpose of resolving the Claim by good faith negotiation. If requested in writing, accompanied by a copy of the Notice, the Executive Board may appoint a representative to assist the Parties in resolving the dispute by negotiation.

21.3.2.2 If the Parties do not resolve the Claim within thirty (30) days of the date of the Notice (or within such other period as may be agreed upon by the Parties) ("Termination of Negotiations"), Claimant shall have thirty (30) additional days to submit the Claim to mediation under the auspices of a reputable and knowledgeable mediation group providing such services in Town of Gypsum, or, if the Parties otherwise agree, to an independent agency providing dispute resolution services in the Town of Gypsum, Colorado, area.

21.3.2.3 If Claimant does not submit a claim to mediation within thirty (30) days after Termination of Negotiations, or does not appear for the mediation, Claimant shall be deemed to have waived the Claim, and Respondent shall be released and discharged from any and all liability to Claimant on account of such Claim; provided, nothing herein shall release or discharge Respondent from any liability to any person other than the Claimant.

21.3.2.4 Any settlement of the Claim through mediation shall be documented in writing by the mediator. If the Parties do not settle the Claim within thirty (30) days after submission of the matter to the mediation process, or within such time as determined by the mediator, the mediator shall issue a notice of termination of the mediation proceedings ("Termination of Mediation"). The Termination of Mediation notice shall set forth that the Parties are at an impasse and the date that the mediation was to be mediated.

21.3.2.5 Within five (5) days of the Termination of Mediation, the Claimant shall make a final written settlement demand ("Settlement Demand") to the Respondent and the Respondent shall make a final written settlement offer ("Settlement Offer") to the Claimant. If the Claimant fails to make a Settlement Demand, Claimant's original Notice shall constitute the Settlement Demand. If the Respondent fails to make a Settlement Offer, Respondent shall be deemed to have made a "zero" or "take nothing" Settlement Offer.

21.3.3 Final and Binding Arbitration.

21.3.3.1 If the Parties do not agree in writing to a settlement of the Claim within fifteen (15) days of the Termination of Mediation, the Claimant shall have fifteen (15) additional days to submit the Claim to arbitration in accordance with the rules of arbitration as may be required by the agency providing the arbitrator. If not timely submitted to arbitration or if the Claimant fails to appear for the arbitration proceeding, the Claim shall be deemed abandoned, and Respondent shall be released and discharged from any and all liability to Claimant arising out of

such Claim; provided, nothing herein shall release or discharge Respondent from any liability to persons other than Claimant.

21.3.3.2 This subsection is an agreement to arbitrate and is specifically enforceable under the applicable arbitration laws of the State of Colorado. The arbitration award (the "Award") shall be final and binding, and judgment may be entered upon it in any court of competent jurisdiction to the fullest extent permitted under the laws of the State of Colorado.

21.3.4 Allocation of Costs of Resolving Claims.

21.3.4.1 Subject to Section 22.3.4.2 below, each Party shall bear its own costs, including any attorneys' fees incurred, and each Party shall share equally all charges rendered by the mediator(s) and all filing fees and costs of conducting the arbitration proceeding ("Post Mediation Costs").

21.3.4.2 Any Award, which is equal to or more favorable to Claimant than Claimant's Settlement Demand, shall add Claimant's Post Mediation costs to the Award, such costs to be borne equally by all Respondents. Any Award, which is equal to or less favorable to Claimant than any Respondent's Settlement Offer, shall award to such Respondent its Post Mediation Costs.

21.3.5 **Enforcement of Resolution.** After resolution of any Claim, if any Party fails to abide by the terms of any agreement or Award, then any other Party may file suit or initiate administrative proceedings to enforce such agreement or Award without the need to again comply with the procedures set forth in this Section. In such event, the Party taking action to enforce the agreement or Award shall be entitled to recover from the non-complying Party (or if more than one non-complying Party, from all such Parties pro rata) all costs incurred in enforcing such agreement or Award including, without limitation, attorneys' fees and court costs.

Section 21.4 **Claim for Damages.** Damages alleged or awarded in connection with a Claim shall be limited to actual damages. No punitive, incidental, consequential or other damages shall be claimed or awarded. Notwithstanding anything contained herein to the contrary, any claims, grievances or disputes against Declarant arising out of or relating to the design or construction of improvements on the Project shall require notification to Declarant in writing and provide for a reasonable amount of time for Declarant to correct the defect before any Claim may be made

ARTICLE 22 MISCELLANEOUS

Section 22.1 **Compliance with the Act.** Notwithstanding anything to the contrary in this Declaration, 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.

Section 22.2 **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.

Section 22.3 **Severability.** The provisions of this Declaration shall be deemed to be independent and severable, and the invalidity of any one or more of the provisions of it by judgment or court order or decree shall in no way affect the validity or enforceability of any of the other provisions, which provisions shall remain in full force and effect.

Section 22.4 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.

Section 22.5 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.

Section 22.6 Conflicts in Legal Documents. In case of conflicts between the provisions in this Declaration and the articles of incorporation of the Association or the bylaws of the Association, this Declaration shall control. In case of conflicts in the provisions in the articles of incorporation of the Association and the bylaws of the Association, the articles of incorporation of the Association shall control. In case of conflicts in the provisions in the articles of incorporation, bylaws or this Declaration, on the one hand, and the Act, on the other hand, the terms of the Act shall control.

Section 22.7 Exhibits. All the Exhibits attached to and described in this Declaration are incorporated in this Declaration by this reference.

Executed as of the date and year first written above.

SKY LEGEND LLC, a Delaware limited liability company

By: [Signature]
Name: Andrew S. Gerber
President

STATE OF NEW MEXICO)
)ss.
COUNTY OF SANTA FE)

The foregoing instrument was acknowledged before me this 11th day of April, 2005, by Andrew S. Gerber, as President of Sky Legend LLC, a Delaware limited liability company.

WITNESS my hand and official seal.

My commission expires: 9-22-2008

[Signature]
Notary Public

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OFFICIAL SEAL
ANGEL MONTOYA
NOTARY PUBLIC
STATE OF NEW MEXICO

MY COMMISSION EXPIRES 9-22-08

EXHIBIT A
LEGAL DESCRIPTION OF PROPERTY

SKY LEGEND AT COTTON RANCH FILING 1, AS DEPICTED ON THAT CERTAIN FINAL
PLAT, SKY LEGEND AT COTTON RANCH FILING 1, RECORDED ON April 12,
2005, AT RECEPTION NO. 911879, EAGLE COUNTY, COLORADO

EXHIBIT B
LEGAL DESCRIPTION OF EXPANSION PROPERTY

The legal description of the Expansion Property are the lands described herein as attached to this Exhibit B, less those lands that are part of the legal description of the Property as described in Exhibit A attached to this Declaration.

LEGAL DESCRIPTION

A Parcel of land located in Tracts 68, 72, 74 and 75, Sections 7 and 8, Township 5 South, Range 83 West of the 6th Principal Meridian, in the County of Eagle, State of Colorado, more particularly described as follows:

Beginning at a brass cap at Angle Point 3 of said Tract 72;
thence North 00°28'55" East 4091.61 feet along the Westerly line of said Tract 72 to a brass cap at Angle Point 2 of said Tract 72;
thence North 89°58'58" East 1980.41 feet along the Northerly line of said Tract 72;
thence South 01°41'03" West 116.60 feet;
thence North 89°58'44" East 393.96 feet;
thence South 00°09'23" East 322.13 feet;
thence North 89°58'44" East 370.45 feet;
thence North 75°01'03" East 386.81 feet;
thence North 71°33'04" East 31.62 feet;
thence South 89°03'12" East 84.38 feet;
thence North 38°19'21" East 209.86 feet;
thence South 89°30'10" East 676.51 feet to the Westerly Right-of-Way line of Gypsum Creek Road;
thence South 00°14'00" East 1178.92 feet along said Westerly Right-of-Way line;
thence South 00°04'00" East 386.10 feet along said Westerly Right-of-Way line;
thence South 89°24'26" West 95.49 feet;
thence South 00°04'00" East 145.04 feet;
thence South 89°28'06" East 95.49 feet to said Westerly Right-of-Way line;
thence South 00°04'00" East 828.08 feet along said Westerly Right-of-Way line;
thence South 00°17'03" West 2282.72 feet along said Westerly Right-of-Way line;
thence South 89°37'00" West 2655.09 feet to the Westerly line of said Tract 74;
thence North 00°37'00" West 920.30 feet along said Westerly Tract line to Angle Point 4 of said Tract 72;
thence South 89°56'18" West 1301.34 feet along the Southerly line of said Tract 72 To The Point Of Beginning.

EXCEPTING THEREFROM

ALL THE PROPERTY DESCRIBED AND CONTAINED ON THE FOLLOWING PLATS:

THE COTTON RANCH FILING 1 FINAL PLAT, recorded October 27, 1995 in Book 679 at Page 439 as Reception No. 375449.
COTTON RANCH PUD TIMBERWOLF FILING (FILING 3) recorded September 18, 1996 in Book 705 at Page 680 as Reception No. 601664.

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Continuation of Schedule A - Legal Description
Order Number: 02031298-C10

COTTON RANCH PLANNED UNIT DEVELOPMENT FILING 5
recorded December 17, 1997 in Book 746 at Page 652 as Reception No.
642596.
AMENDED FINAL PLAT COTTON RANCH PLANNED UNIT DEVELOPMENT FILING 5
recorded June 23, 1998 as Reception No. 660420.
COTTON RANCH P.U.D., FILING 4
recorded July 23, 1998 as Reception No. 663627.
COTTON RANCH PLANNED UNIT DEVELOPMENT FILING 6
recorded April 13, 2000 as Reception No. 727232
THE VILLAGE AT COTTON RANCH FILING NO. 1,
According to the plat thereof recorded May 19, 1997
in Book 727 at Page 75 as Reception No. 623038. also known as the
Multi-Family Parcel, and is recorded in Deed in Book 727 at Page 304
as Reception No. 623267.

AND ALSO RECEIPTING

COTTON RANCH PLANNED UNIT DEVELOPMENT FILING 2, FINAL PLAT
recorded October 17, 1999 in Book 679 at Page 440 as Reception No.
575450.
AMENDED PLAT PARCEL 1 AND PARCEL 2 COTTON RANCH PLANNED UNIT DEVELOPMENT
FILING 2
recorded September 11, 1996 in Book 705 at Page 25 as Reception No. 601009.
THE COTTON RANCH P.U.D. FILING 2, PARCEL 2, SECOND AMENDED FINAL PLAT
recorded December 17, 1997 in Book 746 at Page 653 as Reception No. 642597.
THE COTTON RANCH PUD FILING 2 TRACT B RE-PLAT
recorded December 17, 1997 in Book 746 at Page 654 as Reception No. 642598.
THE COTTON RANCH PUD FILING 2, PARCEL 4 RE-PLAT
recorded December 17, 1997 in Book 746 at Page 655 as Reception No.
642599.
THE AMENDED RE-PLAT OF COTTON RANCH P.U.D. FILING 2 TRACTS B, C AND D
recorded August 5, 1998 as Reception No. 665123.
THE COTTON RANCH P.U.D. FILING 2, PARCEL 3, THIRD AMENDED FINAL PLAT
recorded April 13, 2000 as Reception NO. 727233.

Said land also more particularly described as follows:

A parcel of land situated in Section 7 and Section 8, Township
5 South, Range 85 West of the Sixth Principal Meridian. Town of Gypsum
Eagle County, Colorado;

said parcel being more particularly described as follows:

Beginning at Angle Point 3 of Tract 72, Section 7, Township 5
South, Range 85 West of the Sixth Principal Meridian, a GLO Brass
Cap in Place;
thence along the West line of Tract 72, N 00°28'55" E 4091.61
feet to Angle Point 2 of said Tract 72, a GLO Brass Cap in place;
thence along the North line of Tract 72, N 89°58'58" E 1980.41 feet;
thence S 01°41'03" W 116.60 feet;
thence N 89°58'44" E 393.96 feet;

Continued on next page

Continuation of Schedule A - Legal Description
Order Number: 02031298-C10

thence S 00°09'23" E 322.13 feet;
thence N 89°58'44" E 270.45 feet;
thence N 75°01'02" E 342.13 feet to a point on the boundary of The
Cotton Ranch Planned Unit Development Filing 2, Tracts B, C, and D
according to the Amended Replat recorded as Reception No. 665123;
thence along said boundary the following Thirteen (13) courses:

- 1) Along a nontangent curve to the right, having a radius of 225.00 feet, a central angle of 38°56'33", a distance of 152.93 feet (chord bears S 83°32'46" W 150.00 feet);
- 2) S 75°01'02" W 13.88 feet;
- 3) Along a tangent curve to the left, having a radius of 475.00 feet, a central angle of 54°59'13", a distance of 435.86 feet (chord bears S 47°31'25" W 438.57 feet);
- 4) S 20°01'49" W 257.32 feet;
- 5) Along a tangent curve to the left, having a radius of 425.00 feet, a central angle of 21°16'23", a distance of 157.80 feet (chord bears S 89°23'37" W 158.89 feet);
- 6) Along a tangent curve to the right, having a radius of 375.00 feet, a central angle of 27°29'08", a distance of 179.89 feet (chord bears S 12°29'55" W 178.17 feet);
- 7) S 26°14'29" W 54.53 feet;
- 8) N 89°51'22" E 170.09 feet;
- 9) S 04°09'50" W 85.39 feet;
- 10) S 37°32'26" W 66.62 feet;
- 11) S 25°01'18" W 400.00 feet;
- 12) S 25°18'27" W 85.95 feet;
- 13) S 19°32'24" W 82.18 feet to a point on the boundary of The Cotton Ranch Planned Unit Development, Filing 5, according to the Amended Final Plat as recorded at Reception No. 660420;
thence along the boundary of said Filing 5, N 43°06'20" W a distance of 171.20 feet to a point on the boundary of Parcel 4, Cotton Ranch Planned Unit Development, Filing 2, according to the Parcel 4 Re-Plat recorded in Book 746 at Page 655 as Reception No. 642593;
thence along the boundary of said Parcel 4 the following Ten (10) courses:
 - 1) N 43°06'20" W 86.97 feet;
 - 2) N 26°14'29" E 518.71 feet;
 - 3) N 68°07'43" W 147.83 feet;
 - 4) S 34°10'24" W 639.52 feet;
 - 5) S 30°42'58" W 168.05 feet;
 - 6) S 29°06'18" W 135.81 feet;
 - 7) S 57°23'01" W 228.56 feet;
 - 8) Along a nontangent curve to the left, having a radius of 325.00 feet, a central angle of 27°29'36", a distance of 155.95 feet (chord bears S 03°43'11" E 154.46 feet);
 - 9) Along a tangent curve to the right, having a radius of 325.00 feet, a central angle of 18°31'22", a distance of 108.07 feet (chord bears S 08°12'18" E 104.61 feet);

Continued on next page

Continuation of

- Legal Description

10) N 75°49'23" E 113.15 feet to a point on the boundary of said Amended Final Plat Cotton Ranch Planned Unit Development, Filing 5;
thence along the boundary of said Filing 5 the following Two (2) courses:

1) S 02°55'39" W 300.26 feet;

2) S 01°39'15" W 50.00 feet to a point on the boundary of
The Cotton Ranch Planned Unit Development, Filing 6 recorded at
Reception No. 727232;

thence along the boundary of said Filing 6 the following Four
(4) courses:

1) N 88°20'45" W 122.35 feet;

2) Along a tangent curve to the left, having a radius of 488.00 feet,
a central angle of 3°19'55", a distance of 28.38 feet (chord bears
S 89°59'17" W 28.38 feet);

3) S 06°19'58" E 119.08 feet;

4) S 29°25'37" W 322.63 feet;

To a point on the boundary of Parcel 2, Cotton Ranch Planned Unit
Development, Filing 2, according to the Third Amended Final Plat recorded
at Reception No. 727233;

thence along the boundary of said Filing 2 the following Five (5)
courses:

1) S 29°25'37" W 807.56 feet;

2) S 73°42'39" W 196.80 feet;

3) N 45°10'47" W 118.17 feet;

4) thence along a nontangent curve to the right, having a radius of
305.00 feet, a central angle of 11°10'14", a distance of 59.46 feet
(chord bears S 59°09'58" W 59.37 feet);

5) S 00°34'15" E 205.92 feet;

thence S 89°55'18" W a distance of 581.38 feet To The Point Of
Beginning.

EXCLUDING THEREFROM Parcel 3, Final Plat, Cotton Ranch Planned
Unit Development, Filing 2 as recorded in Book 679 at Page 440 as
Reception No. 575450.

COUNTY OF EAGLE
STATE OF COLORADO.

EXHIBIT C
CATEGORIES OF ROADS WITHIN SKY LEGEND AT COTTON RANCH

EXHIBIT D
EASEMENTS AND LICENSES OF RECORD

1. Right of Proprietor of a vein or lode to extract and remove his ore therefrom should the same be found to penetrate or intersect the premises as reserved in United States Patent recorded May 22, 1918, in Book 48 at Page 363.
2. Right of way for ditches or canals constructed by the authority of the United States as reserved in United States Patent recorded May 22, 1918, in Book 48 at Page 363.
3. Right of proprietor of a vein or lode to extract and remove his ore therefrom should the same be found to penetrate or intersect the premises as reserved in United States Patent recorded in Book 35 at Page 418.
4. Right of way for ditches or canals constructed by the authority of the United States as reserved in United States Patent recorded in Book 35 at Page 418.
5. Right of Way Easement as granted to Colorado-Ute Electric Association, Inc. in instrument recorded June 18, 1964, in Book 181 at Page 205.
6. Right of Way Easement as granted to Colorado-Ute Electric Association, Inc. in instrument recorded June 18, 1964, in Book 181 at Page 209.
7. Terms, conditions and provisions of memorandum of notification of easement recorded September 19, 1996 in Book 705 at Page 788.
8. Terms, conditions and provisions of utility easement agreement recorded May 21, 1997 in Book 727 at Page 302.
9. Terms, conditions and provisions of agreement and understanding concerning the use of certain easements recorded May 21, 1997 in Book 727 at Page 307.
10. Terms, conditions and provisions of easement agreement recorded January 30, 2001 at Reception No. 749093.
11. Terms, conditions and provisions of easement agreement recorded December 14, 2001 at Reception No. 780046.
12. Right of Way Easement as granted to Holy Cross Energy in instrument recorded December 18, 2003, at Reception No 862466.
13. Terms, conditions and provisions of agreement to relocate existing easement recorded December 18, 2003 at Reception No. 862467.

14. Easement as reserved in Special Warranty Deed recorded December 18, 2003 at Reception No. 862472.

15. Terms, conditions and provisions of Trench, Conduit and Vault Agreement recorded December 08, 2004 at Reception No. 899945.

16. Easements, conditions, covenants, restrictions, reservations and notes on the Plat of Sky Legend recorded April 12²⁰⁰⁵ at Reception No. 911879.