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member of an Owner's family or a guest or invitee of any Owner, and the amount of the Owner's liability therefor, shall be determined by the Association at a hearing after notice to the Owner, provided that any such determination which assigns liability to any Owner pursuant to the terms of this Section may be appealed by said Owner to a court of law.

ARTICLE IX
RESTRICTIONS

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

2. Restrictions Imposed. This Community is subject to the recorded easements, licenses and other matters listed on Exhibit C attached hereto and incorporated herein by this reference. In addition, the Declarant declares that all of the Lots shall be held and shall henceforth be sold, conveyed, used, improved, occupied, owned, resided upon and hypothecated, subject to the following provisions, conditions, limitations, restrictions, agreements and covenants, as well as those contained elsewhere in this Declaration.

3. Residential Use. Subject to Section 4 of this Article, Lots shall be used for residential use only, including uses which are customarily incident thereto, and shall not be used at any time for business, commercial or professional purposes; provided, however, that an Owner may use his Lot for professional or home occupation(s) so long as the applicable zoning permits such use, there is no external evidence thereof, and no unreasonable inconvenience to other residents of the Lots is created thereby.

4. Declarant's Use. Notwithstanding anything to the contrary contained in this Declaration, it shall be expressly permissible and proper for Declarant and/or a Builder, and its employees, agents, and contractors, to perform such reasonable activities, and to maintain upon portions of the Lots such facilities as they deem reasonably necessary or incidental to the development, construction and sale of Lots, and development and construction of Improvements, specifically including, without limiting the generality of the foregoing, maintaining management offices, signs, model units, construction offices, trailers and sales offices, in such numbers, of such sizes, and at such locations as they determine in their reasonable discretion from time to time. Further, nothing contained in the Declaration shall



limit the right of the Declarant or require Declarant to obtain approvals: (a) to excavate, cut, fill or grade any property owned by Declarant or to construct, alter, demolish or replace any Improvements; (b) to use any structure on any property owned by Declarant as a construction, management, model home or sales or leasing office in connection with the development, construction or sale of any property; and/or (c) to require Declarant (or Builders who have received Declarant's approval pursuant to Section 2 of Article V) to seek or obtain the approval of the Architectural Review Committee or of the Association for any such activity or Improvement by Declarant (or such Builder) on any property owned by Declarant (or such Builder). Notwithstanding the foregoing, Declarant and Builders shall not perform any activity or maintain any facility on any portion of the Lots in such a way as to unreasonably interfere with or disturb any Owner, or to unreasonably interfere with the use, enjoyment or access of such Owner, his family members, guests or invitees, of and to his Lot and to a public right-of-way. Any real estate used as a sales office, management office, construction office or a model, shall be a Lot or Common Elements.

5. Household Pets. No animals, livestock, birds, poultry, reptiles or insects of any kind shall be raised, bred, kept or boarded in or on the Lots; provided, however, that the Owners of each Lot may keep a reasonable number of dogs, cats or other domestic animals which are bona fide household pets, so long as such pets are not kept for any commercial purpose and are not kept in such number or in such manner as to create a nuisance to any resident of the Lots. The Association shall have, and is hereby given, the right and authority to determine in its sole discretion that dogs, cats or other household pets are being kept for commercial purposes or are being kept in such number or in such manner as to be unreasonable or to create a nuisance, or that an Owner is otherwise in violation of the provisions of this Section, and to take such action(s) as it may deem appropriate to correct the same. An Owner's right to keep household pets shall be coupled with the responsibility to pay for any damage caused by such pets, as well as any costs incurred by the Association as a result of such pets, and any such costs and damages shall be subject to all of the Association's rights with respect to the collection and enforcement of assessments as provided in Article IV hereof.

6. Temporary Structures; Unsightly Conditions. Except as hereinafter provided, no structure of a temporary character, including, but not limited to, a house trailer, tent, shack, storage shed, or outbuilding shall be placed or erected upon any Lot; provided, however, that during the actual construction, alteration, repair or remodeling of a structure or other Improve-



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ments, necessary temporary structures for storage of materials may be erected and maintained by a Person doing such work; and provided, further, that storage sheds may be permitted, with the prior, written approval of the Architectural Review Committee or as otherwise permitted in guidelines, rules or regulations promulgated by the Association, if each such storage shed is screened from the view of adjacent Lots and Common Elements. The work of constructing, altering or remodeling any structure or other Improvements shall be prosecuted diligently from the commencement thereof until the completion thereof. Further, no unsightly conditions, structures, facilities, equipment or objects shall be so located on any Lot as to be visible from a street or from any other Lot.

7. Miscellaneous Improvements.

(a) No advertising or signs of any character shall be erected, placed, permitted, or maintained on any Lot except for the following: (i) a name plate of the occupant and a street number; (ii) a "For Sale," "Open House" or "For Rent" sign of not more than six (6) square feet; or (iii) two (2) security system signs no larger than one hundred (100) square inches each. Notwithstanding the foregoing, reasonable signs, advertising, or billboards used by the Declarant or a Builder in connection with the sale or rental of the Lots, or otherwise in connection with development of the Community or construction on the Lots, shall be permissible.

(b) No chain-linked (or other) dog runs, drying yards, service yards, wood piles or storage areas shall be so located on any Lot as to be visible from a street or from the ground level of any other Lot.

(c) No types of refrigerating, cooling or heating apparatus shall be permitted on a roof and no such apparatus shall be permitted elsewhere on a Lot, except when appropriately screened from view, and except for residential solar systems approved by the Architectural Review Committee or as otherwise permitted in guidelines, rules or regulations promulgated by the Association.

(d) Except as may otherwise be permitted by the Architectural Review Committee, no exterior radio antenna, television antenna, or other antenna, satellite dish, or audio or visual reception device of any type shall be placed, erected or maintained on any Lot, except inside a residence or otherwise concealed from view; provided, however, that any such devices may be erected or installed by the Declarant during its sales or construction in the Community. Notwithstanding the foregoing, neither the restrictions nor the requirements of this Section shall apply to those antenna (which may include some satellite dishes and



other devices) that are specifically covered by the Telecommunications Act of 1996, as amended from time to time. As to antenna which are specifically covered by the Telecommunications Act of 1996, as amended, the Association shall be empowered to adopt rules and regulations governing the types of antenna that are permissible hereunder and, to the extent permitted by the Telecommunications Act of 1996, as amended, establishing reasonable, non-discriminatory restrictions relating to appearance, safety, location and maintenance.

(e) The Architectural Review Committee may at any time, from time to time, promulgate and publish guidelines, rules or regulations regarding the permitted types, locations, materials, and other matters having to do with fences or other Improvements.

(f) No wind generators of any kind shall be constructed, installed, erected or maintained on the Lots.

(g) Any exterior lighting installed or maintained on the Lots shall either be indirect or of such controlled focus and intensity so as not to disturb the residents of adjacent or nearby property.

8. Vehicular Parking, Storage and Repairs.

(a) No house trailer, camping trailer, boat trailer, hauling trailer, boat, or accessories thereto, truck (larger than 1 ton), self-contained motorized recreational vehicle, or other type of recreational vehicle or equipment, may be parked or stored in the Community unless such parking or storage is within the garage area of any Lot or is suitably screened from view in accordance with the requirements of the Architectural Review Committee, or within an area designated by the Association for storage and parking of such vehicles, except that any such vehicle may be otherwise parked as a temporary expedient for loading, delivery, or emergency. This restriction, however, shall not restrict trucks or other commercial vehicles which are necessary for construction or for the maintenance of any portion of the Community or any Improvements located thereon.

(b) Except as hereinabove provided, no abandoned or inoperable automobiles or vehicles of any kind shall be stored or parked in the Community in such a manner as to be visible from any Lot. An "abandoned or inoperable vehicle" shall be defined as any automobile, truck, motorcycle, or other similar vehicle, which has not been driven under its own propulsion for a period of seventy-two (72) hours or longer, or which does not have an operable propulsion system installed therein, or which is not then currently



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licensed and registered; provided, however, that otherwise permitted vehicles parked by Owners while on vacation (for a maximum of two (2) weeks) or during a period of illness shall not be deemed to be abandoned.

(c) In the event the Association shall determine that a vehicle is parked or stored in violation of subsections (a) or (b) of this Section, then a written notice describing said vehicle shall be personally delivered to the owner thereof (if such owner can be reasonably ascertained) or shall be conspicuously placed upon the vehicle (if the owner thereof cannot be reasonably ascertained), and if the vehicle is not removed within a reasonable time thereafter, as determined by the Association in its discretion from time to time, the Association shall have the right to remove the vehicle at the sole expense of the owner thereof.

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

9. Nuisances. No nuisance shall be permitted in the Community or any portion thereof, nor any use, activity or practice which interferes with the peaceful enjoyment or possession and proper use of the Community or any portion thereof. As used herein, the term "nuisance" shall not include any activities of Declarant or a Builder which are reasonably necessary to the development and construction of, and sales activities in, the Community; provided, however, that such activities shall not unreasonably interfere with any Owner's use and enjoyment of his Lot, or with any Owner's ingress and egress to or from his Lot and a public way.

10. No Hazardous Activities; No Hazardous Materials or Chemicals. No activities shall be conducted on any Lot or within Improvements constructed on any Lot which are unsafe or hazardous to any person or property. Without limiting the generality of the foregoing, no firearms shall be discharged upon any Lot and no open fires shall be lighted or permitted on any Lot except in a contained barbecue unit while attended and in use for cooking purposes or within an interior fireplace. Further, no hazardous materials or chemicals shall at any time be located, kept or stored



in, on or at any Lot except such as may be contained in household products normally kept at homes for use of the residents thereof and in such limited quantities so as to not constitute a hazard or danger to person or property.

11. No Annoying Light, Sounds or Odors. No light shall be emitted from any Lot which is unreasonably bright or causes unreasonable glare; no sound shall be emitted from any Lot which is unreasonably loud or annoying; and no odor shall be permitted from any Lot which is noxious or offensive to others.

12. Restrictions on Trash and Materials; Trash Collection.

(a) No refuse, garbage, trash, lumber, grass, shrubs or tree clippings, plant waste, metal, bulk materials, scrap or debris of any kind shall be kept, stored, or allowed to accumulate except inside the residence on any Lot nor shall any such items be deposited on a street, unless placed in a suitable, tightly-covered container that is suitably located solely for the purpose of garbage pickup. No garbage or trash cans or receptacles shall be maintained in an exposed or unsightly manner.

(b) The Board of Directors shall have the right to require that all trash collection that is performed by a private trash collection company within the Community be performed by one company, and that trash collection by a private trash collection company be collected from all Lots or specified areas within the Community by such company on the same day of each week. Unless the Board of Directors determines that the cost of trash collection shall be paid by the Association as part of the Common Expenses, the cost of trash collection shall be paid by each Owner directly to the trash collection company and the Association shall not have any duty to pay the costs of trash collection or to assess the costs thereof to the Owners as assessments.

13. Minor Violations of Setback Restrictions. If upon the erection of any structure, it is disclosed by survey that a minor violation or infringement of setback lines has occurred, such violation or infringement shall be deemed waived by the Owners of each Lot immediately adjoining the structure which is in violation of the setback, and such waiver shall be binding upon all other Owners. However, nothing contained in this Section shall prevent the prosecution of a suit for any other violation of the restrictions, covenants, or other provisions contained in this Declaration. A "minor violation," for the purpose of this Section, is a violation of not more than one (1) foot beyond the required setback lines or Lot lines. This provision shall apply only to the original structures and shall not be applicable to any alterations or repairs to, or replacements of, any of such structures.



14. Rules and Regulations. Rules and regulations concerning and governing the Lots, Common Elements, and/or this Community may be adopted, amended or repealed from time to time by the Board of Directors, and the Board of Directors may establish and enforce penalties for the infraction thereof, including, without limitation, the levying and collecting of fines for the violation of any such rules and regulations.

15. Lots to be Maintained. Each Lot shall at all times be kept in a clean and sightly condition. No trash, litter, junk, boxes, containers, bottles, cans, implements or machinery shall be permitted to remain upon any Lot except as necessary during the period of construction or as provided in Section 12 of this Article.

16. Leases. The term "lease," as used herein, shall include any agreement for the leasing or rental of a Lot, or any portion thereof, and shall specifically include, without limitation, month-to-month rentals and subleases. Any Owner shall have the right to lease his Lot, but all leases shall be in writing and all leases shall provide that the terms of the lease and lessee's occupancy of the leased premises shall be subject in all respects to the provisions of this Declaration, and the articles of incorporation, bylaws and rules and regulations of the Association.

17. Management Agreements and Other Contracts. Any agreement for professional management of the Association's business or other contract providing for services of the Declarant shall have a maximum term of three (3) years and any such agreement shall provide for termination by either party thereto, with or without cause and without payment of a termination fee, upon not more than ninety (90) days' prior written notice; provided, however, that any such management agreement(s) entered into by the Association with a manager or managing agent prior to termination of the Period of Declarant Control shall be subject to review and approval by HUD or VA if, at the time such agreement is entered into, HUD has insurance or VA has a guarantee(s) on one or more Security Interests, and shall terminate absolutely, in any event, no later than thirty (30) days after termination of the Period of Declarant Control.

18. Maintenance of Grade and Drainage. Each Owner shall maintain the grading upon his Lot, and the Association shall maintain the grading upon the Common Elements, at the slope and pitch fixed by the final grading thereof, including landscaping and maintenance of the slopes. Each Owner and the Association agree, for themselves and their successors and assigns, that they will not in any way interfere with the established drainage pattern over any



real property which they have a duty to maintain, from adjoining or other real property. In the event that it is necessary or desirable to change the established drainage over any Lot or Common Elements which an Owner or the Association has a duty to maintain, then the party responsible for the maintenance of such real property shall submit a plan to the Architectural Review Committee for its review and approval, in accordance with the provisions of Article V of this Declaration. For purposes of this Section, "established drainage" is defined as the drainage which exists at the time final grading of a Lot is completed.

19. Subdivision of Lots or Lot Line Adjustments. The Declarant reserves as a Special Declarant Right, the right to subdivide or replat any Lot(s) owned by Declarant. The Declarant hereby reserves, as a Special Declarant Right in order to build and complete Improvements in the Community, the right to move any Lot line(s) with the consent of the Owner(s) of each Lot whose Lot line is being moved. Such Lot line adjustments may be done by the Declarant, if at all, for the purpose of accommodating Improvements which are constructed or are to be constructed, and shall not change the number of Lots in the Community at the time such Lot line adjustment is approved by the applicable governmental entity. This Special Declarant Right shall terminate automatically as provided in Article I, Section 26 of this Declaration.

20. Use of Common Elements. An easement is hereby granted to the Declarant through the Common Elements as may be reasonably necessary for the purpose of discharging any of Declarant's or Builder's obligations or exercising any Special Declarant Rights. Subject to the immediately preceding sentence:

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

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

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

(d) No use shall ever be made of the Common Elements which will deny ingress and egress to those Owners having access to



their Lots only over Common Elements, and the right of ingress and egress to said Lots is hereby expressly granted.

21. Easement for Encroachments. To the extent that any Lot or Common Element encroaches on any other Lot or Common Element, a valid easement for the encroachment exists; to the extent any utility service extension line providing service to an individual Lot encroaches on any other Lot or Common Element, a valid easement for the encroachment exists.

22. Easements for Drainage and Utilities. Easements for the installation and maintenance of utilities, drainage facilities, public or private improvements and access thereto are reserved as shown on the recorded plats affecting the Lots and any amendments to such plats or as established by any other instrument of record. Additionally, the Community and the Lots are subject to the easements and rights-of-way shown on the Plat. Declarant creates and reserves to itself until the expiration of the period of Special Declarant Rights, and thereafter to the Association, a blanket non-exclusive easement upon, over and across the Common Elements for the construction, operation, maintenance, repair and replacement of utilities and facilities therefor and other appurtenances thereto.

23. Easement for Unannexed Property. The Declarant hereby reserves, for the use and benefit of the annexable land described on Exhibit D a non-exclusive, perpetual easement and right of way for pedestrian and vehicular access, ingress and egress, on, over and across the roads, driveways, streets, sidewalks, accessways and similar Common Elements, now or hereafter constructed, erected, installed or located in or on the Community; and on, over, across and under the Common Elements for utilities and the construction, location, erection, installation, storage, maintenance, repair, renovation, replacement and use of any utilities Improvements that may now or hereafter serve the annexable land or any portion thereof described on Exhibit D (herein collectively the "Annexable Area Easement"). By virtue of this Annexable Area Easement, the Declarant generally intends to provide for pedestrian and vehicular access and for utilities services to those portion(s) of the annexable land which have not been included, from time to time, in the Community pursuant to Section 5 of Article XI hereof. Hence, the Annexable Area Easement shall be in effect for each portion of the annexable land, from and after recording of this Declaration, but shall cease to be effective as to each portion of the annexable land at such time as both of the following have occurred with respect to such portion of the annexable land: annexation of such portion of the annexable land to this Declaration pursuant to the



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aforesaid Section; and expiration of the Declarant's right to withdraw such portion of the annexable land from this Declaration.

ARTICLE X
PROPERTY RIGHTS IN THE COMMON ELEMENTS

1. Owners' Easements. Subject to Sections 2 and 3 of this Article, every Owner shall have a non-exclusive right and easement for the purpose of access to their Lots and for use for all other purposes, in and to the Common Elements, and such easement shall be appurtenant to and shall pass with the title to every Lot.

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

(a) The terms, provisions, covenants, conditions, restrictions, easements, reservations, uses, limitations, and obligations contained in this Declaration; and

(b) The right of the Association, in accordance with its Articles and Bylaws, to borrow money for the purpose of improving the Common Elements and to mortgage said property as security for any such loan; provided, however, that the Association may not subject any portion of the Common Elements to a Security Interest unless such is approved by Members casting at least sixty-seven percent (67%) of the votes in the Association, including sixty-seven percent (67%) of the votes allocated to Lots not owned by the Declarant; and

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

(d) The right of the Association to promulgate, amend, repeal, re-enact and publish rules and regulations with which each Member shall strictly comply, including, but not limited to, the right of the Association to regulate and/or restrict vehicular parking and Improvements; and

(e) The right of the Association to suspend the voting rights of a Member for any period during which any assessment against his Lot or any other amount due from such Member to the Association remains unpaid and, for a period not to exceed sixty (60) days, for any infraction of the Bylaws of the Association or the Association rules and regulations; and

(f) The right of the Association to dedicate or transfer all or any part of the Common Elements to any public agency;



authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members, provided that no such dedication or transfer shall be effective unless first approved by the Members entitled to cast at least sixty-seven percent (67%) of the votes in the Association, including sixty-seven percent (67%) of the votes allocated to Lots not owned by the Declarant, and unless written notice of the proposed agreement and the proposed dedication or transfer is sent to every Member at least thirty (30) days in advance of any action taken. Notwithstanding the foregoing, the granting of permits, licenses and easements for public utilities, roads or for other purposes reasonably necessary or useful for the proper maintenance or operation of the Community shall not be deemed a transfer within the meaning of this subsection (f); and

(g) The right of the Association, through its Board of Directors, to enter into, make, perform or enforce any contracts, leases, agreements, licenses, easements and rights-of-way, for the use of real property or Improvements by Owners, other persons, their family members, guests and invitees, for any purpose(s) the Board of Directors may deem to be useful, beneficial or otherwise appropriate; and

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

3. Delegation of Use. Any Owner may delegate his right of enjoyment to the Common Elements to the members of his family, his tenants, or contract purchasers who reside on his Lot.

4. Conveyance or Encumbrance of Common Elements. Portions of the Common Elements may be conveyed or subjected to a Security Interest by the Association only in accordance with the Act and this Declaration.

5. Payment of Taxes or Insurance by Security Interest Holders. Security Interest Holders shall have the right, jointly or singly, to pay taxes or other charges or assessments which are in default and which may or have become a lien against the Common Elements and may pay overdue premiums on hazard insurance policies or secure new hazard insurance coverage on the lapse of a policy for the Common Elements, and any Security Interest Holders making any such payments shall be owed immediate reimbursement therefor from the Association.

ARTICLE XI
GENERAL PROVISIONS

1. Enforcement and Arbitration. Enforcement of the covenants, conditions, restrictions, easements, reservations, rights-of-way, liens, charges and other provisions contained in this Declaration, the Articles of Incorporation, Bylaws or rules and regulations of the Association, as supplemented and amended, may be by any proceeding at law or in equity against any Person(s) (including, without limitation, the Association) violating or attempting to violate any such provision. The Association and any aggrieved Owner shall have the right to institute, maintain and prosecute any such proceedings, and the Association shall further have the right to levy and collect fines for the violation of any provision of any of the aforesaid documents. In any action instituted or maintained under this Section, the prevailing party shall be entitled to recover its costs and reasonable attorneys' fees incurred pursuant thereto, as well as any and all other sums awarded by the Court. Failure by the Association or any Owner to enforce any covenant, restriction or other provision herein contained, or any other provision of any of the aforesaid documents, shall in no event be deemed a waiver of the right to do so thereafter. The Association shall not institute litigation or administrative proceedings for declaratory relief, injunctive relief or for claims for monetary damages in excess of Twenty-Five Thousand Dollars (\$25,000.00) in its own name, on behalf of itself or two (2) or more owners against any Person, including Declarant, alleging a defect in the design, construction or physical condition or other alleged defect of the Common Elements, Lots or Improvements related thereto without first obtaining the affirmative vote of a majority of the Lot Owners present at a meeting called for that purpose at which a quorum is present. The amount of \$25,000.00 shall be increased annually for each subsequent fiscal year of the Association beginning in the year 2003, in an amount equal to the United States Department of Labor Bureau of Labor Statistics final consumer price index for the Denver-Boulder metropolitan statistical area for the preceding calendar year. The amount shall not be decreased if the final consumer price index for the preceding year decreases.

Any claim, controversy or dispute over or related to the design, construction or physical condition of the Common Elements, Lots or Improvements related thereto by the Declarant or the Association, which shall be deemed a "Construction Dispute," or the enforcement of the provisions of the Declaration, or over such other matters as the Association, Declarant and/or other affected person may mutually agree, except any action by any party to seek, obtain or enforce a temporary restraining order, preliminary



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injunction, or similar equitable order or decree, any action by the Association to assess or collect any Assessments, or to enforce or foreclose any lien for such Assessments, or any action by the Association to enforce the architectural control provisions set forth in Article V, shall be resolved by binding arbitration in accordance with the Uniform Arbitration Act of 1975, C.R.S. §13-22-201, et seq., as amended. Any such arbitration proceeding may be required by an aggrieved person upon written notice delivered to the Association, the Declarant or other person(s), as the case may be, before the date when commencement of legal or equitable proceedings based on such claim or dispute would be barred by the applicable statute of limitations and no such demand for arbitration shall be made after the date when such proceedings would be barred by the applicable statute of limitations.. The American Arbitration Association ("AAA") shall administer all aspects of arbitrations conducted hereunder, including the selection of arbitrators, pursuant to the AAA's Commercial Arbitration Rules. Arbitration hereunder shall be before a three-person panel of arbitrators for any dispute involving claims and counterclaims in the aggregate of One Hundred Thousand Dollars (\$100,000.00) or more, and shall be resolved before a single arbitrator for such disputes involving claims and counterclaims, in the aggregate, of less than One Hundred Thousand Dollars (\$100,000.00). Each arbitrator shall possess the requisite experience and expertise in respect to matters to which the controversy relates to enable him or her to perform his or her arbitral duties competently. The cost of a the arbitrator(s) and of any hearing transcript shall be divided equally between the parties. Any and all discovery in conjunction with such arbitration shall be limited to information directly relevant to the controversy or claim in arbitration and shall be concluded within forty-five (45) days after the appointment of the arbitrator or arbitration panel. No party shall be entitled to receive any award of damages in connection with the arbitration of a dispute other than such party's actual damages, and Declarant, the Association and any Owner shall be deemed to have waived their right to receive any damages in a dispute other than actual damages, including without limitation, special damages, consequential damages and punitive or exemplary damages. BY TAKING TITLE TO A LOT, EACH OWNER ACKNOWLEDGES AND AGREES THAT SUCH OWNER HAS WAIVED AND SHALL BE DEEMED TO HAVE WAIVED THE RIGHT TO ANY AWARD OF DAMAGES IN CONNECTION WITH THE ARBITRATION OF A DISPUTE OTHER THAN SUCH OWNER'S ACTUAL DAMAGES. Each party agrees to cooperate fully with any such arbitrator(s) and to use its best efforts to respond to all reasonable requests of such arbitrator(s). Judgment upon the arbitrator's determination shall be entered and enforced by the district court for the county in which the Community is located. In the event the district court



finds and determines for any reason that the arbitrator's determination is unenforceable or refuses to enforce the arbitrator's determination, in order to expedite final resolution of the dispute, each party to the arbitration waives any right to a jury trial for claims and counterclaim relating to the dispute.

2. Severability. All provisions of the Declaration, the Articles of Incorporation and Bylaws of the Association are severable. Invalidation of any of the provisions of any such documents, by judgment, court order or otherwise, shall in no way affect or limit any other provisions which shall remain in full force and effect.

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

4. Conflict with Act. In the event that any of the terms or provisions of this Declaration are in conflict or inconsistent with the Act, the terms or provisions of the Act shall control and govern. In case of any such conflict or inconsistency, the applicable terms and provisions contained in this Declaration shall, to the extent possible, be construed in accordance with the Act, and any conflict with or violation of the Act by any terms or provisions of this Declaration shall not affect, void, or render unenforceable any other term or provision of this Declaration (which shall be in full force and effect in accordance with their terms).

5. Annexation.

(a) Additional property may be annexed to this Declaration with the consent of two-thirds of the Members. Notwithstanding the foregoing, the Declarant may annex to this Declaration additional property within the lands described on Exhibit D, attached hereto and incorporated herein by this reference, until that date which is ten (10) years after the date of recording of this Declaration in the County in which the Community is located without the consent or approval of any other Owners, Security Interest Holders, or any other Person; however, such annexation is subject to a determination by HUD or VA (if the Declarant desires to attempt to obtain HUD or VA approval of the property being annexed) that the annexation is in accord with the general plan approved by them and that the structures to be located thereon will be of comparable style, quality, size and cost to the existing Improvements. Each such annexation shall be effected, if



at all, by recording of a plat or map of the property to be annexed (unless such plat or map has previously been recorded), and by recording in the office of the Clerk and Recorder of the County in which the Community is located one of the following: (i) a deed from the Declarant that provides for conveyance of a portion of the property described in the attached Exhibit D to any Person other than the Declarant, in which case each such Lot in the property so conveyed shall constitute a Lot and the Allocated Interests shall thereupon automatically be reallocated to be a fraction, the numerator of which shall be one and the denominator of which shall be the total number of Lots then within the Community upon recording of such deed, and any other portion(s) of such property so annexed shall constitute Common Elements; or (ii) an Annexation of Additional Land which document shall provide for annexation to this Declaration of the property described in such Annexation of Additional Land, shall state that the Declarant (or other Person) is the owner of the Lots thereby created, shall assign an identifying number to each new Lot, shall describe any Common Elements within the property being annexed, shall reallocate the Allocated Interests among all Lots, shall set forth the effective date of such annexation and reallocation of interests, and may include such other provisions as Declarant deems appropriate. All provisions of this Declaration, including, but not limited to, those provisions regarding obligations to pay assessments to the Association and any right to cast votes as Members, shall apply to annexed property immediately upon recording a deed, as aforesaid, or shall apply to annexed property as provided for in the recorded Annexation of Additional Land with respect thereto. Such deed or such Annexation shall be deemed an amendment to the Declaration for purposes of the Act. In addition to the foregoing, the Declarant may amend this Declaration at any time during the ten (10) year period noted hereinabove, in order to add additional real estate to the Community from such locations as the Declarant may elect in its sole discretion, so long as the total additional real estate so annexed to the Community pursuant to this sentence, and not described in the attached Exhibit D, does not exceed ten percent (10%) of the total area described in the attached Exhibits A and D.

(b) Each portion of the Community which is annexed to this Declaration by an Annexation of Additional Land, as provided in the preceding subsection (a), or which is described in Exhibit A, shall be subject to a right of withdrawal by the Declarant. Such withdrawal may be accomplished, if at all, in accordance with the Act. However, the Declarant's right to withdraw each such portion of the Community shall expire and terminate, as to each portion of the Community which has been annexed to this Declaration, upon the first conveyance of any Lot in such portion of the Community to any Person other than the Declarant.



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(c) The Declarant may exercise its Development Rights in all or any portion of the property described in the attached Exhibits A and D over which such rights have not already been exercised, and no assurances are made as to the boundaries or order of exercise of any such Development Rights.

6. Duration, Revocation, and Amendment.

(a) Each and every provision of this Declaration shall run with and bind the land for a term of twenty (20) years from the date of recording of this Declaration, after which time this Declaration shall be automatically extended for successive periods of ten (10) years each. Except as otherwise provided in this Declaration, this Declaration may be amended during the first twenty (20) year period, and during subsequent extensions thereof, by a vote or agreement of Owners of Lots to which at least sixty-seven percent (67%) of the votes in the Association are allocated.

(b) Declarant reserves the right and is granted the power to make amendments to this Declaration or a Plat at any time prior to the expiration of the period of Special Declarant Rights to correct clerical, typographical or technical errors.

(c) No action to challenge the validity of an amendment adopted by the Association pursuant to this Section may be brought more than one (1) year after the amendment is recorded.

(d) Every amendment to the Declaration must be recorded in every county in which any portion of the Community is located, and is effective only upon recordation.

(e) Except to the extent expressly permitted or required by other provisions of this Declaration, no amendment may create or increase Special Declarant Rights, increase the number of Lots, or change the boundaries of any Lot or the Allocated Interests of a Lot, or the uses to which any Lot is restricted, in the absence of a vote or agreement of Owners of Lots to which at least sixty-seven percent (67%) of the votes in the Association, including sixty-seven percent (67%) of the votes allocated to Lots not owned by a Declarant, are allocated.

(f) Amendments to the Declaration that are required by this Declaration to be recorded by the Association may be prepared, executed, recorded, and certified on behalf of the Association by any officer of the Association designated for that purpose or, in the absence of designation, by the president of the Association.



7. Registration of Mailing Address. Each Owner and each Security Interest Holder, insurer or guarantor of a Security Interest, shall register his mailing address with the Association, and except for annual statements and other routine notices, all other notices or demands intended to be served upon an Owner, or upon a Security Interest Holder, insurer or guarantor of a Security Interest, shall be sent by either registered or certified mail, postage prepaid, addressed in the name of such Person at such registered mailing address. However, if any Owner fails to notify the Association of a registered address, then any notice or demand may be delivered or sent, as aforesaid, to such Owner at the address of such Owner's Lot. All notices, demands, or other notices intended to be served upon the Board of Directors or the Association during the Period of Declarant Control shall be sent by registered or certified mail, postage prepaid, The Ryland Group, Inc., 8000 E. Maplewood Avenue, Suite 120, Greenwood Village, Colorado 80111, unless such address is changed by the Association during the Period of Declarant Control; subsequent to the termination of the Period of Declarant Control, the Association shall notify the Owners of a different address for notices.

8. HUD or VA Approval.

(a) During the Period of Declarant Control, the following actions shall require the prior approval of HUD or VA if, at the time any such action is taken, HUD has insurance or VA has a guarantee(s) on one or more Security Interests: annexation of additional real property; amendment of this Declaration; termination of this Community; or merger or consolidation of the Association.

(b) Notwithstanding the provisions hereof, any provision, covenant, condition, restriction or equitable servitude contained in this Declaration which any Government Mortgage Agency (Agencies) requires to be amended or repealed as a condition to making, purchasing, insuring or guaranteeing Mortgages, or is required in order to comply with the requirements, standards or guidelines of recognized secondary mortgage markets,, HUD, FHA or other Government Mortgage Agency, may be amended or repealed solely by Declarant and no approval, consent or vote of any other person or entity shall be required. Any such amendment or repeal shall be effective upon the Recordation of a certificate, executed by Declarant, setting forth the amendment or repeal in full.

9. Termination of Community. The Community may be terminated only in accordance with the provisions of the Act.



10. Eminent Domain. The taking by eminent domain of a Lot(s) or Common Element(s), or any portion thereof, shall be done in accordance with applicable law, including without limitation the Act.

11. Run with Land; Binding upon Successors. The benefits, burdens and all other provisions contained in this Declaration shall be covenants running with and binding upon the Community and all real property and Improvements which are now or hereafter a part thereof. The benefits, burdens and all other provisions contained in this Declaration shall be binding upon, and inure to the benefit of the Declarant, the Association and all Owners, and upon and to the their respective heirs, personal representatives, successors and assigns.

12. Limitation on Liability. The Association, the Board of Directors, the Architectural Review Committee, the Declarant, and any member, agent or employee of any of the same, shall not be liable to any Person for any action or for any failure to act unless the action or failure to act was not in good faith and was done or withheld with malice.

13. No Representations or Warranties. No representations or warranties of any kind, express or implied, shall be deemed to have been given or made by Declarant or its agents or employees, in connection with any portion of the Community, or any Improvement, its or their physical condition, zoning, compliance with applicable laws, fitness for intended use, or in connection with the subdivision, sale, operation, maintenance, cost of maintenance, taxes or regulation thereof, unless and except as shall be specifically set forth in writing.

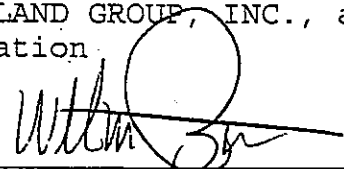
14. Disclaimer Regarding Safety. DECLARANT AND THE ASSOCIATION HEREBY DISCLAIM ANY OBLIGATION REGARDING THE SECURITY OF ANY PERSONS OR PROPERTY WITHIN THE COMMUNITY. BY ACCEPTING A DEED TO PROPERTY WITHIN THE COMMUNITY, EACH OWNER ACKNOWLEDGES THAT DECLARANT AND THE ASSOCIATION ARE ONLY OBLIGATED TO DO THOSE ACTS SPECIFICALLY ENUMERATED HEREIN, OR IN THE ARTICLES OF INCORPORATION, BYLAWS AND RULES AND REGULATIONS OF THE ASSOCIATION, AND ARE NOT OBLIGATED TO DO ANY OTHER ACTS WITH RESPECT TO THE SAFETY OR PROTECTION OF PERSONS OR PROPERTY WITHIN THE COMMUNITY.

15. Dedication of Common Elements. Declarant in recording this Declaration of Covenants, Conditions and Restrictions has designated certain areas of land as Common Elements intended for the common use and enjoyment of Owners for recreation and other related activities, as provided in this Declaration. The Common Elements owned by the Association are not dedicated hereby for use

by the general public but are dedicated to the common use and enjoyment of the Owners as more fully provided in this Declaration.

IN WITNESS WHEREOF, the undersigned has hereunto set its hand this 18th day of December, 2000.

THE RYLAND GROUP, INC., a Maryland corporation

By: 
Its: OPERATIONS Vice President


STATE OF COLORADO)
County of ARAPAHOE) ss.
)

The foregoing Community Declaration for Pioneer Ridge was acknowledged before me this 18th day of December, 2000, by William M. Buerger as OPERATIONS Vice President of THE RYLAND GROUP, INC., a Maryland corporation.

Witness my hand and official seal.

My commission expires: 6-18-03

(SEAL)-----
LINDA M. SKLITEN
NOTARY PUBLIC
STATE OF COLORADO
My Commission Expires 06-18-03


Notary Public



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EXHIBIT A
TO
COMMUNITY DECLARATION FOR PIONEER RIDGE

The Community:

Lots 1 through 29, Block 1,
Lots 5 through 14, Block 2,
Lots 5 through 24, Block 3,
Lots 1 through 18, Block 5,
Lots 2 through 9, Block 6,
Lots 1 through 4 and 21, Block 7,
Tracts B, C, D, E, F, G, H, I, J and K,
Stroh Farm Filing No. 1, County of Weld, State of Colorado,
in accordance with the Final Plat thereof recorded December 6,
2000, at Reception No. 2811421, in the office of the Clerk and
Recorder of Weld County, Colorado.



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EXHIBIT A
TO
COMMUNITY DECLARATION FOR PIONEER RIDGE

Certification

In accordance with Section 209 of the Colorado Common Interest Ownership Act ("CCIOA"), C.R.S. §38-33.3-209, and in connection with the creation of a planned community pursuant to the provisions of CCIOA, as more particularly described in that certain Community Declaration for Pioneer Ridge recorded or to be recorded in the real property records of Weld County, Colorado, the undersigned registered land surveyor hereby certifies that the plat of Stroh Farm Filing One, County of Weld, State of Colorado, contains the information required by C.R.S. §38-33.3-209.

Dated this 20 day of DECEMBER, 2000.

(SEAL)

[Handwritten Signature]
Colorado Registered Land Surveyor



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EXHIBIT B
TO
COMMUNITY DECLARATION FOR PIONEER RIDGE

Common Elements:

Tracts B, C, D, E, F, G, H, I, J and K,
Stroh Farm Filing No. 1, County of Weld, State of Colorado,
in accordance with the Final Plat thereof recorded December 6,
2000, at Reception No. 2811421, in the office of the Clerk and
Recorder of Weld County, Colorado.



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EXHIBIT C
TO
COMMUNITY DECLARATION FOR PIONEER RIDGE

The following items which are recorded, are recorded in the office of the Clerk and Recorder of Weld County, Colorado:

Terms, conditions, provisions and stipulations as contained in Town of Johnstown Ordinance No. 99-602 recorded February 28, 2000 at reception No. 2751800.

Terms, conditions, provisions and stipulations as contained in Town of Johnstown Ordinance No. 99-597 recorded February 28, 2000 at reception No. 2751801.

Ditch as shown on Map of Stroh Annexation 8, recorded February 28, 2000 at Reception No. 2751809.

Terms, conditions, provisions and stipulations as contained in Agreement recorded September 28, 2000 at reception No. 2797066.

Right of Way for county roads 30 feet wide on either side of section and township lines, as established by the Board of County Commissioners for Weld County, recorded October 14, 1889 in Book 86 at Page 273.

Right of way for railroad as reserved in instrument recorded June 25, 1877 in Book 22 at Page 91.

Reservation of all coal that may be underneath the surface of said land and the exclusive right to prospect and mine for the same and such right of way and other grounds as may be necessary for the proper working of any coal mines that may be developed upon said land and for the transportation of the coal from the same, as contained in the deed from Union Pacific Railway Company recorded August 21, 1889 in Book 86 at Page 203.

Right of the Proprietor of a Vein or Lode to extract and remove his ore therefrom, should the same be found to penetrate or intersect the premises hereby granted, as reserved in United States Patent recorded November 21, 1894 in Book 57 at Page 345.

Right of the Proprietor of a Vein or Lode to extract and remove his ore therefrom, should the same be found to penetrate or intersect the premises hereby granted, as reserved in United States Patent recorded May 3, 1934 in Book 959 at Page 456.

Reservation of 1/2 of all oil, gas, and minerals underlying subject property, as reserved in instrument recorded February 27, 1954, in Book 1383 at Page 318.



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EXHIBIT C
TO
COMMUNITY DECLARATION FOR PIONEER RIDGE

Right of way as set forth in instrument recorded March 10, 1906 in Book 234 at Page 92.

Right of way as set forth in instrument recorded April 22, 1905 in Book 228 at Page 37.

Right of way as granted to Panhandle Eastern Pipeline Co as set forth in instrument recorded July 2, 1974 in Book 718 at Reception No. 1639891.

Oil and gas lease recorded December 3, 1979 in Book 889 at Reception No. 1810823, and any and all assignments thereof, or interests therein.

Oil and gas lease recorded December 3, 1979 in Book 889 at Reception No. 1810824, and any and all assignments thereof, or interests therein.

Oil and gas lease recorded NOVEMBER 29, 1984 in Book 1050 at Reception No. 1990200, and any and all assignments thereof, or interests therein.

Oil and gas lease recorded APRIL 3, 1985 in Book 1064 at Reception No. 2004452, and any and all assignments thereof, or interests therein.

Right of way as granted to US West Communications Inc as set forth in instrument recorded July 5, 1994 in Book 1449 at Reception No. 2395849.

Terms, conditions, provisions, and stipulations as contained in Annexation Agreement recorded May 24, 1999 at Reception No. 2695598.

Terms, conditions, provisions, and stipulations as contained in Annexation Agreement recorded DECEMBER 10, 1999 at Reception No. 2737877.



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EXHIBIT D
TO
COMMUNITY DECLARATION FOR PIONEER RIDGE

Annexable Land:

PARCEL I

THE EAST ½ OF SECTION 17, TOWNSHIP 4 NORTH, RANGE 67 WEST OF THE 6TH P.M., WELD COUNTY, COLORADO; EXCEPT THAT PART CONVEYED BY DEEDS RECORDED IN BOOK 1210 AT PAGE 244 AND BOOK 1211 AT PAGE 582 AND BOOK 1630 AT PAGE 538, WELD COUNTY RECORDS.

PARCEL II

THE EAST ½ OF SECTION 20, TOWNSHIP 4 NORTH, RANGE 67 WEST OF THE 6TH P.M., WELD COUNTY, COLORADO.

EXCEPTING AND EXCLUDING the property described on Exhibit A attached to this Declaration.