

CONDOMINIUM DECLARATION
FOR
THE WILLOWS CONDOMINIUMS.

This Condominium Declaration, is executed this 30th day of April, 1980, at Gunnison, Gunnison County, Colorado by Fenner Construction, Inc., a Colorado corporation.

1. STATEMENT OF INTENT AND PURPOSE.

1.1 Authority - This Condominium Declaration is executed to submit the real property set forth in Exhibit "A" attached hereto to condominium ownership pursuant to Article 33, Title 38, Colorado Revised Statutes, 1973, as amended, and referred to as the "Condominium Ownership Act."

1.2 Intention - Declarant is the owner of the real property set forth in Exhibit "A" attached hereto and intends to provide for condominium ownership of said real property.

1.3 Purpose - To accomplish this purpose, Declarant executes this Condominium Declaration for The Willows Condominiums to define the character, duration, rights, duties, obligations and limitations of condominium ownership in the project.

1.4 Declaration - Declarant hereby declares that the following terms, covenants, conditions, easements, restrictions, uses, reservations, limitations and obligations shall be deemed to run with the project and shall be binding upon and accrue to the Declarant, its successors and assigns and any person acquiring and holding an interest in the project, its grantees, successors, heirs, personal representatives, or assigns.

2. DEFINITIONS. The following definitions shall apply in this Condominium Declaration and the exhibits attached hereto unless the context shall expressly provide otherwise:

2.1 ASSOCIATION-means The Gunnison Willows Condominiums Association, a Colorado non-profit corporation, its successors and assigns, the Articles of Incorporation and the Bylaws of which govern the administration of the project.

2.2 BUILDINGS-means the buildings constructed on the real property.

2.3 COMMON ELEMENTS-means all of the project except the units.

2.4 COMMON EXPENSES-means and includes:

2.4.1 Expenses declared common expenses by provisions of this Condominium Declaration.

2.4.2 Expenses of administration, operation and management, maintenance, repair or replacement of the common elements.

2.4.3 All sums lawfully assessed against the general common elements by the Board of Managers of the Association.

2.4.4 Expenses agreed upon as common expenses by the Association.

2.5 CONDOMINIUM MAP-means the map for The Willows Condominiums filed April 30, 1980 and bearing reception number 249788 of the records of Gunnison County, Colorado.

2.6 CONDOMINIUM UNIT-means a unit together with the undivided interest in the general common elements and the limited common elements appurtenant thereto.

2.7 DECLARANT-means Fennern Construction, Inc., a Colorado corporation its successors and assigns.

2.8 DECLARATION - CONDOMINIUM DECLARATION-means this Declaration, and any and all duly executed amendments, supplements or additions to this Declaration.

2.9 GENERAL COMMON ELEMENTS-means and includes all of the project except those portions thereof which constitute "Units" or "Limited Common Elements" and shall include:

2.9.1 The real property described in Exhibit "A" attached hereto.

2.9.2 The structural components of the buildings including the foundations, columns, girders, beams and supports of the buildings.

2.9.3 The exterior walls of the buildings, the main or bearing walls within the buildings and the main or bearing sub-flooring and roofs of the buildings.

2.9.4 All sidewalks, roads, driveways, yards, gardens and all automobile parking areas.

2.9.5 Any installations consisting of equipment and materials making up any central utility services.

2.9.6 In general, all apparatus and installations existing or provided for common use.

2.9.7 All other parts of the project, real property, and improvements necessary or convenient to its existence, maintenance and safety which are normal and reasonable in common use.

2.9.8 All property owned by the Association.

2.10 LIMITED COMMON ELEMENTS-means any common element designated and reserved for the exclusive use by the owner of a particular condominium unit or units, but less than all of the condominium units. By way of illustration, but not limitation, any balcony, terrace, porch, patio,

stairs and storage area which is identified on the condominium map with the same designation by which a condominium unit is identified shall be a limited common element for the exclusive use of that condominium unit or units.

2.11 MORTGAGE-means any real estate mortgage, deed of trust, or security instrument by which a condominium unit is encumbered.

2.12 OWNER-means a person, firm, corporation, partnership, association, or other entity, or any number of combinations thereof, owning a condominium unit.

2.13 PROJECT-means the real property and the buildings and all improvements and structures thereon, together with all rights, easements and appurtenances belonging thereto, submitted to condominium ownership by this Declaration and which may be subsequently submitted to condominium ownership under the terms of this Declaration or any Supplemental Declaration as is hereinafter provided.

2.14 REAL PROPERTY-means the real property situate in Gunnison County, Colorado as described in attached exhibit "A" and incorporated herein by reference.

2.15 UNIT-means an individual air space unit, contained within the unfinished interior surfaces of the walls, floors, ceilings, windows and doors of the perimeter boundaries of the air space as the boundaries are shown on and described on the Condominium Map, together with all fixtures and improvements therein contained except for common utility facilities, the interior decorated or finished surfaces of such unit's interior walls, floors, ceilings, windows and doors, and the interior non-supporting or non-load bearing walls within the unit. The interior surfaces of a window or door means the points at which such surfaces are located when such windows or doors are closed.

The term does not include the undecorated or unfinished surfaces of the perimeter walls, floors or ceilings of a unit, any utility facilities running through the unit that serve more than one unit, any structural component of the building, or any other common element or part thereof located within the unit.

3. ESTABLISHMENT OF CONDOMINIUM OWNERSHIP. The project is hereby divided into eighteen (18) condominium units as follows:

3.1 Eighteen (18) fee simple estates consisting of separately designated condominium units, together with an undivided interest in the general common elements appurtenant to such unit, and any limited common elements designated and reserved to such unit, as set forth on attached exhibit "B", and incorporated herein by reference.

3.2 Subject to the limitations herein contained, any owner shall have the non-exclusive right to use and enjoy the general common elements and shall have the exclusive right to use and enjoy any limited common elements which may be designated on the condominium map for that owner's condominium unit.

4. INSEPARABILITY OF A CONDOMINIUM UNIT.

4.1 Each condominium unit and the undivided interest in the general common elements, the easements appurtenant thereto and the exclusive use of the limited common elements designated for such unit shall together comprise one condominium unit which shall be inseparable and may be conveyed, leased, devised or encumbered only as a unit.

5. CONDOMINIUM MAP.

5.1 The Condominium Map shall be filed for record prior to the first conveyance of a condominium unit shown thereon. Such map shall consist of and set forth the following:

5.1.1 The legal description of the real property and a survey thereof.

5.1.2 The linear measurements and locations, with reference to the exterior boundaries of the land, of the buildings and all other improvements built on said real property.

5.1.3 The floor and elevation plans of the buildings.

5.1.4 The appropriate designation and identification of all general common elements and limited common elements.

5.2 Declarant reserves the right to amend the condominium map, and any supplement thereto, from time to time, to conform the same according to the actual location of any of the improvements and to establish, relocate and vacate easements, access roads and parking areas. Declarant's right under this paragraph shall terminate upon the conveyance of all of the condominium units set forth on the condominium map to which reference is made, or within one year of the date of filing said condominium map.

5.3 As a part of the condominium map, there shall be filed for record a certificate of a registered land surveyor of the State of Colorado, certifying that the improvements as constructed conform substantially to the map, and that the map fully and accurately depicts the layout, measurements and location of all of the improvements on the real property; the condominium unit designations, the

dimensions of such units and the elevations of the unfinished floors and ceilings.

5.4 In interpreting the condominium map or any part thereof, the existing physical boundaries of the units shall be conclusively presumed to be its boundaries.

5.5 Supplemental condominium maps shall be filed prior to the conveyance of any condominium units shown thereon and any supplemental map shall contain the same requirements as set forth for the original condominium map.

6. DESCRIPTION OF CONDOMINIUM UNIT.

6.1 Every instrument affecting the title to a condominium unit may describe that condominium unit as follows:

Condominium Unit _____, Building _____, The Willows Condominiums according to the Condominium Map bearing reception number 349788 of the records of Gunnison County, Colorado and the Condominium Declaration pertaining thereto recorded in Book 549 at page 689 of the records of Gunnison County Colorado.

6.2 Such method of description shall be sufficient for all purposes to sell, convey, transfer, and encumber or otherwise affect the condominium unit and the undivided interest in the common elements appurtenant to the condominium unit and all other appurtenant properties and property rights and incorporates all of the rights, duties, limitations and burdens incident to ownership of a condominium unit as described in this Declaration.

7. TITLE. A condominium unit may be held and owned by more than one owner as joint tenants or as tenants in common, or in any real property tenancy or estate recognized under the laws of the State of Colorado.

8. TERM OF OWNERSHIP. The separate estate of an owner of a condominium unit created by this Declaration shall continue until revoked in the manner contained in this Declaration or by operation of law.

9. PARTITION NOT PERMITTED. The general common elements shall remain undivided and shall be owned in common by all of the owners of the condominium units and no owner may bring any action for partition or division of the general common elements.

10. USE OF GENERAL COMMON ELEMENTS AND LIMITED COMMON ELEMENTS. Each owner shall be entitled to exclusive ownership and possession of his condominium unit. Each owner may use the general and limited common elements in accordance with the purpose for which they are intended, without hindering or encroaching upon the lawful rights of the other owners.

11. USE AND OCCUPANCY. The condominium units in the project shall be used and occupied solely for residential purposes by the owner, his family, guests, invitees and tenants. Such use and occupancy shall be subject to the provisions contained herein. This restriction as to residential use only, shall not apply to the Declarant, its agents, employees, invitees and assigns during the period of construction and sale of the condominium units. Specifically, and in addition thereto, the association may use any condominium unit which it owns or leases as a business office and/or a residence for any resident manager, or employee of the association.

12. EASEMENTS FOR ENCROACHMENTS. If any portion of the common elements encroaches or hereafter encroaches upon a condominium unit or condominium units, a valid easement for the encroachment and the maintenance for the same, so long as it exists, shall and does exist. If any portion of a unit encroaches upon the general common elements, or upon an adjoining unit or units, a valid easement for the encroachment shall and does exist. Such encroachments shall not be considered or determined to be encroachments either on the common elements or the units.

13. RESERVATION FOR ACCESS-MAINTENANCE, REPAIR AND EMERGENCIES.

13.1 The owner of a unit shall have the irrevocable right, to be exercised by the Association, its officers, agents and employees, to have access to each unit and all common elements from time to time during reasonable hours as may be necessary for the maintenance, repair or replacement of any of the common elements therein or accessible therefrom, or at any hour for making emergency repairs, maintenance or inspection therein necessary to prevent damage to the common elements or to another unit.

13.2 Damage to the interior or any part of a unit, except for owner installed or constructed improvements, resulting from the maintenance, repair, emergency repair or replacement of any of the common elements or as a result of emergency repairs within another unit at the direction of the Association, shall be a common expense of all of the owners; provided, however, that if such damage is caused by the negligence of the owner of the unit, his agents, employees, invitees or tenants then such owner shall be responsible and liable for all of such damage and the cost thereof shall be the owner's obligation and shall be immediately paid upon demand therefor.

13.3 All damaged improvements shall be restored substantially, to the extent reasonably practical, to the same condition in which they existed prior to such damage.

13.4 All maintenance, repairs and replacement of the common elements, whether located inside or outside of any unit (unless caused by the negligence, misuse or deliberate act of an owner, in which case such expense shall be charged to such

owner), shall be the common expense of all of the owners.

14. SEPARATE ASSESSMENTS AND TAXATION - NOTICE TO ASSESSOR. The Declarant shall give written notice to the Assessor of the County of Gunnison, Colorado, of the creation of condominium ownership of this project, as provided by the Condominium Ownership Act of the State of Colorado, so that each condominium unit, together with its undivided interest in the common elements appurtenant thereto, shall be deemed a separate parcel and subject to separate assessment and taxation.

15. ASSESSMENTS AND TAXATION. Each condominium unit shall be separately assessed for all taxes and assessments of the State of Colorado, the County of Gunnison or any other political subdivision or district having authority to tax. For the purpose of such assessment, the valuation of the general common elements shall be apportioned among the condominium units in proportion to the undivided interest in the general common elements appurtenant to such condominium units.

16. ASSOCIATION AS ATTORNEY-IN-FACT. This Declaration does hereby make mandatory and does constitute the irrevocable appointment of the Association as attorney-in-fact for the owner of every condominium unit for all purposes with respect to the project upon its damage, destruction or obsolescence.

17. AUTHORITY OF THE GUNNISON WILLOWS CONDOMINIUMS ASSOCIATION.

17.1 The title to any condominium unit is hereby declared and expressly made subject to the terms and conditions hereof, and acceptance by any grantee of a deed from the Declarant or any prior owner shall constitute the appointment of the Association as the owner's attorney-in-fact.

17.2 The Association, as attorney-in-fact, shall have full and complete authorization, right and power to make, execute and deliver any contract, deed or other document with respect to the interest of the owner of a condominium unit which may be necessary and appropriate to exercise the powers herein granted.

17.3 Each owner shall comply strictly with the provisions of this Declaration, any supplement or amendment hereto, the Articles of Incorporation and Bylaws of the Association and all decisions, resolutions, rules and regulations of the Association adopted in accordance with this Declaration and the Articles of Incorporation and Bylaws of the Association. Failure to comply with any of the same shall be grounds for an action to recover any amounts due, for damages or injunctive relief or both, together with reasonable attorneys' fees and costs, incurred in connection therewith, brought by the Association on behalf of the owners, or, in a proper case, by any aggrieved owner.

17.4 The Association shall have the duty of maintaining and repairing all of the common elements within the project. The cost of all such maintenance shall be a common expense of all of the owners. The Association shall not be required to

obtain the prior approval of the owners to cause such maintenance or repairs to be accomplished, regardless of the cost thereof.

17.5 In addition to all other rights, duties, privileges and liabilities of the Association, as provided by this Declaration and its Articles of Incorporation and amendments, the Association shall provide to the owners the following duties and services, all of which shall be paid as a part of the common expense assessments:

17.5.1 Maintenance, repair and restoration of the common elements, except only as otherwise provided.

17.5.2 Administration and management of the project.

17.5.3 The heating, lighting and other utility services for all common areas.

17.5.4 The obtaining and maintaining of all required insurance as hereafter provided.

17.5.5 The enforcement of all of the provisions of this Declaration and the Association's rules and regulations and the collection of all obligations and assessments owed to the Association by the owners.

17.5.6 To act as attorney-in-fact for the owners in accordance with this Declaration.

17.5.7 To perform all other acts required by this Declaration, or the Articles of Incorporation and Bylaws of the Association, or any amendments thereto.

17.5.8 In addition to the foregoing, the Association shall have the right to hire one or more persons including a managing agent to perform such services. No contract or agreement for the employment of a managing agent or professional manager for the project shall be for a term in excess of three years and any such agreement shall provide that the same may be terminated with or without cause and without payment of any termination fee on 90 days written notice.

18. ADMINISTRATION AND MANAGEMENT BY THE ASSOCIATION.

18.1 The administration and management of this project shall be governed by the Articles of Incorporation and the Bylaws of the The Gunnison Willows Condominiums Association, hereafter referred to as the "Association".

18.2 The owner of a condominium unit, upon becoming such owner, shall be entitled and required to be a member of the Association and shall remain a member for the period of his ownership.

18.3 There shall be one membership in the Association for each condominium unit. Such membership shall be appurtenant to the condominium unit and shall be transferred automatically by a conveyance of the condominium unit to the new owner.

18.4 Each membership in the Association shall be entitled to cast a vote in accordance with the ownership interest of the general common elements appurtenant to that condominium unit as is provided in exhibit "B" to this Condominium Declaration.

18.5 No person other than an owner may be a member of the Association and a membership may not be transferred except in connection with the conveyance or transfer of the condominium unit; provided however, that such membership may be assigned to the holder of a mortgage as further security for the loan secured by the lien of the mortgage holder upon the condominium unit.

19. OWNERS' MAINTENANCE RESPONSIBILITY OF UNIT.

19.1 The owner of a condominium unit shall keep and maintain the interior of his unit, including, but without limitation, the interior walls, ceilings, floors, windows, glass and all permanent fixtures and appurtenances thereto in a good and proper state of repair and in a clean and attractive condition.

19.2 The owner shall not be deemed to own any utilities running through his unit which serve one or more other units except as tenants in common with the other owners. No utilities shall be altered, changed, relocated or disturbed without the prior written consent of the Association.

19.3 Such right to repair, alter and remodel shall carry the obligation to replace any finished materials removed with similar or other types or kinds of finishing materials.

19.4 All fixtures and equipment installed within the unit commencing at a point where the utility lines, pipes, wires, conduits or systems (which for brevity are referred to as "utilities") enter the unit shall be maintained and kept in repair by the owner thereof.

19.5 An owner shall neither perform nor permit any act or work that will impair the structural soundness or integrity of the building or impair any easement or utility.

20. REVOCATION OR AMENDMENT OF DECLARATION.

20.1 This Declaration shall not be revoked unless all of the owners and all of the holders of any recorded first mortgage covering or affecting any or all of the units consent to such revocation by an instrument(s) duly recorded in the records of Gunnison County, Colorado; except only as otherwise provided in paragraph 16 pertaining to the appointment of the Association as attorney-in-fact in the event of damage, destruction, obsolescence or condemnation of the project.

20.2 This Declaration shall not be amended unless the owners representing an aggregate ownership interest of seventy-five (75%) or more of the general common elements, and the holders of any recorded first mortgages representing an aggregate of eighty (80%) of such first mortgages covering or affecting any or all units consent to such amendment by an instrument(s)

duly recorded in the records of Gunnison County Colorado; provided, however, that the undivided interest in the general common elements appurtenant to each unit, as expressed in this Declaration, shall have a permanent character and shall not be altered without the consent of all of the owners and all of the holders of first mortgages, as above defined, as expressed in an amended Declaration duly recorded in Gunnison County, Colorado.

20.3 The consent(s) of any junior mortgage holders shall not be required under the provisions of this paragraph.

20.4 In determining the appropriate percentage approval of the holders of first mortgages, each first mortgage shall have one vote for each first mortgage owned by it.

20.5 Notwithstanding the foregoing paragraphs, the Declarant hereby reserves and is hereby granted the right and power, until such time as all of the condominium units within the project have been conveyed to third person purchasers, to record a special amendment to this Declaration:

20.5.1 To comply with any requirements of the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation or any successor thereto.

20.5.2 To induce any such agency or entity to make, purchase, sell, insure or guarantee first mortgages pertaining to any condominium unit in the project.

No such special amendment made by the Declarant shall in any manner affect or impair the lien of a first mortgage upon a condominium unit within the project or any warranty made by an owner or a holder of a first mortgage in order to induce any of the above named agencies or entities to make, purchase, insure, or guarantee the first mortgage on any owner's condominium unit.

21. ASSESSMENT FOR COMMON EXPENSES BY THE ASSOCIATION.

21.1 The Declarant, for each condominium unit owned by it, and each owner of a condominium unit by the acceptance of a deed therefore shall be deemed to covenant and agree and shall be obligated to pay to the Association all assessments made by the Association for the purposes provided in this Declaration.

21.2 The assessments and expenses pertaining to the common elements and to the project as a whole shall be apportioned among all of the owners of condominium units, in accordance with their undivided interest in the general common elements as set forth on attached Exhibit "B". The limited common elements shall be maintained as general common elements and the owners having use thereof shall not be subject to any separate charge or assessment therefor.

21.3 During the period of development of the project and until the sale of a condominium unit by the Declarant to a third person, the monthly assessments to be paid by the Declarant on such condominium units shall be based upon the actual cost and expense required to maintain that condominium unit's required share of the common expenses and shall not include any amounts necessary for contingencies, reserves or other funds not required for the cost of operating and maintaining the common elements on a day by day basis.

22. AMOUNT OF ASSESSMENTS FOR COMMON EXPENSES.

22.1 The annual assessments made for common expenses shall be based upon the advance estimate of the cash requirements by the Association to provide for the payment of all common expenses growing out of or connected with the maintenance and operation of the common elements, which sums may include, among other things, expenses of management, taxes and special assessments until the condominium units are separately assessed, premiums for all insurance which the Association is required or permitted to maintain, landscaping and care of grounds, common lighting and heating, repairs and renovations, trash collection, water and sewer charges, legal and accounting fees, management fees, expenses and liabilities incurred by the Association under or by reason of this Declaration, the Articles of Incorporation and the Bylaws of the Association, any deficit remaining from a previous assessment, the creation of a reasonable contingency or other reserve or surplus fund and any other expenses and liabilities which may be incurred by the Association for the benefit of the owners.

22.2 The omission or failure of the Association to fix such assessment for any period shall not be deemed a waiver, modification or release of the owners from their obligation to pay the same.

22.3 In the event that the Association fails to pay any service charges imposed by a district providing services to it, each owner shall be personally responsible and liable for the required payments to such district, and the fact that the owner has already paid the Association therefor shall not exempt the owner from liability.

22.4 Each owner shall be obligated to pay all charges for any separately metered utilities servicing his condominium unit. In the event that any utility is master metered to the Association, then such utility service shall be a part of the common assessments as above provided.

22.5 The Association shall be obligated to establish a reserve fund for the maintenance, repair and replacement of the common elements. The amount of such fund shall be determined by the Association and shall be funded through monthly payments of the common assessments and shall be held by the Association in a separate account, which may be an interest-bearing account.

22.6 In addition to assessments for common expenses as above set forth, the Association may at any time and from time to time determine, levy and assesses any special assessment for the purpose of paying, in whole or in part, the costs fees or expenses of any construction, reconstruction, repair, replacement or maintenance of the common elements or the project or any facilities located thereon. Such special assessment shall be assessed to each owner in accordance

with his ownership interest in the general common elements as set forth in attached exhibit "B" and shall be due and payable in the manner set forth in the notice of such special assessment.

23. TIME OF PAYMENTS OF ASSESSMENTS FOR COMMON EXPENSES.

23.1 The assessments of the Association shall be computed and determined on a fiscal year basis.

23.2 Assessments shall be payable monthly in advance on or before the tenth day of each month by the owners of the units.

23.3 The Association shall give written notice to the owners of the units of the annual assessment and shall further prepare and deliver to each owner itemized monthly statements.

23.4 If any such monthly statement is not paid within ten days after the date that it becomes due and payable, the Association may assess a "late charge" thereon in an amount not exceeding \$10.00 per month to cover the extra costs and expense involved in handling such delinquent statement. In addition, the Association may provide that any assessment shall bear interest at a rate to be determined by the Association if not paid on the due date thereof until the date that the same is paid.

24. LIEN FOR NON-PAYMENT OF COMMON EXPENSES.

24.1 All sums assessed to any condominium unit and not paid within 30 days from the date of assessment, together with interest thereon as herein provided, shall constitute a lien on such condominium unit in favor of the Association. Such lien shall be superior to all other liens and encumbrances on such condominium unit except only:

24.1.1 Tax and assessment liens on the condominium unit by any governmental authority.

24.1.2 All sums unpaid on a first mortgage of record, including all unpaid obligatory advances made pursuant to such mortgage.

24.2 To evidence such lien, the Association, by the board of directors, officers or manager may prepare a written notice of lien setting forth the amount of the assessment, the amount remaining unpaid, the name of the owner of the condominium unit and a description thereof. Such notice shall be signed by the Association and may be recorded in the records of Gunnison County, Colorado. Such lien shall attach from the date of the failure of payment of the assessment and shall continue as a lien until all sums with interest and other charges thereon, including the Association's attorney's fees and costs in the drafting and recording of said notice of lien and release thereof, have been fully paid, and such lien shall not be extinguished nor annulled by the foreclosure of any other lien.

24.3 Such lien may be enforced by foreclosure by the Association in the same manner as a foreclosure of a mortgage. In such foreclosure, the owner shall be required to pay the costs and expenses for such proceedings, the cost and expenses for filing the notice of claim of lien and all reasonable attorneys' fees. The owner shall also be required to pay to the Association the monthly assessments for the unit during the period of foreclosure, and the Association shall be entitled to a receiver to collect the same. The Association shall

have the power to bid in the unit at the foreclosure sale and to acquire and hold, lease, mortgage and convey the same.

24.4 Any mortgagee holding a lien on a condominium unit may pay, but shall not be required to pay, the amount secured by such lien, and upon such payment said mortgagee shall have a lien on such unit for the amounts paid of the same rank as the lien of its mortgagee.

24.5 The Association shall report to any mortgagee of a condominium unit any unpaid assessments remaining unpaid for more than 30 days after the date of assessment, provided that such mortgagee shall have made written request therefor.

25. OWNERS' OBLIGATION FOR PAYMENT OF ASSESSMENTS. The amount of the common expenses assessed against each condominium unit shall be the personal and individual debt of the owner or owners thereof at the time the assessment is made. Suit to recover a money judgement for such unpaid debt shall be maintainable by the Association without foreclosing or waiving the lien securing the same. No owner may exempt himself from the liability for his contribution towards the common expenses by waiver of the use or enjoyment of any of the common elements or abandonment of his unit.

26. STATEMENT OF ACCOUNT.

26.1 Upon payment of a reasonable fee, and upon the written request upon any owner, prospective owner, or holder of a mortgage of a condominium unit, the Association shall issue a written statement setting forth the amount of the unpaid common expenses, if any, with respect to the subject unit, the amount of the current monthly assessment and the date that such assessments become due, including but not limited to insurance premiums, which statement shall be conclusive upon the Association in favor of all persons who rely thereon in good faith. Unless such request for a statement shall be complied with within twenty days of such request, then such requesting party shall not be liable for, nor shall the unit if conveyed, be subject to any lien for any unpaid assessments against the subject unit. The provisions contained in this paragraph shall not apply upon the initial transfer of the unit by the Declarant.

26.2 The grantee of a condominium unit shall be jointly and severally liable with the grantor for all unpaid assessments against the latter for the common expenses up to the time of the grant or conveyance, without prejudice to the grantee's right to recover from the grantor the amounts paid by the grantee therefore, subject only to the limitations set forth in paragraph 26.1.

27. TERMINATION OF MECHANIC'S LIEN RIGHTS AND INDEMNIFICATION.

27.1 Subsequent to the completion of the improvements described on the Condominium Map, no labor performed or materials furnished and incorporated into a unit with the consent or at the request of the unit owner or his agent or his contractor or subcontractor shall be the basis for filing of a lien against the condominium unit of another owner not expressly consenting to or requesting the same, or against the common elements, except as to the undivided interest

to the unit of the owner for whom such labor shall have been furnished.

27.2 The provisions herein contained are subject to the rights of the Association, as set forth herein.

27.3 Each owner shall indemnify and hold harmless each of the other owners from and against liability or loss arising from the claim of any lien against the condominium unit or any part thereof, of any other owner for labor performed, or for materials furnished in work on such owner's unit.

28. MORTGAGING A UNIT - PRIORITY. Any owner shall have the right from time to time to mortgage or encumber his interest in a condominium unit by mortgage. A first mortgage shall be one which has first and paramount priority under applicable law and a mortgage imposed against the condominium unit by virtue of the first sale of such unit by the Declarant shall be construed and presumed to be a first mortgage. The owner of a condominium unit may create junior mortgages on the following conditions:

28.1 That any such junior mortgages shall always be subordinate to all of the terms, conditions, covenants, restrictions, uses, limitations, obligations, liens for common expenses and other obligations created by this Declaration, the Articles of Incorporation and Bylaws of the Association.

28.2 That the holder of any junior mortgage shall release, for the purpose of restoration of any improvements upon the project, all of his right, title and interest in and to the proceeds under insurance policies upon said project wherein the Association is named insured. Such release shall be furnished upon written request by the Association.

29. INSURANCE:

29.1 The Association shall obtain and at all times maintain and keep in full force and effect insurance of the type and kind provided for herein and including such other insurance coverage for risks of a similar or dissimilar nature as are or shall hereafter become customary coverage with respect to a condominium project. Such insurance shall include:

29.1.1 Insurance on the project in such amounts as shall provide for full replacement thereof in the event of damage or destruction from the casualty against which such insurance is obtained, all in the manner in which an owner of a similar building in the vicinity of the project would in the exercise of prudent judgment, obtain such insurance. Such insurance shall include fire and extended coverage, vandalism and malicious mischief, war risk insurance if available, and if deemed appropriate by the Association, such other risks and hazards against which the Association shall deem it appropriate to provide insurance protection. The Association may comply with the above requirements by the purchase of coverage and may elect such deductible provisions as in the Association's opinion are consistent with good business practice.

29.1.2 Broad form comprehensive liability coverage in such amounts and in such forms as it deems advisable to provide adequate protection. Coverage shall include, without limitation, liability for personal injuries, operation of automobiles on behalf of the Association, and activities in connection with the ownership, operation, maintenance and other use of the project.

29.1.3 Insurance against such other risks, of a similar or dissimilar nature, as the Association shall deem appropriate with respect to the project including any personal property of the Association located thereon.

29.2 The insurance shall be written by insurance companies duly authorized and licensed to do business in the State of Colorado and having a rating of Class IX-B, or better.

29.3 The insurance shall be issued and carried in a policy naming the Association as the named insured as attorney-in-Fact for the owners of the condominium units. All insurance policies shall indentify the interest of each owner of a condominium unit and shall provide a standard non-contributor mortgage clause in favor of each first mortgage holder.

29.4 All policies of insurance shall provide that the same cannot be cancelled by either the insured or the insurance company until after ten days prior written notice is first given to each owner and each first mortgage holder.

29.5 The Association shall furnish to each owner a true copy of such policies together with a certificate identifying the interest of the owner and the first mortgage holder, if any.

29.6 All policies of insurance shall provide that the insurance thereunder shall be invalidated or suspended only in respect to the interest of any particular owner guilty of a breach of warranty, act, omission, negligence or non-compliance of any provision of such policy, including payment of the insurance premium applicable to that owner's interest, or who permits or fails to prevent the happening of any event, whether occurring before or after a loss, which under the provisions of such policy would otherwise invalidate or suspend the entire policy, but the insurance under such policy as to the interest of all other insured owners not guilty of such act or omission shall be in full force and effect.

29.7 All policies of insurance shall contain a waiver of subrogation as to any claims against the Association, its directors, officers, employees and agents and against any other owner or such owner's employees, agents and guests and shall further contain a waiver as to any "co-insurance" or "no other insurance" clause in said policies as to any policies of insurance maintained by any owner or mortgagee.

29.8 Insurance coverage on the furnishings or other items of personal property belonging to the owner and casualty and public liability insurance within each

individual unit shall be the responsibility of the owner thereof.

29.9 A determination of the maximum replacement value of all condominium units for insurance purposes shall be made annually by one or more written appraisals for insurance purposes, copies of which shall be furnished immediately to each first mortgage holder of a condominium unit. In addition, each owner shall be notified of such appraisal. Such appraisal shall be by a qualified real estate or insurance appraiser.

29.10 Any insurance policy obtained by an owner shall contain a standard waiver of the rights of subrogation by the insurer as to any claim against the Association, its officers, directors, agents, employees and members and against other owners of condominium units, their employees, agents and guests and such policy will provide that it will not adversely affect or diminish or invalidate any insurance or the right to recover any insurance proceeds obtained by and carried by the Association.

29.11 In the event of any loss, damage or destruction against which such insurance is obtained, notice of such loss, damage or destruction and the amount of payment therefore under said policies of insurance shall be given to the first mortgage holders, if any.

29.12 If the project is located in an area having special flood hazards and Flood Insurance is available under the National Flood Insurance Act of 1968, as amended, modified, or rewritten at any time in the future, a policy of flood insurance on the project in an amount which is the lesser of the maximum amount of insurance available under the Act or the aggregate of the unpaid principal balance of all first mortgages on the condominium units shall be obtained.

30. REPAIR AND RESTORATION: In the event of damage or destruction due to fire or other disaster, the insurance proceeds, shall be applied by the Association, as attorney-in-fact, to such reconstruction and the improvements shall be promptly repaired and reconstructed, unless otherwise provided in this Declaration. The Association shall have full authority, right and power, as attorney-in-fact, to cause the repair and restoration of the improvements.

31. INSURANCE PROCEEDS INSUFFICIENT:

31.1 If the insurance proceeds are insufficient to repair and reconstruct the improvements, and if such damage is not more than seventy-five (75%) of all the condominium units, not including real property, such damage or destruction shall be promptly repaired and reconstructed by the Association, as Attorney-in-fact, using the proceeds of the insurance and the proceeds of a special assessment to be made against all of the owners and their condominium units.

31.2 Such special assessment shall be a common expense and made pro rata according to each owner's undivided interest in the general common elements and shall be due and payable within thirty days after written notice thereof. The Association shall have full authority, right and power, as attorney-in-fact, to

cause the repair or restoration of the improvements using all of the insurance proceeds for such purpose, notwithstanding the failure of an owner to pay the assessment.

31.3 The assessment provided for herein shall be a debt to each owner and a lien on his condominium unit and may be enforced and collected as is provided in paragraphs 24 and 25.

31.4 In addition thereto, the Association, as attorney-in-fact, shall have the absolute right and power to sell the condominium unit of any owner refusing or failing to pay such deficiency assessment within the time provided, and if not so paid, the Association shall cause to be recorded a notice that the condominium unit of the delinquent owner shall be sold by the Association. The proceeds derived from the sale of such condominium unit shall be used and disbursed by the Association, as attorney-in-fact, in the following order:

31.4.1 For payment of the balance of the lien of any first mortgage;

31.4.2 For payment of taxes and special assessment liens in favor of any governmental authority;

31.4.3 For payment of unpaid common expenses and assessments of the Association including any deficiency assessments and all costs and fees incurred to collect the same;

31.4.4 For payment of junior liens and encumbrances in the order of and to the extent of their priority;

31.4.5 The balance remaining, if any shall be paid to the owner of the condominium unit.

32. DECISION NOT TO RE-BUILD:

32.1 If the insurance proceeds are insufficient to repair and reconstruct the improvements, and if more than 75% of all of the condominium units, not including real property, are destroyed or damaged due to fire or other disaster, such damage or destruction shall be promptly repaired and reconstructed by the Association, as attorney-in-fact using the proceeds of the insurance and the proceeds of a special assessment to be made against all of the owners and their condominium units in the method and in the manner set forth in paragraph 31 above.

32.2 Provided, however, that the owners representing 75% or more of the general common elements and the holders of first mortgages representing 80% or more of the first mortgages of record may agree not to repair or reconstruct the improvements. In such event, the Association shall record a notice setting forth such fact or facts, and upon the recording of such notice by the Association, the remaining project shall be sold by the Association, as attorney-in-fact for all of the owners, free and clear of the provisions contained in this Declaration,

the Map and the Articles of Incorporation and Bylaws of the Association.

32.3 The insurance settlement proceeds shall be collected by the Association, and such proceeds shall be divided by the Association according to each owner's interest in the general common elements (as such interests appear on the policy or policies), and such divided proceeds shall be paid into separate accounts, each such account representing one of the condominium units. Each account shall be in the name of the Association, and shall be further identified by the unit designation and the name of the owner. From each separate account the Association, as attorney-in-fact, shall forth with use and disburse the total amount of each such account, without contribution from one account to another, toward the partial or full payment of the lien of any first mortgage against the unit represented by such separate account.

32.4 Thereafter, each such account shall be supplemented by the appropriate amount of the proceeds derived from the sale of the project. Such apportionment shall be based upon each owner's undivided interest in the general common elements. The total funds of each account shall be used and disbursed, without contribution from one account to another, by the Association, as attorney-in-fact, for the same purposes and in the same order as is provided in paragraph 31.4.1 through 31.4.5.

33. PLAN OF RECONSTRUCTION:

33.1 If the owners representing an aggregate ownership interest of 75% or more of the general common elements adopt a plan for reconstruction, which plan has the approval of the holders of 80% of the first mortgages, then all the owners shall be bound by the terms and other provisions of such plan.

33.2 Assessments made in connection with such plan shall be a common expense and made pro rata according to each owner's undivided interest in the general common elements and shall be due and payable as provided by the terms of such plan, but not sooner than thirty days after written notice thereof. The Association shall have full authority, right and power, as attorney-in-fact, to cause the repair or restoration of the improvements using all of the insurance proceeds for such purpose notwithstanding the failure of an owner to pay the assessment.

33.3 The assessment provided for herein shall be a debt of each owner and a lien on his unit and may be enforced and collected as provided in paragraphs 24 and 25.

33.4 In addition thereto, the Association, as attorney-in-fact, shall have the absolute right and power to sell the condominium unit of any owner refusing or failing to pay such assessment within the time provided and if not so paid, the Association shall cause to be recorded a notice that the condominium unit of the delinquent owner shall be sold by the Association. The proceeds derived from the sale of such unit

shall be used and disbursed by the Association, as attorney-in-fact, for the same purposes and in the same order as is provided in paragraph 31.4.1 through 31.4.5.

34. ADOPTION OF OBSOLESCENCE PLAN:

34.1 The owners representing an aggregate ownership interest of 75% or more of the general common elements may agree that the condominium units are obsolete and adopt a plan for the renewal and reconstruction of the project, which plan shall have the approval of 80% of the holders of first mortgages.

34.2 If a plan for the renewal or reconstruction is adopted, then the expense thereof shall be payable by all of the owners as common expenses; provided, however, that an owner not a party to such a plan for renewal or reconstruction may give written notice to the Association that such condominium unit shall be purchased by the Association for the fair and reasonable market value thereof. The Association shall then have fifteen days within which to cancel such plan. If such plan is not cancelled, then the condominium unit shall be purchased according to the following procedures. If such owner and the Association can agree on the fair market value thereof, then such sale shall be consummated within sixty days thereafter.

34.3 If the owner or the Association is unable to agree as to the determination of the fair and reasonable market value of the condominium unit the same shall be submitted to arbitration in accordance with Rule 109 Colorado Rules of Civil Procedure as now in effect or as may hereafter be amended.

34.4 The Board of Arbitration shall be appointed in the following manner:

34.4.1 Within ten days after the failure to agree on the fair and reasonable value, the owner shall nominate and appoint in writing, with written notice to the Association, his arbitrator who shall be a licensed real estate broker residing in Gunnison County, Colorado.

34.4.2 Within ten days after the failure to agree on the fair and reasonable value, the Association shall nominate and appoint in writing, with written notice to the owner, his arbitrator who shall be a licensed real estate broker residing in Gunnison County, Colorado.

34.4.3 Within ten days after the appointment, the arbitrator for the owner and the arbitrator for the Association shall jointly nominate and appoint a third arbitrator who shall be a licensed real estate broker residing in Gunnison County, Colorado.

34.4.4 If the owner fails to nominate and appoint his arbitrator within the time limit above provided or if the Association shall fail to nominate and appoint its arbitrator within the time herein provided or if the arbitrators appointed fail to nominate and appoint a third arbitrator,

in that event the arbitrator or arbitrators not so nominated and appointed shall be nominated and appointed by a judge of the District Court of Gunnison County, Colorado, upon the application of the party or parties that have properly nominated and appointed their arbitrator.

34.5 The decision of a majority of the Board of Arbitrators shall be the decision of the Board of Arbitrators as to the fair and reasonable market value of the condominium unit.

34.6 The Board of arbitrators shall render its decision in writing within 30 days from the date the Board of Arbitrators is constituted.

34.7 The owner and the Association agree that they shall be bound and will abide by said decision and that said decision and award may be filed with the Clerk of the District Court of Gunnison County, Colorado, as the basis of a judgment.

34.8 In the event there are not sufficient licensed real estate brokers in Gunnison County, Colorado, to provide the necessary appraisers and nominees herein set forth, then licensed real estate salesmen of the State of Colorado, residing in Gunnison County, Colorado, may be used.

34.9 The sale shall be consummated within fifteen days thereafter, and the Association, as attorney-in-fact, shall disburse such proceeds as provided in paragraph 31.4.1 through 31.4.5.

35. SALE UPON OBSOLESCENCE:

35.1 The owners representing an aggregate ownership interest of 75% or more of the general common elements may agree that the units are obsolete and that the same should be sold. Such plan must have the approval of 80% of the holders of first mortgages.

35.2 In such instance, the Association shall forthwith record a notice setting forth such fact or facts, and upon the recording of such notice by the Association the entire project shall be sold by the Association, as attorney-in-fact for all of the owners free and clear of the provisions contained in this Declaration, the Map and the Articles of Incorporation and Bylaws of the Association.

35.3 The sale proceeds shall be apportioned between the owners on the basis of each owner's undivided interest in the general common elements, and such apportioned proceeds shall be paid into separate accounts, each such account representing one unit. Each such account shall be in the name of the Association, and shall be further identified by the condominium unit designation and the name of the owner. From each separate account, the Association as attorney-in-fact, shall use and disburse the total of such accounts, without contribution from one account to the other, for the same purposes and in the same order as provided in paragraph 31.4.1 through 31.4.5.

36. PROPERTY FOR COMMON USE:

36.1 The Association may acquire and hold for the use and benefit of all of the owners, real and personal property and may dispose of the same by sale or otherwise, and the beneficial interest in any such property shall be owned by the owners in the same proportion as their respective interests in the general common elements and shall not be transferable except with a transfer of a condominium unit. A conveyance of a condominium unit shall transfer to the grantee ownership of the grantor's beneficial interest in all such property acquired and held by the Association.

37. REGISTRATION BY OWNER OF MAILING ADDRESS:

37.1 Each owner shall register his mailing address with the Association, and except for monthly statements and other routine notices, all other notices or demands intended to be served upon an owner shall be sent by either registered or certified mail, postage prepaid, addressed in the name of the owner at such registered mailing address. All notices, demands or other notices intended to be served upon the Association shall be sent by certified mail, postage prepaid, to the address of the Association as designated in the Articles of Incorporation and Bylaws of the Association.

37.2 All notices or demands intended to be served shall be sent by either registered or certified mail, postage prepaid, addressed in the name of the owner at such registered mailing address.

38. RULES AND REGULATIONS: The Association may make reasonable rules and regulations governing the use of units and of the common elements, which rules and regulations shall be consistent with the rights and duties established in this Declaration. Such rules and regulations shall be binding upon all owners and the Association may take such action, including judicial action as may be necessary to enforce compliance with such rules and regulations and to obtain damages and reasonable attorney's fees for noncompliance to the extent permitted by law.

39. ADDITIONAL RIGHTS OF HOLDERS OF FIRST MORTGAGE: In addition to any other rights provided in this condominium declaration, any first mortgage holder who shall make a request in writing to the Association, shall have the following additional rights:

39.1 To be furnished a copy of the annual financial statement and audit of the Association, such statement to be furnished at the time the same is furnished to the owners.

39.2 To be given written notice by the Association of any meeting of the Association called for the purpose of considering any amendment, revocation or change to the Condominium Declarations or Articles of Incorporation of the Association. Such notice shall state the nature of any such change being proposed.

39.3 To be given written notice of any default by an owner of a unit encumbered by the first mortgagee in the performance of any duty or obligation required hereunder, if the same is not cured within thirty (30) days.

39.4 Upon reasonable notice to examine the books and records of the Association during normal business hours.

40. RESERVATIONS BY DECLARANT. Notwithstanding any other provisions expressed or implied in this Declaration or the Articles of Incorporation and Bylaws of the Association, the Declarant specifically reserves unto itself, its successors and assigns the following rights:

40.1 To elect and appoint the board of directors of the Association and to appoint the managing agent until 90% of the condominium units have been sold and conveyed by the Declarant or for a period of three (3) years after the first sale and conveyance of a condominium unit, whichever occurs first in time.

41. GENERAL.

41.1 If any of the provisions of this Declaration or any paragraph, sentence, clause, phrase or word or the application thereof in any circumstances be invalidated, such invalidity shall not affect the validity of the remainder of this Declaration and the application of any such provision, paragraph, sentence, clause, phrase or word in any other circumstances shall not be affected thereby.

41.2 The provisions of this Declaration shall be in addition and supplemental to the condominium Ownership Act of the State of Colorado, and to all other provisions of law.

41.3 Whenever used herein, unless the context shall otherwise provide, the singular number shall include the plural, the plural the singular, and the use of any gender shall include all genders.

41.4 Any and all sums, amounts, expenses, assessments or any funds due and payable as provided in this Declaration which are not paid within thirty (30) days of the date that the same are due and payable shall bear interest at the rate of one percent (1%) per month from the date that the same were first due and payable to the date until paid, unless any other rate of interest is specified by the Association.

42. APPLICABLE LAW. This Declaration is filed in the records of Gunnison County, Colorado and it is agreed that the proper jurisdiction and venue of any action pertaining to the interpretation or enforcement of this Declaration shall be in the District Court of Gunnison County, Colorado.

43. ATTORNEYS' FEES. It is agreed that if any action is brought in a court of law by either party to this Agreement as to the enforcement, interpretation or construction of this Declaration or any document provided for herein, the prevailing party in such action shall be entitled to reasonable attorneys' fees as well as all costs incurred in the prosecution or defense of such action.

EXHIBIT "A"

Lots 6 through 12, Block 29, City of Gunnison, according to the amended plat of Town of West Gunnison, of record in the office of record in the office of the Clerk and Recorder of Gunnison County, Colorado.

EXHIBIT "B"

<u>UNIT NUMBER</u>	<u>UNDIVIDED FRACTIONAL INTEREST</u>
Unit 101 Building A	Undivided 1/18
Unit 102 Building A	Undivided 1/18
Unit 103 Building A	Undivided 1/18
Unit 201 Building A	Undivided 1/18
Unit 202 Building A	Undivided 1/18
Unit 203 Building A	Undivided 1/18
Unit 104 Building C	Undivided 1/18
Unit 105 Building C	Undivided 1/18
Unit 106 Building C	Undivided 1/18
Unit 204 Building C	Undivided 1/18
Unit 205 Building C	Undivided 1/18
Unit 206 Building C	Undivided 1/18
Unit 107 Building B	Undivided 1/18
Unit 108 Building B	Undivided 1/18
Unit 109 Building B	Undivided 1/18
Unit 207 Building B	Undivided 1/18
Unit 208 Building B	Undivided 1/18
Unit 209 Building B	Undivided 1/18