

**AMENDED AND RESTATED DECLARATION
OF COVENANTS, CONDITIONS, AND RESTRICTIONS
OF
ARLINGTON VILLA ESTATES**

THIS DECLARATION is made by Just Companies, Inc., a Colorado Corporation of Grand Junction, Colorado, hereinafter referred to as "Declarant". This Declaration amends and restates the Declarations Of Covenants, Conditions, And Restrictions Of Arlington Villa Estates, executed June 20, 1996 by Just Companies, Inc., and recorded in the Office of the Mesa County, Colorado, Clerk and Recorder on June 25, 1996 in Book 2243 at Pages 523-538, Reception Number 1761902, by repealing the previously executed Declaration in its entirety, and adopting this Amended and Restated Declaration Of Covenants, Conditions, And Restrictions Of Arlington Villa Estates. This Declaration has been duly approved and adopted.

WITNESSETH:

WHEREAS, Declarant is the owner of certain property in the City of Grand Junction, County of Mesa, State of Colorado, which is more particularly described on that subdivision plat for Arlington Villa Estates as recorded in the Office of the Mesa County, Colorado, Clerk and Recorder on the 18th day of July, 1996, in Plat Book 15 at Page 118, (hereinafter the "Plat"); being:

That real property in the County of Mesa, State of Colorado, being situated in the southwest quarter of the northwest quarter of Section 30, Township 1 South, Range 1 East of the Ute Meridian, described in Book 2196, Page 279 of the records of the Mesa County Clerk and Recorder, as shown on the plat recorded in Plat Book 15 at Page 118, Reception No. 1764672, and supplemented by the Surveyor's Affidavit of Correction recorded November 8, 1996, in Book 2278 at Page 339, Reception No. 177375, said property being more particularly described as:

Beginning at a point from whence the SE corner of the SW 1/4 of the NW 1/4 of Section 30 bears S 00° 43' 19" E 50.00 feet and N 89° 57' 37" E 45.00 feet and considering the South line of the SW1/4 NW1/4 to bear S 89° 57' 37" W from said SE corner and considering the East line of the SW1/4 NW1/4 to bear N 00° 43' 19" W from said SE corner; thence from the point of beginning S 89° 57' 37" W 505.21 feet; thence N 00° 12' 09" W 10.90 feet; thence N 89° 56' 34" E 47.50 feet; thence N 00° 21' 34" W 70.16 feet; thence S 89° 54' 52" W 24.85 feet; thence N 00° 12' 09" W 137.33 feet; thence S 89° 55' 36" E 244.62 feet; thence N 00° 05' 33" W 129.32 feet; thence N 89° 53' 56" E 254.97 feet; thence S 00° 43' 19" E 327.27 feet; thence along the arc of a curve to the right 31.65 feet, said arc having a radius of 20 feet, a delta angle of 90° 40' 56" and a chord bearing S 44° 37' 09" W 28.45 feet to the point of beginning.

This real property is also described as:

Lot B, Village Nine Subdivision Filing 3, according to the plat thereof recorded in Plat Book 12 at Page 153, Reception No. 1190206.

NOW, THEREFORE, Declarant hereby creates a common interest community in accordance with the Colorado Common Interest Ownership Act, as that Act now exists or may hereafter be amended from time to time, which community shall be a Planned Community known as Arlington Villa Estates. Further, Declarant hereby declares that all of the property described on the Plat shall be, and the same are hereby held, sold, conveyed and occupied subject to the following easements appurtenant, restrictions, covenants and conditions which are for the purpose of protecting the value and desirability of, and which shall run with, the real property and improvements and which shall be binding on all parties having any right, title or interest in the Arlington Villa Estates Planned Community or any part thereof, their heirs, successors and assigns and the same shall inure to the benefit of each owner thereof and the Arlington Villa Estates Homeowners Association.

ARTICLE I.

DEFINITIONS

Section 1. "Architectural Control Committee" shall mean and refer to the Board of Directors of the Homeowners Association for the Planned Community, or such committee as may be appointed by the Homeowners Association for the purpose of acting as an Architectural Control Committee with respect to improvements constructed within or upon any of the Planned Community.

Section 2. "Colorado Common Interest Ownership Act" shall mean and refer to Colorado Revised Statutes, Title 38, Article 33.3, as the same may exist on the date that these Covenants are recorded, and as the same may be amended from time to time hereafter.

Section 3. "Common Elements" shall mean and refer to any portion of the Planned Community designated by the Colorado Common Interest Ownership Act, or the Plat, or these Covenants, for use in common by all Lots or Units within the Planned Community, except individual Lots or Units which are intended for the exclusive use

of the Owners thereof, and except any Limited Common Elements. The Common Elements shall be owned by the Homeowners Association and shall be controlled, operated and maintained by the Homeowners Association for the common use and enjoyment of all Owners within the Planned Community.

Section 4. "Common Expense" shall mean and refer to any expenditures made or liabilities incurred, including any allocation to reserves established for the same, by or on behalf of the Homeowners Association with respect to the control, operation or maintenance of the Common Elements within the Planned Community.

Section 5. "Covenants" shall mean and refer to this Declaration of Covenants, Conditions, and Restrictions, as the same may be amended from time to time.

Section 6. "Declarant" shall mean and refer to person or entity identified as Declarant in the introductory provisions of these Covenants, or the successors and assigns of any such person or entity, if such successors or assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development and either succeed to all or substantially all of the assets of the Declarant, or receive a written assignment of Declarant's rights under these Covenants.

Section 7. "Homeowners Association" shall mean and refer to the Arlington Villa Homeowners Association, (by whatever name it shall be incorporated), which shall be a Colorado corporation, not for profit, and its successors and assigns.

Section 8. "Limited Common Elements" shall mean and refer to any portion of the Planned Community designated for the exclusive use of more than one Lot or Unit within the Planned Community, but designated for use by fewer than all of the Lots or Units, as shown on the Plat, or as set forth in the Colorado Common Interest Ownership Act or these Covenants. The Limited Common Elements shall be owned in common by the Lot or Unit Owners for whose exclusive use such elements are designated, but such Limited Common Elements shall be controlled, operated and maintained by the Homeowners Association for the common use and enjoyment of the Owners thereof. Any Limited Common Elements may be reallocated, as necessary, in accordance with the procedures set forth in the Colorado Common Interest Ownership Act.

Section 9. "Limited Common Expense" shall mean and refer to any expenditures made or liabilities incurred, including any allocation to reserves established for the same, by or on behalf of the Homeowners Association with respect to the maintenance of any Limited Common Elements within the Planned Community.

Section 10. "Lot" shall mean and refer to an individual parcel of real property whose boundaries are defined in the Plat of the Planned Community, which individual parcel is intended for ownership by and is owned by one or more persons for occupancy as a residence. This definition shall include a Single-Family Lot as well as an individual parcel of real property which is intended for common ownership and occupancy by multiple persons through ownership of a Unit in a multiple family dwelling, but this definition shall not include any Common Elements or Limited Common Elements intended to be used by more than one Lot or Unit owner within the Planned Community.

Section 11. "Member" shall mean every person or entity who is a record owner of a fee or undivided fee interest in any Lot or Unit which is subject to assessment by the Homeowners Association pursuant to the Colorado Common Interest Ownership Act or these Covenants, including contract sellers.

Section 12. "Owner" shall mean and refer to the record owner, whether one or more persons or entities of a fee simple title to any Lot or Unit which is a part of the Planned Community, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 13. "Planned Community" shall mean and refer to all of the real property described on the Plat of Arlington Villa Estates, and such additions thereto as may hereafter be brought within the Planned Community.

Section 14. "Planting Area" shall mean an area within the interior lines of a Lot which shall be shown upon the Plat or which Declarant shall designate as a "Planting Area". The improvement, landscaping, maintenance and upkeep of such area shall be the responsibility of the Lot Owner, or if on a Lot upon which a multi-family dwelling is erected, shall be a Limited Common Element of the Unit Owners who own Units situate upon that particular Lot. If not designated upon the Plat, such designation shall be made prior to the conveyance of a particular Lot to one or more Purchasers and such Purchaser(s) shall be advised by Declarant of the size, shape and location of the Planting Area prior to purchase of the Lot.

Section 15. "Plat" shall mean and refer to that subdivision plat for Arlington Villa Estates, as above referenced, which has been filed in the Mesa County, Colorado Clerk and Records Records.

Section 16. "Purchaser" shall mean and refer to a person, including an individual, corporation, association, or any other legal entity, other than the Declarant, who by means of a transfer acquires a legal or equitable interest in a Lot or Unit.

Section 17. "Single-Family Lot" shall mean and refer to each individual parcel of real property whose boundaries are defined in the Plat of the Planned Community, which individual parcel is designated or intended for

occupancy by a single family dwelling structure, whether owned by one or more persons.

Section 18. "Unit" shall mean and refer to each separate physical portion of a multi-family dwelling which is constructed upon a Lot and which is intended or designated for separate ownership and occupancy as a residence, but this definition shall not include a dwelling structure located upon a Single-Family Lot.

ARTICLE II.

PLANNED COMMUNITY GOVERNANCE

Section 1. Statement of Formation. Arlington Villa Estates shall be a Planned Community and shall be governed by the provisions of the Colorado Common Interest Ownership Act, C.R.S. § 38-33.3-101, et. seq., as the same now exists or may hereafter be amended from time to time. The configuration and location of Single-Family Lots, and the configuration and location of Lots designated or intended for multi-family dwellings, together with the number of dwelling Units to be located upon such Lots, shall be as shown on the Plat of Arlington Villa Estates.

Section 2. Governing Law and Documents. The Planned Community known as Arlington Villa Estates, and all owners thereof, their heirs, successors, or assigns, shall be governed by this Declaration of Covenants, Conditions, and Restrictions. In the event that any specific provision of these Covenants shall be inconsistent with the Colorado Common Interest Ownership Act, as the same may be amended from time to time, or any other provision of Colorado Law, that Law shall control. Further, if these Covenants shall be inconsistent, in any regard, with a specific provision of the Plat, the Plat shall control as to that inconsistency. However, if the Articles of Incorporation or Bylaws of the Homeowners Association shall be inconsistent in any manner with a specific provision of these Covenants, these Covenants shall control with respect to that matter.

Section 3. Separate Ownership and Taxation. Each Single-Family Lot and, after completion of a multi-family structure on any Lot which is not a Single-Family Lot, each Unit in that multi-family structure, (but prior to completion and issuance of a Certificate of Occupancy for the first Unit in any multi-family structure, the Lot upon which such structure is to be built), together with the appurtenant Limited Common Elements and an interest in the Common Elements applicable to such Lot or Unit shall constitute a separate parcel of real estate and shall be separately assessed and taxed in accordance with the Colorado Common Interest Ownership Act.

ARTICLE III.

PROPERTY RIGHTS

Section 1. Owners' Easement of Enjoyment. Every Owner shall have a right and easement of enjoyment in and to all of the Common Elements which shall be appurtenant to and shall pass with the title to every Lot or Unit, subject to the following provisions:

(a) The right of the Homeowners Association to adopt reasonable rules and regulations for the use of the Common Elements, including but not limited to, the right to place limitations on the number of guests and, to charge reasonable admissions and other fees for the use of any recreational facility situated upon the Common Elements;

(b) The right of the Homeowners Association to suspend the voting rights and right to use the Common Elements by an Owner for any period during which an assessment against such Owner's Lot or Unit remains unpaid; and for a period not to exceed sixty (60) days for any infraction of its published rules and regulations.

(c) The right of the Homeowners Association. Subject to the provisions of the Articles of Incorporation of the Homeowners 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, however, no such dedication or transfer shall be effective unless completed in compliance with the terms of this Article III, Section 4.

Section 2. Delegation of Use. The right of enjoyment of any Owner in and to the Common Elements shall extend to the Owner's family, the Owner's guests or invitees, the Owner's tenants, or contract purchasers who reside on the property.

Section 3. Owners Right to Alter or Improve Structures. The Owner of any Lot or Unit may make any improvements or alterations to such Owner's Unit or the structures upon such Owner's Lot, so long as the same are in compliance with these Covenants and are approved by the Architectural Control Committee, and so long as the same do not impair the structural integrity, support, electrical systems, or mechanical systems of any adjoining structures or Units within the Planned Community.

Section 4. Conveyance or Encumbrance of Common Elements. Portions of the common elements may be conveyed, dedicated, or subjected to a security interest by the association if persons entitled to cast at least eighty percent (80%) of the Class A votes in the association (and excluding all Class B votes) approve such action; except that all owners of units to which any limited common element is allocated must agree in order to convey that limited common element, dedicate it, or subject it to a security interest. Proceeds of the sale are an asset of the association.

An agreement to convey, dedicate, or subject to a security interest, common elements, must be evidenced by the execution of an agreement, or ratification thereof, in the same manner as a deed, by the requisite number of unit owners. The agreement must specify a date after which the agreement will be void unless recorded before that date. The agreement and all ratification thereof must be recorded and is effective only upon recordation.

A conveyance or encumbrance of Common Elements or Limited Common Elements pursuant to this section shall not deprive any Unit or Lot of ingress to and egress from any adjoining public right-of-way, nor shall such conveyance or encumbrance deprive any Lot or Unit of lateral or subjacent support. In the event of such conveyance or encumbrance all Lots and Units are granted an appurtenant, non-exclusive easement for ingress, egress to any adjacent public right-of-way and an easement for lateral and subjacent support. Any conveyance or encumbrance of a Common Element or Limited Common Element that provides ingress or egress to any Lot or Unit shall be subject to such easement for the benefit of the affected Lot or Unit Owner.

Conveyance or encumbrance of Common Elements and Limited Common Elements shall otherwise be governed by the Colorado Common Interest Ownership Act.

ARTICLE IV.

EASEMENTS WITHIN THE PLANNED COMMUNITY

Section 1. Reciprocal Easements. The Declarant reserves for the Homeowners Association, its successors and assigns, an easement for exterior maintenance and repair of all improvements and Planting Areas, and the installation and continued operation, maintenance, repair, alteration, inspection and replacement of utility lines, including but not limited to, water lines, sewer lines, gas lines, telephone lines, television cable antenna lines and such other utility lines and incidental equipment thereon, over, under and across any Lot, Limited Common Elements, or Common Elements. The Homeowners Association shall, except in cases of emergency, furnish to all affected Owners twenty-four (24) hours' notice before exercising the rights granted by this Article. In addition to those easements dedicated or reserved upon the Plat, perpetual reciprocal easements for the aforementioned purposes shall also exist both for the benefit and burden of all of the Owners of Lots or Units within the Planned Community.

Section 2. Easements for Encroachments. If any portion of an improvement or structure or party wall (including Common Elements and Limited Common Elements) encroaches upon the Common Elements, or upon an adjoining property within the Planned Community, a valid easement for the encroachment and for the maintenance of same, so long as it stands, shall and does exist. If any portion of the Common Elements or Limited Common Elements encroaches upon an improvement, structure, Lot, or Unit, a valid easement for the encroachment and for the maintenance of same, so long as it stands, shall and does exist. Such encroachments and easements shall not be considered or determined to be encumbrances either on the Common Elements, Limited Common Elements, or upon the improvement, structure, Lot, or Unit.

Section 3. Easement for Utilities. The Declarant hereby grants a right of way and easement for utility purposes including, but not limited to, water lines, sewer lines, gas lines, telephone lines, television cable antenna lines and such other utility lines and incidental equipment over, under and across the Common Elements and Limited Common Elements. Such utility easements and rights-of-way shall be binding upon the Declarant and the Homeowners Association and their respective successors and assigns.

Section 4. Easements for Access. Declarant reserves for itself, and Purchasers of property within the Planned Community, an easement across all of the Common Elements and Limited Common Elements, and also an easement as to all private streets and walkways included within the Common Elements for the use of each Lot or Unit Owner, his family members, guests, invitees, licensees, lessees and contract Purchasers.

Section 5. Broad Reservation and Grant of Easements. Declarant reserves for itself, and the Purchasers of the existing and additional property within the Planned Community, the use of the easements set forth in this Article which are intended to and shall be for the benefit of all Owners, and no reference thereto need be made in any Deed, instrument of conveyance or any other instrument.

ARTICLE V.

PARTY WALLS

Section 1. General Rules of Law to Apply. Each wall which is built as a part of the original construction

of the structures and improvements within the Planned Community and which is located between Units or Lots shall constitute a party wall, and, to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

Section 2. Sharing of Repair and Maintenance. The cost of normal repair and maintenance of any party wall shall be shared by the Owners who make use of the wall in proportion to such use and shall be considered a Limited Common Element.

Section 3. Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, the policy of the respective Unit or Lot Owners benefiting therefrom shall cover such damage to the maximum extent of available insurance. Deficiencies in insurance proceeds for damage to party walls shall be paid in proportion to such use by affected Owners, without prejudice, however, to the right of any such Owners to call for a larger contribution from the other Owner under any rule of law regarding liability for negligent or willful acts or omissions.

Section 4. Weatherproofing. Notwithstanding any other provision of this Article, an Owner who by his negligent or willful act causes the party wall to be exposed to any elements, shall bear the whole cost of furnishing the necessary protection against such elements, and if such wall shall be damaged by such elements, such Owner shall pay the entire cost of repair of the same.

Section 5. Right to Contribution Runs With Land. The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

ARTICLE VI.

MAINTENANCE OF THE PLANNED COMMUNITY

Section 1. Owner Maintenance and Repair. Except as otherwise provided in this Article, all maintenance, repair and upkeep shall be the responsibility of the Owner of the Lot or Unit in need thereof, who shall bear the expense thereof. No improvement or structure within the Planned Community shall be permitted to fall into disrepair, and, except for Common Elements and Limited Common Elements which are to be maintained by the Homeowners Association, each such improvement or structure shall at all times be kept in good condition and repair at the sole cost and expense of the Owner thereof.

In the event that any Owner shall permit any Lot, Unit or improvement or structure located upon any Lot to fall into disrepair so as to create a dangerous, unsafe, unsightly or unattractive condition, the Homeowners Association, upon thirty (30) days' prior written notice to such Owner, shall have the right, but not the duty, to correct such condition and to enter upon such Owner's property for the purpose of doing so, and such Owner shall promptly reimburse the Homeowners Association for the cost thereof. Such cost shall be a separate assessment against the Lot or Unit involved, and shall create a lien enforceable in the same manner as other assessments by the Homeowners Association.

Declarant may designate any portion of any Lot as a Planting Area, and other than Planting Areas in front of any building on any Lot containing a multi-family dwelling, (which shall be a Limited Common Element), it shall be the responsibility of the Owner of any Single-Family Lot to maintain such Planting Areas within such Single Family Lot in a safe, sanitary and attractive condition. Upon the failure of any such Owner to so maintain or repair any such area, the Homeowners Association shall, have the right, but not the duty, to make such repairs or to perform such maintenance, and the cost thereof shall be charged to the responsible Lot Owner. Such cost shall be a separate assessment against the Lot involved, and shall create a lien enforceable in the same manner as other assessments by the Homeowners Association.

Section 2. Maintenance of Multi-family Structures. Maintenance and painting of the exterior surfaces of all improvements and structures upon any Lot containing a multi-family dwelling, including roofs and fences, (but excluding glass surfaces), and the maintenance of Planting Areas in front of any building on any Lot containing a multi-family dwelling, shall be the sole right and responsibility of the Homeowners Association. The Homeowners Association shall see that all such surfaces are adequately painted, finished, landscaped, or otherwise maintained so as to present at all times a pleasing and attractive appearance. The nature and type of such painting or refinishing, including the color thereof, shall, subject to the restrictions set forth in these Covenants, be within the sole discretion of the Architectural Control Committee. Unit Owners within any Lot for whom such refinishing, painting, landscaping, or other maintenance shall be done by the Homeowners Association shall pay their respective share of the cost of such refinishing, painting, landscaping, or other maintenance services as a Limited Common Expense.

In the event that the need for maintenance or repair is caused through the willful or negligent act of any Owner, his family or guests, lessees, or invitees, the cost of such maintenance or repairs shall be added to and become a part of the assessment to which such Lot or Unit is subject.

Section 3. Maintenance of Common Elements. The Homeowners Association shall also be responsible for the landscaping and maintenance of all Common Elements within the Planned Community, (including, for example, the watering and mowing of the park, and the removal of snow and ice from the streets and walks which are included within the Common Elements). All Lot and Unit Owners shall pay their respective share of the cost of such landscaping or other maintenance services as a Common Expense. The Homeowners Association shall maintain such Common Elements in a neat and attractive condition.

In the event that the need for maintenance or repair is caused through the willful or negligent act of any Owner, his family or guests, lessees, or invitees, the cost of such maintenance or repairs shall be added to and become a part of this assessment to which such Lot or Unit is subject.

ARTICLE V.

MEMBERSHIP, VOTING RIGHTS, AND OWNERSHIP

Section 1. Membership. Every Owner, including Declarant, of any Single-Family Lot or Unit within the Planned Community shall be a member of the Homeowners Association and shall be subject to assessment by the Homeowners Association. Each Lot designated or intended for occupancy by a multi-family dwelling structure shall only be separately assessed and its owner shall be a Member of the Homeowners Association only until such time as a Certificate of Occupancy has been issued for the last Unit in the multi-family structure located upon such Lot, after which such Lot shall no longer be separately assessed nor the Owner thereof included as a Member merely by reason of the ownership of such Lot, however, the Owners of the Units in the multi-family structure located upon such Lot shall be subject to assessment and shall be Members by virtue of their ownership of such Units. Membership shall be appurtenant to and may not be separated from ownership of any Lot or Unit which is subject to assessment.

Section 2. Voting Rights. The Homeowners Association shall have two classes of voting membership:

Class A. Class A Members shall be all Owners of Lots and all Owners of Units within the Planned Community, with the exception of the Declarant. Each Single-Family Lot, each Lot intended for use and occupancy by a multi-family structure which has not yet been completed (until such time as a Certificate of Occupancy shall have been issued for the last Unit constructed upon that Lot), and each Unit of a multi-family structure, (after issuance of a certificate of occupancy therefore), shall be entitled to one vote for each such Lot or Unit owned. When more than one person holds an interest in any Unit or in any Lot, all such persons shall be Members. The vote for each such Unit or Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Unit or Lot. If multiple owners of any Unit or Lot fail to agree, the decision of a majority in interest of that Unit or Lot shall control. There is majority agreement among multiple Unit or Lot owners if one of the multiple owners casts the votes allocated to that unit without protest being made promptly to the person presiding over the meeting by any of the other owners of the unit. If a majority of multiple Unit or Lot owners can not agree, the vote shall not be cast.

Class B. The Class B Member shall be the Declarant and Declarant shall be entitled to three (3) votes for each Unit or Lot owned. At such time as the Class B membership is converted to Class A membership in the manner described below, the Class A membership shall obtain and shall permanently retain exclusive control over the activities of the Homeowners Association. The Class B membership shall cease and be converted to Class A membership upon the happening of either of the following, whichever first occurs:

(a) within sixty (60) days after conveyance of seventy-five percent (75%) of the Units or Lots within the Planned Community to Purchasers, other than the Declarant, in the ordinary course of business; or

(b) on June 25, in the year 2000 A.D.

Notwithstanding the existence of a Class B Member, the Class A Members, other than Declarant, shall have the exclusive right to elect at least one director to the governing board of the Homeowners Association, (and, in any event, not less than twenty-five percent (25%) of the total number of directors authorized), within sixty (60) days after conveyance of twenty-five percent (25%) of the Units and Lots to Purchasers, other than the Declarant, in the ordinary course of business. Further, the Class A Members, other than Declarant, shall have the exclusive right to elect to the governing board of the Homeowners Association, not less than thirty-three percent (33%) of the total number of directors authorized, within sixty (60) days after conveyance of thirty-three percent (33%) of the Units and Lots to Purchasers, other than the Declarant, in the ordinary course of business.

Section 3. Homeowners Association Board. The Homeowners Association shall be governed by a Board of Directors who shall be elected annually by the Members of the Homeowners Association. The Board of Directors shall consist of the number of persons set by the Articles of Incorporation or By-laws under which the

Homeowners Association is organized, but in any event, unless the Colorado Common Interest Ownership Act shall be amended to provide otherwise, the number of Directors shall not be less than three and a majority of the Directors shall be persons owning Units or Lots within the Planned Community. The Unit or Lot Owners entitled to vote Class A shares, by vote of sixty-seven percent (67%) of all votes cast at any meeting of the Members at which a quorum is present and entitled to vote, may remove any member of the Board, with or without cause, other than a member of the Board voted into office by the Class B shares. Any Board member voted into office by Class B shares may only be removed by a vote of sixty-seven percent (67%) of such Class B shares voting at a meeting at which a quorum of such shares is present.

ARTICLE VIII.

ASSESSMENTS

Section 1. Creation of a Lien and Personal Obligation for Common Expenses. The Declarant, with respect to all property within the Planned Community, hereby covenants, and each Owner of any Unit or Lot within the Planned Community, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and hereby agrees to pay to the Homeowners Association: (1) assessments of all Common Expenses, which will include an amount considered to be adequate to maintain a reserve fund for maintenance, repairs and replacement of all Common Elements that must be maintained or replaced on a periodic basis, and (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. The forgoing assessments, together with interest at the rate of 18% per annum from the date an assessment is due, costs and reasonable attorney's fees incurred by the Homeowners Association in collecting any assessment, whether or not suit is filed, shall be a charge on each Lot and on each Unit and shall be a continuing lien upon each such Lot or Unit against which each such assessment is made with the priority provided by the Colorado Common Interest Ownership Act.

All assessments for Common Expenses shall be based upon the proposed budget for Common Expenses, as provided below, (unless the budget has been rejected as below provided), and shall be paid by all Unit and Lot Owners monthly. Both annual and special assessments shall be fixed at a uniform rate for all Units and Lots, irrespective of their ownership interest in the Common Elements. Such assessments shall be allocated equally among: (1) each Unit within the Planned Community, but such assessments shall be levied on a particular Unit only from and after a Certificate of Occupancy shall have been issued for such Unit; (2) each Single-Family Lot, and (3) each Lot designated for occupancy by a multi-family dwelling, but with respect to these multi-family Lots, such Lot shall be assessed sperate from the Units located thereon only until the last Certificate of Occupancy shall have been issued for a Unit within any building which has been designated or is intended for construction upon such Lot, and with respect to any such multi-family Lot, if, in conjunction with the purchase of any Unit in a building constructed upon such Lot, a fractional interest in such Lot shall have been conveyed to a Unit Purchaser, the assessment on the Lot shall encumber only the fractional interest in the Lot which has not yet been transferred to the Owners of Units constructed upon such Lot.

Each such assessment, together with interest, costs, and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such Lot, fractional interest in such Lot upon which a partially completed multi-family dwelling is being constructed, or Unit at the time when the assessment fell due. The personal obligation for any delinquent assessments shall not pass to such Lot or Unit Owner's successors in title upon any transfer of title, however, the prior Lot or Unit Owner shall not be relieved of liability therefor by such transfer.

Section 2. Creation of a Lien and Personal Obligation for Limited Common Expenses. The Declarant, with respect to all property within the Planned Community, hereby covenants, and each Owner of any Unit or Lot within the Planned Community, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and hereby agrees to pay to the Homeowners Association: (1) assessments of all Limited Common Expenses which the Homeowners Association shall determine is a benefit to such Owner(s)' Lot or Unit, which assessment may include an amount considered to be adequate to maintain a reserve fund for maintenance, repairs and replacement of all such Limited Common Elements that must be maintained or replaced on a periodic basis, and (2) special assessments for capital improvements to such Limited Common Elements, such assessments to be established and collected as hereinafter provided. The annual and special assessments of Limited Common Expenses, together with interest at the rate of 18% per annum from the date an assessment is due, costs and reasonable attorney's fees incurred by the Homeowners Association in collecting any assessment, whether or not suit is filed, shall be a charge on each Lot and on each Unit determined to benefit therefrom, and shall be a continuing lien upon the Lot or Unit against which each such assessment is made with the priority provided by the Colorado Common Interest Ownership Act.

Any assessment for Limited Common Expenses shall be based upon the proposed budget(s) for such Limited Common Expenses, as provided below, (unless a particular budget has been rejected as below provided), and shall be paid by all affected Unit or Lot Owners monthly. Both annual and special assessments shall be fixed at a uniform rate for all Units and Lots benefiting from a particular Limited Common Expense, irrespective of ownership interest in the Limited Common Elements. Such assessments shall be allocated equally among: (1) each Unit within the Planned Community which shall be determined by the Homeowners Association to benefit from the Limited Common Expense for which the assessment has been made, but such assessments shall be levied on a

particular Unit only from and after a Certificate of Occupancy shall have been issued for such Unit; (2) each Single-Family Lot which shall be determined by the Homeowners Association to benefit from the Limited Common Expense for which the assessment has been made, and (3) each Lot designated for occupancy by a multi-family dwelling which shall be determined by the Homeowners Association to benefit from the Limited Common Expense for which the assessment has been made, but with respect to these multi-family Lots, such Lot shall be assessed separate from the Units located thereon only until the last Certificate of Occupancy shall have been issued for a Unit within any building which has been designated or is intended for construction upon such Lot, and with respect to any such multi-family Lot, if, in conjunction with the purchase of any Unit in a building constructed upon such Lot, a fractional interest in such Lot shall have been conveyed to a Unit Purchaser, the assessment on the Lot shall encumber only the fractional interest in the Lot which has not yet been transferred to the Owners of Units constructed upon such Lot.

Each such assessment, together with interest, costs, and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such Lot, fractional interest in such Lot upon which a partially completed multi-family dwelling is being constructed, or Unit at the time when the assessment fell due. The personal obligation for any delinquent assessments shall not pass to such Lot or Unit Owner's successors in title upon any transfer of title, but the prior Lot or Unit Owner shall not be relieved of liability therefor by such transfer.

Section 3. Purpose of Assessments.

(a) The assessments levied by the Homeowners Association shall be used to promote the recreation, health, safety, and welfare of the residents in the Planned Community and for the improvement and maintenance of the Common Elements, and

(b) In addition to maintenance of the Common Elements, the Homeowners Association shall provide exterior maintenance of any structure or improvement and any Planting Area located upon any Lot designated for use and occupancy by a multi-family dwelling structure, as follows: paint, repair, replace and care for roofs, gutters, downspouts, exterior building surfaces (excluding glass surfaces), walks, trees, and Planting Areas which are located between any such multi-family building and any street, and provide for the upkeep of any other exterior improvements upon such Lots.

In the event that the need for maintenance or repair is caused through the willful or negligent act of any Owner, his family, guests, tenants or invitees, the cost of such maintenance or repairs shall be added to and become a part of the Assessment to which such Owner's Lot or Unit is subject.

Section 4. Assessment Procedure. The Homeowners Association shall fix the assessment no less frequently than annually for all Limited Common Expenses and all Common Expenses in accordance with the requirements of the Colorado Common Interest Ownership Act. The Homeowners Association, through its Board of Directors, shall adopt a budget for Common Expenses and a separate budget for Limited Common Expenses benefiting any particular Units or Lots, not less frequently than annually. Within thirty (30) days after adoption of any proposed budget(s), the Board shall mail, by ordinary first-class mail, or shall personally deliver a summary of the budget(s) to all Unit and Lot Owners affected by the budget(s), and the Board shall set a date for a meeting of the Unit and Lot Owners affected by such budget(s) to consider ratification of the budget(s) affecting them. The date for such meeting shall be not less than fourteen (14) nor more than sixty (60) days after mailing or other delivery of a particular budget summary. Unless at the meeting, a majority of the affected Unit or Lot Owners reject the budget, the budget shall be deemed to be ratified, whether or not a quorum of such Unit or Lot Owners is present at the meeting. In the event that a proposed budget is rejected, the periodic budget last ratified by the affected Unit or Lot Owners shall be continued, until such time as the affected Unit or Lot Owners ratify a subsequent budget which has been proposed by the Board.

However, if the proposed budget recommends an increase in assessments of more than five percent (5%) or the percentage increase in the Consumer Price Index (published by the Department of Labor, Washington D.C.) for the preceding month of July (whichever is greater), then the budget is not ratified unless approved by fifty one percent (51%) of Class A votes outstanding, or by two-thirds of the Class A votes present at a meeting (including, if necessary, a continued or subsequent meeting) duly called pursuant to this Article VIII, Section 6, at which there is the quorum of Class A votes called for in this Article VIII, Section 6.

No Lot or Unit shall be exempt from liability for payment of any assessments by waiver of the use or enjoyment of any of the Common Elements or Limited Common Elements, or by abandonment of any Unit or Lot against which an assessment is made.

Section 5. Special Assessments for Capital Improvements. In addition to the assessments authorized above, the Homeowners Association may levy, in any assessment year, a special assessment, applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Elements or Limited Common Elements, including fixtures and personal property related thereto, not contemplated under the assessment procedure above, provided that any such assessment shall have the assent of two thirds (2/3) of the votes of Class A Members who are voting in person or by proxy at a meeting duly called for this purpose and at which a quorum is present.

However, no annual or special assessments shall be made for the construction of capital improvements until all Class B membership has been converted to Class A membership pursuant to Article VII, Section 2.

Section 6. Notice and Quorum for any Action Authorized. Written notice of any meeting called for the purpose of taking any action authorized under in this Article shall be sent to all members not less than 14 days nor more than 60 days in advance of the meeting. At any such meeting called, the presence of Members or of proxies entitled to cast sixty percent (60%) of all the votes of each class of membership at the meeting shall constitute a quorum. If the required quorum is not present, the meeting may be continued by an announcement at the failed meeting without any additional notice, or a new meeting may subsequently be called, subject to the notice requirement, and the required quorum at the continued or subsequent meeting shall be thirty percent (30%) of all the votes of each class of membership entitled to vote at the meeting. No such continued or subsequent meeting shall be held more than 60 days following the failed meeting.

Section 7. Date of Commencement of Assessments. The assessments provided for herein shall commence, as to all Units and Lots within the Planned Community, on the first day of the month following the conveyance to a Purchaser of the first Lot within the Planned Community. The first assessment shall be adjusted according to the number of months remaining in the calendar year. The due dates of any assessments shall be established by the Homeowners Association. The Homeowners Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Homeowners Association setting forth whether the assessments on a specified Unit or Lot have been paid.

Section 8. Effect of Nonpayment of Assessments - Remedies of the Homeowners Association. Any assessment not paid within thirty (30) days after the due date shall bear interest from the date the assessment fell due at the rate of eighteen percent (18%) per annum. The Homeowners Association may bring an action at law against any Owner personally obligated to pay the same, or foreclose the lien against any Unit or Lot in accordance with the Colorado Common Interest Ownership Act. Sale or transfer of any Unit or Lot shall not affect the assessment lien. However, the sale or transfer of any Unit or Lot pursuant to mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessments as the payments which became due prior to such sale or transfer, except to the extent that such assessment lien is given a priority over such mortgage or other security instrument by the Colorado Common Interest Ownership Act. No sale or transfer of any Unit or Lot pursuant to mortgage foreclosure or any proceeding in lieu thereof, shall relieve the Unit or Lot Owner of personal liability for such assessments. Further, no sale or transfer shall relieve any Unit or Lot, (including any Mortgagee who is the successful purchaser at such foreclosure sale), from liability for any assessments thereafter coming due or from the lien thereof.

Section 9. Subordination of the Lien to Mortgages. The lien of any assessments provided for herein shall be subordinate to the lien of any prior recorded first mortgage, trust deed, or executory land sales contract, except to the extent that such liens of the Homeowners Association are given a priority ahead of such first mortgage, security instrument, or land sales contract by the Colorado Common Interest Ownership Act. However, the lien of such assessments shall be superior to any homestead exemption as now or hereafter may be provided by Colorado law and the acceptance of a deed to any land subject to these Covenants shall constitute a waiver of the homestead exemption as against the assessment lien of the Homeowners Association. Sale or transfer of any Lot or Unit shall not affect the assessment lien, and, further, shall not relieve such Lot or Unit from liability for any assessments thereafter becoming due or from the lien thereof.

ARTICLE IX.

ARCHITECTURAL CONTROL

No building, fence, wall or other structure shall be commenced, erected or maintained within the Planned Community, (except for the exemption of the Declarant as provided below), nor shall any exterior addition to or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, height, materials, and location of the same shall have been submitted to and approved in writing by the Architectural Control Committee, as to harmony of external design, finish, color and location in relation to surrounding structures and topography within the Planned Community. In the event the Architectural Control Committee, fails to approve or disapprove such plans and specifications within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required, and this Article will be deemed to have been fully complied with.

ARTICLE X.

POWERS AND DUTIES OF THE HOMEOWNERS ASSOCIATION

Section 1. Homeowners Association Duties. In addition to those powers and duties vested in the Homeowners Association by the Colorado Common Interest Ownership Act, the Homeowners Association shall have the obligation, subject to, and in accordance with, these Covenants, to perform each of the following duties for the benefits of the Owners of each Unit and Lot within the Planned Community:

(a) Homeowners Association Property. To accept and exercise jurisdiction over all property, real and personal, conveyed free and clear of all liens and encumbrances to the Homeowners Association by Declarant, including (1) Common Elements, (2) Limited Common Elements, if not conveyed to the Unit or Lot Owners benefiting therefrom, (3) Easements for operation and maintenance purposes over any Common Elements and Limited Common Elements, and (4) Easements for the benefit of the Unit or Lot Owners within the Common Elements and Limited Common Elements.

For purposes of this paragraph, any easement in favor of the general public or portions thereof on any property conveyed to the Homeowners Association, shall not constitute a lien or encumbrance, and shall not preclude the acceptance by the Homeowners Association of such property.

(b) Title to Property Upon Dissolution. To convey, upon dissolution of the Homeowners Association, the assets of the Homeowners Association to an appropriate public agency or agencies to be used for purposes similar to those for which the Homeowners Association was created, or to a nonprofit corporation, association, trust or other organization organized and operated for such similar purposes.

In no case, however, shall the Homeowners Association be dissolved prior to the termination of the Planned Community without the approval of two-thirds of the Class A votes and of the Class B votes. Furthermore, the Homeowners Association shall in no case be dissolved unless the entity to which the property of the Homeowners Association is transferred assumes the duties imposed upon the Homeowners Association by these Declarations.

(c) Operation of Common Elements. To operate and maintain, or provide for the operation and maintenance of all Common Elements which it owns, or in which it owns an easements for operation and maintenance purposes for the benefit of Unit or Lot Owners; and to keep all improvements of whatever kind and for whatever purpose from time to time located thereon in good order and repair.

(d) Payment of Taxes. To pay all real property taxes, assessments and charges, if any, levied upon any property conveyed, leased or otherwise transferred to the Homeowners Association, to the extent not assessed to the Owners thereof. Such taxes, assessments and charges may be contested or compromised by the Homeowners Association; provided, however, that they are paid or a bond insuring the payment is posted prior to the sale or other disposition of any property to satisfy the payment of such taxes. Declarant shall provide written notice to the Mesa County Assessor indicating the individual lots created hereunder, and thereafter all taxes, assessments, and charges of any taxing jurisdiction shall be assessed against and collected from each Unit or Lot Owner separately, and any liens for taxes assessed to any Unit or Lot Owners shall be confined and shall in no way affect title to any other Unit or Lot Owner or the Planned Community as a whole.

(e) Insurance. The Homeowners Association shall obtain and maintain in full force and effect at all times certain casualty, liability and other insurance as provided in these Covenants.

(f) Manager. The Homeowners Association may retain and pay for the services of a person or firm to manage the Homeowners Association property (the "Manager") to the extent deemed advisable by the Homeowners Association, as well as such other personnel as the Homeowners Association shall determine to be necessary or convenient for the proper operation of the Homeowners Association or the conduct of the business of the Homeowners Association, whether such personnel are employed directly by the Homeowners Association or are furnished by the Manager. The Board and officers of the Homeowners Association may delegate any of its duties, powers or functions to the Manager, provided that any such delegation shall be revocable upon notice by the Homeowners Association. The Owners hereby release the Members of the Board of Directors of the Homeowners Association, and the officers from liability for any omission or improper exercise by the Manager of any such duty, power or function as may be delegated in good faith.

(g) Legal and Accounting Services. To retain and pay for legal and accounting services necessary as proper in the operation of the Homeowners Association, the enforcement of these Covenants, or in performing any of the other duties or rights of the Homeowners Association.

(h) Homeowners Association Property Services. To pay and assess the affected Members for water, sewer, garbage, electrical, telephone, gas, maintenance, and gardening service, and other necessary utility or other services for that portion of any property owned or maintained by the Homeowners Association, or any other Lot or Unit for which separately metered services do not exist.

(i) Recreational Facilities. To construct, maintain and repair, to the extent deemed advisable by the Homeowners Association, recreational facilities and all Improvements relating to such facilities.

(j) Services. To provide and assess affected Units or Lots for a regular trash collection service for each Unit or Lot.

(k) Contracts. Neither Declarant, nor any agent of Declarant, nor the Homeowners Association, its Board or officers, shall enter into any contract which would bind the Homeowners Association for a

period in excess of One (1) year, unless reasonable cancellation provisions are included in such contract.

(l) Maintenance of Utility Lines. To maintain and assess the affected Lots or Units for repair all utility lines, including but not limited to, water and sewer lines within the perimeter of the Planned Community.

(m) Rule Making. To make, establish, promulgate, amend and repeal the Rules for use of any Common Elements and Limited Common Elements within the Planned Community.

(n) Enforcement of Covenants and Rules. To perform such other acts, whether or not expressly authorized by the Colorado Common Interest Ownership Act or these Covenants, as may be reasonably necessary govern the Planned Community, and to enforce any of the provisions of these Covenants and any Rules made by the Homeowners Association.

(o) Other. The Homeowners Association shall also have all incidental powers necessary or convenient to carry out the duties of the Homeowners Association as set forth in the Colorado Common Interest Ownership Act, these Covenants, the Articles of Incorporation, and the Bylaws governing the Homeowners Association.

Section 2. Rules. The Homeowners Association may adopt such Rules as it deems proper for the use and occupancy of the Common Elements, the Limited Common Elements, any property of the Homeowners Association, and any Units or Lots within the Planned Community. A copy of said Rules, as they may from time to time be adopted, amended or repealed, shall be mailed or otherwise delivered to each Owner, and may, but need not be, recorded. Upon such mailing, delivery or recordation said Rules shall have the same force and effect as if they were set forth in and were a part of these Covenants and may be enforced against such Owner.

Section 3. Liability of Homeowners Association Members, Directors, and Manager. No Member of the Homeowners Association, or any committee of the Homeowners Association, or member of the Board of Directors of the Homeowners Association, or the Manager shall be personally liable to any Owner, or to any other party, for any damage, loss or prejudice suffered or claimed on account of any act or omission of the Homeowners Association Member, the Homeowners Association Board, the Manager or any other representatives or employees of the Homeowners Association, or any committee, provided that such Homeowners Association Member, Board member, Committee member, or the Manager has, upon the basis of such information as was possessed by such person at the time any such action was taken, not intentionally or willfully acted in bad faith, or in an illegal manner.

ARTICLE XI.

RESTRICTIONS UPON USE OF PROPERTY WITHIN THE PLANNED COMMUNITY

Section 1. General Restrictions.

(a) Antennae and Tanks. No exterior radio and/or television antennae shall be erected or maintained within the Planned Community, except as approved by the Architectural Control Committee, and no elevated or underground tanks of any kind shall be permitted.

(b) Insurance Rates. Nothing shall be done or kept on or about the Planned Community which will increase the rate of insurance on any other property within the Planned Community, including any structure which may exist upon any Lot, or any Unit, Common Elements, or Limited Common Elements without the approval of the Board of the Homeowners Association, nor shall anything be done or kept within the Planned Community which would result in the cancellation of insurance on any structure which may exist upon any Lot, or any Unit, Common Elements, or Limited Common Elements, or which would be in violation of any law.

(c) No Further Subdividing. No Single-Family Lot, multi-family Lot, or multi-family Unit may be further subdivided, nor may any easement or other interest therein less than the whole, (except for fractional interests in multi-family Lots conveyed in conjunction with the transfer of the Units located thereon), be conveyed by the Owner thereof; provided, however, that nothing herein shall be deemed to prevent or require the approval of the Homeowners Association for the transfer or sale of any Lot or Unit to more than one person to be held by them in common ownership.

(d) Signs. No sign of any kind shall be displayed to the public view without the approval of the Architectural Control Committee, (except such signs as may be used by Declarant in connection with the development of the Planned Community and sale of any Unit or Lots which shall be exempt), and except such signs of customary and reasonable dimensions as approved by the Architectural Control Committee as may be displayed on or from a Lot or Unit advertising the Lot or Unit for sale or lease.

(e) Animals. No animals of any kind shall be raised, bred or kept, except that not more than a

total of two animals, limited to only dogs, cats, or household birds may be kept, provided that they are not kept, bred or maintained for any commercial purpose, and provided that they are, at all times, kept upon a leash or are kept within their owner's Lot or Unit.

(f) Lights. No exterior lights, other than exterior lights which are switch controlled and which are required by applicable building codes shall be allowed, except as approved by the Architectural Control Committee.

(g) Trash. The Homeowners Association shall provide a regular trash pick-up service for any multi-family dwelling Unit within the Planned Community, and may provide trash pick-up for Single-Family Lots. All trash shall be placed in designated receptacles. The Homeowners Association will notify each Owner as to the particular trash receptacle to be used and the day(s) of the week the trash pick-up(s) will be made. Lot or Unit Owners for whom this service is provided by the Homeowners Association shall pay their respective share of the cost of such services as a Limited Common Expense.

(h) Nuisances. No rubbish or debris of any kind shall be placed or permitted to accumulate upon any property within the Planned Community, and no odors shall be permitted to arise therefrom so as to render any property within the Planned Community or any portion thereof unsanitary, unsightly, offensive or detrimental to any other property in the vicinity thereof or to its occupants. Without limiting the generality of any of the foregoing provisions, no exterior speakers, horns, whistles, bells or other sound device (other than security devices used exclusively for security purposes) shall be located, used or placed within the Planned Community without the prior written approval of the Homeowners Association.

(i) Underground Utilities. All utility lines, including all gas, electric, telephone, and television lines, shall be buried underground from their primary source to any structure served thereby at the Lot Owners expense.

(j) Payment of Utilities. Each Owner shall be responsible for the payment of all utilities, including gas, electricity, telephone, water and sewer which are provided to each Owner's Lot or Unit. Said utilities shall be flat rate or metered, as appropriate, and bills for each shall be sent to each Lot or Unit Owner, or tenant thereof, by the utility companies providing said services, where feasible.

(k) Homeowners Association Rules. No Owner shall violate any rules or regulations, (herein the "Rules"), adopted by the Homeowners Association, from time to time, for governance of the Planned Community. If any Owner, his family, or any guest, licensee, lessee or invitee violates such Rules, the Homeowners Association may suspend the right of such person, including such persons family, or any guest, licensee, lessee or invitee, to use the Common Elements or Limited Common Elements, under such conditions as the Homeowners Association may specify, for a period not to exceed sixty (60) days for each violation. Before invoking any suspension, the Homeowners Association shall give such person Notice and Hearing. In the event any Owner of any Lot or Unit shall violate any Rule which shall result in damage to any part of the Common Elements or Limited Common Elements upon any of the Planned Community, the Homeowners Association shall have the right after Notice and Hearing to assess the cost of repair of such damages against the Owner or Owners responsible for such damage. Such assessment shall be added to and become a part of the Assessment to which such Lot or Unit is subject. Notwithstanding anything to the contrary in these Covenants, the Homeowners Association shall not have the power to bar any Owner from use of the Common Elements or Limited Common Elements necessary to allow the Owner access to and from the Owner's Lot or Unit.

(l) Drainage. There shall be no interference with the established drainage pattern over any property within the Planned Community unless adequate provision is made for proper drainage and is approved by the Architectural Control Committee. For the purposes hereof, "Established Drainage" is defined as the drainage which exists at the time the overall grading of any of the Planned Community Properties are Purchased, or which is shown on any Plat or plans approved by Mesa County or the Architectural Control Committee. A permanent easement for drainage purposes across all Common Elements which do not contain improvements restricting such drainage is hereby granted.

(m) No Hazardous Activities. No activities shall be conducted within the Planned Community and no improvements shall be constructed within the Planned Community which are or might be unsafe or hazardous to any person or property.

(n) No Temporary Structures. No tent or shack or other temporary building, improvement or structure, including trailer houses, shall be placed or remain within the Planned Community.

(o) Improvements and Alterations. There shall be no excavation or construction or alteration which in any way alters the exterior appearance of any improvement within the Planned Community, nor removal of any improvement in the Planned Community (except for the Declarant's exemption) without the prior approval of the Architectural Control Committee. Further, there shall be no detached accessory buildings constructed without the approval of the Architectural Control Committee, and all such buildings shall be constructed with peaked roofs and siding similar to the primary structure located upon the particular Lot.

(p) Residential Use - Rentals. No Unit or Lot shall be used for any purpose other than single-family residential purposes. No gainful occupation, profession, trade or other non-residential use shall be conducted on any Lot or within any Unit, provided, however, that nothing in these Covenants shall prevent the rental of any Unit, or any dwelling within any Single-Family Lot, for residential purposes, subject to all the provisions of these Covenants.

(q) Vehicle Storage and Repair. No house trailer, camping trailer, hauling trailer, running gear or boat or accessories thereto, or any automobile which is not in current running condition and currently licensed, regardless of size, nor any truck, pickup, van, or camper van in excess of three-fourths (3/4) ton size, shall be parked, stored, repaired, or maintained on any Lot, Limited Common Elements, or Common Elements, whether or not within a designated parking space. This restriction shall not apply to commercial or other vehicles making business or service calls or deliveries to the residents or Owners of the Lots or Units or to the Homeowners Association or to contractors constructing improvements within the Planned Community.

ARTICLE XII.

INSURANCE

Section 1. Homeowners Association Insurance. The Homeowners Association shall obtain insurance for the benefit of the Homeowners Association, the Owners and their mortgagees, covering the risks on all buildings and improvements and all personal property owned by the Homeowners Association, or included in the Common Elements, or Limited Common Elements which are not otherwise insured by the Owners benefiting therefrom. All such insurance shall be obtained, to the extent possible, from responsible companies duly authorized to do insurance business in the State of Colorado, and paid for out of the assessments of the Homeowners Association.

Such insurance shall include the following:

(a) Casualty Insurance. A policy or policies of fire insurance, with extended coverage endorsement and coverage against vandalism and malicious mischief, or such other fire and casualty insurance as the Homeowners Association shall determine gives substantially equal or greater protection to the Owners and their mortgages, as their respective interests may appear, for casualty to any improvements upon the Common Elements or Limited Common Elements not otherwise insured, and which policy or policies shall provide, in each case, for a separate loss payable endorsement in favor of the Owner(s) and the mortgagee(s) of each Lot or Unit as their respective interests may appear. The insurance coverage shall be in a face amount equal to the full replacement value of such insured improvement(s) determined as of the effective date of the policy, (excluding land, excavation costs, and foundation costs), and shall comply with the requirements of the Colorado Common Interest Ownership Act.

The policy or policies, to the extent that such insurance is available without inordinate cost, shall provide that each Owner is an insured person with respect to liability arising out of such Owners ownership interest in the Planned Community, and shall provide for a waiver of the insurers rights of subrogation under the policy against any Owner, their family members, guests, invitees, or tenants. The policy or policies shall also provide, to the extent that such insurance is available without inordinate cost, that no act by any Owner (unless acting as an agent for the Homeowners Association) shall void or be a condition to recovery under the policy, and each policy shall have an endorsement so that the rights of named insureds under the policy or policies shall not be prejudiced as respects an insured's action against another named insured.

(b) Comprehensive General Liability Insurance. The Homeowners Association shall maintain in full force a comprehensive general liability insurance policy or policies, in connection with the ownership, existence, use, or management of all Limited Common Elements and all Common Elements within the Planned Community, insuring the Homeowners Association, its Board, officers, agents and employees, any manager, its agents and employees, and all Unit and Lot Owners, their agents, guests, invitees, or tenants, against any liability to the public or to any Owners of any Units, Lots or Limited Common Elements, incident to the ownership, maintenance, and/or use of the Common Elements or Limited Common Elements, and including the personal liability exposure of the Owners with respect to activities conducted in, upon or in connection with the property, including (without limitation) fire legal liability and water damage legal liability.

The insurance coverage shall be in an amount deemed sufficient by the Homeowners Association, (such limits and coverage to be reviewed at least annually by the Homeowners Association and increased in its discretion), and such policies shall comply with the requirements of the Colorado Common Interest Ownership Act. The insurance coverage shall insure the Homeowners Association, its employees, agents, and its management agent, if any. The Unit and Lot Owners, (including the Declarant, in its capacity as a Unit or Lot Owner), shall be included as an additional insureds for claims and liabilities arising in connection with the ownership, maintenance, use, or management of the Common Elements and Limited Common Elements of the Planned Community.

The policy or policies, to the extent that such insurance is available without inordinate cost, shall

provide that each Owner is an insured person with respect to liability arising out of such Owners ownership interest in the Planned Community, and shall provide for a waiver of the insurers rights of subrogation under the policy against any Owner, their family members, guests, invitees, or tenants. The policy or policies shall also provide, to the extent that such insurance is available without inordinate cost, that no act by any Owner (unless acting as an agent for the Homeowners Association) shall void or be a condition to recovery under the policy, and each policy shall have an endorsement so that the rights of named insureds under the policy or policies shall not be prejudiced as respects an insured's action against another named insured.

(c) Other Insurance. The Homeowners Association may procure additional insurance coverages as it shall deem necessary or prudent from time to time. However, Lot and Unit owners may not be required to maintain hazard insurance on residences and mandatory assessments may not be used to pay premiums on such insurance. Participation in any group or blanket insurance program providing coverage for other than Common Elements and Limited Common Elements must be voluntary.

Section 2. Use of Proceeds to Rebuild Damaged Improvements. In the event of damage by fire or other casualty limited to a single Unit, all insurance proceeds shall be paid to the Owner(s), or mortgagees of the Owner(s) of such Unit as their respective interest may appear; and such Owner(s) or mortgagees shall and hereby covenant to use the same to rebuild or repair such Unit to substantially the same condition as it was prior thereto or changed as said Owner and Mortgagee may elect to the extent of the Owner's right to alter such Unit under these Covenants.

If such damage extends to two or more units, or extends to any part of the Common Elements or Limited Common Elements, the following procedures shall be employed for disposition of insurance proceeds and guidance in reconstruction:

(a) If the available insurance proceeds initially offered or paid by the insurer do not exceed the cost of repairing or rebuilding the improvement by more than \$15,000.00, then such insurance proceeds shall be paid to the Homeowners Association in trust for the Owners of damaged Units, Limited Common Elements, or Common Elements, and all other Owners. The Homeowners Association or the affected Unit Owners shall thereupon contract to repair or rebuild the damaged Units, Limited Common Elements, or Common Elements, and the funds held in the trust shall be used for that purpose. If the insurance proceeds are insufficient to pay all the costs of repairing or rebuilding, the Owners of the Units or Limited Common Elements, or Common Elements affected by such casualty, shall pay for the portion of the insufficiency attributed to their Lot or Unit by the Homeowners Association, and the Homeowners Association shall levy a special assessment on all affected Owners, in proportion to the interest of each Owner in the damaged Units, Limited Common Elements, or Common Elements, to make up any deficiency. The Homeowners Association may request that all insurance proceeds be paid to a bank or trust company designated by the Homeowners Association to be held for the benefit of the affected Owners and their mortgages as their respective interest may appear. The Homeowners Association is authorized to enter on behalf of the Owners into such agreement, consistent with these Covenants, with such insurance trustee, relating to its powers, duties and compensation, as the Homeowners Association may approve.

In order to effect repairs or reconstruction of any Units, Limited Common Elements, or Common Elements, the Homeowners Association shall obtain firm bids from two or more responsible contractors for rebuilding the property in accordance with its condition prior to damage and destruction, modified at the direction of the Homeowners Association, to comply with building codes and construction standards in effect at the time of the rebuilding and shall, as soon as reasonably possible thereafter, call a special meeting of the Members of the Homeowners Association to consider such bids. To be considered, any such bid shall include the premium payable for a sufficient labor and material payment bond from a reputable bonding company. If the Homeowners Association fails to do so within sixty days after the casualty occurs, any affected Owner may obtain such bids and call and conduct such meeting as herein provided. Failure to call such meeting, or to repair such casualty damage, within 12 months from the date of such damage occurring shall be deemed, for all purposes, a decision not to rebuild said damaged improvements. At such meeting, the Owners may elect to reject all bids and thus not to rebuild. A vote in excess of eighty percent (80%) of the total votes of each class entitled to vote shall be required to reject any such bid; provided, however, that a vote in excess of fifty percent (50%) shall be required to reject any such bid requiring the contribution by the affected Owners of an amount of more than \$15,000.00 in excess of available insurance proceeds to pay the contractor for performance of the work. Failure to reject all bids shall authorize the Homeowners Association to accept the unrejected bid it considers most favorable. If a bid is to be accepted, the Homeowners Association shall levy a special assessment in proportion to the interest of each affected Owner to make up any deficiency between the total insurance proceeds and the contract price for such repair or rebuilding, and such assessment and all insurance proceeds, whether or not subject to liens of mortgagees, shall be paid to said insurance trustee to be used for such rebuilding.

(b) Within sixty (60) days after any damage or destruction occurs which invokes the provisions of this subparagraph, the Manager, the Homeowners Association, or if they do not, any Owner, the insurer, the insurance trustee or any mortgagee of any Owner may record a sworn declaration stating that such damage has occurred, describing it, naming any insurer against whom claim is or may be made,

and the name of any insurance trustee, reciting that the sworn declaration is recorded pursuant to this paragraph of these Covenants, and that a copy of such sworn declaration has been served on the Owners. If the Owners vote, or by their actions indicate, a desire not to rebuild, the Homeowners Association shall see that all Owners of non-damaged Units, and all Owners of Units that are damaged, who are desirous of rebuilding and state same in writing, and first mortgagees of each, are fairly compensated out of insurance proceeds for any diminution in value of their Units because of the election of the requisite number of Owners not to rebuild. Said compensation shall also reflect any anticipated increases in annual assessments, due to a reduced number of Units, and said compensation shall be paid to said Owners, and/or first mortgagees, out of insurance proceeds before any other distributions are made of said proceeds.

ARTICLE XIII.

CONDEMNATION

Section 1. Total Taking. If all of the Planned Community shall be taken or condemned by any authority having the power of eminent domain, the Homeowners Association shall have the right to act on behalf of Owners with respect to the Planned Community and the award shall be payable in accordance with the allocation made in such proceeding (if such allocation is so made) or, otherwise, the award shall be divided between affected Owners, as their interests may appear, as determined by the Board of the Homeowners Association.

Section 2. Partial Taking. If part of the Planned Community shall be taken or condemned by any authority having the power of eminent domain, such that any Lot(s) or Unit(s), or part thereof, (including Limited Common Elements or Common Elements assigned to any Lot or Unit) are taken, the Homeowners Association shall have the right to act on behalf of such Owner with respect to the Limited Common Elements and Common Elements, and the condemnation proceeds shall be payable to the beneficial owners thereof as set forth in such award, (if such allocation is so made) or, otherwise, the award shall be divided between affected Owners, as their interests may appear, as determined by the Board of the Homeowners Association. The Owners directly affected by such taking shall represent and negotiate for themselves with respect to the damages affecting their respective Lot(s) or Unit(s). The award so made shall be distributed through the Homeowners Association, first to restore the Lot(s) or Unit(s) and improvements on the remaining Limited Common Elements or Common Elements to the extent possible, attempting to rebuild structures of the same number, size and basic plan as the Lots or Units taken, with any excess award distributed as hereinafter provided.

For the purposes of this Article, "Partial Taking" shall mean the condemnation of only a portion of the Planned Community, but shall include a taking of all or any part of any individual Lot(s), or Unit(s) or Limited Common Elements, or Common Elements appurtenant thereto.

In the event that the Homeowners Association determines that such taking so removes land and buildings such that the improvements cannot effectively be restored or replaced substantially in compliance with the original construction plans, and unless Members entitled to exercise not less than eighty percent (80%) of the voting power of each class of stock of the Homeowners Association and eighty (80%) of all the first Mortgagees approve an alternative reconstruction plan, then such proceeds shall be distributed to the Owners of the affected Unit(s) or Lot(s), and the interests of such Owner(s) in the Planned Community shall be reallocated in accordance with the Colorado Common Interest Ownership Act.

If part of the Planned Community shall be taken or condemned by any authority having the power of eminent domain, such that no Lot(s) or Unit(s) are taken, all compensation and damages with respect to the taking of the Limited Common Elements or the Common Elements, exclusive of compensation for consequential damages to the affected Lot(s) or Unit(s), shall be payable to the Homeowners Association, as Trustee, for all Owners and their first Mortgagees according to their interest in such Limited Common Elements or Common Elements. The Homeowners Association, acting through the Board of the Homeowners Association, shall have the right to act on behalf of the Owners with respect to the negotiation and litigation of the issues with respect to the taking and compensation affecting the Limited Common Elements and Common Elements, without limitation on the right of the Owners to represent their own interest. The proceeds shall be paid to the Homeowners Association and shall be used promptly to the extent necessary for restoring and replacing the improvements so taken on the remaining property within the Planned Community in a manner as close to the original plan and elevation of the improvements as possible or, if the Homeowners Association determines that it is not possible or feasible, then according to plans and specifications approved by the Homeowners Association, to restore the general value of the Planned Community. In the event that there is an award in excess in the amount necessary to so substantially restore the Limited Common Elements or Common Elements, it shall be distributed by the Homeowners Association to the Owner(s) or Mortgagee(s) of such Owner(s), as their interest may appear. Such remittance shall be payable jointly to the affected Owner(s) and Mortgagee(s), in proportion to each such Owner(s)' interest in the Limited Common Elements or Common Elements taken. Nothing herein is to prevent Owners whose Lot(s) or Unit(s) are specially affected by the taking or condemnation from joining in the condemnation proceedings and petitioning on their own behalf for consequential damages relating to loss of value of the affected Lot(s) or Unit(s), or personal

improvements therein, exclusive of damages relating to the Limited Common Elements or Common Elements. In the event that the condemnation award does not allocate consequential damages to specific Lot(s) or Unit(s), but includes an award for reduction in value of two or more Lots or Units, without allocation, the award shall be divided between affected Owners as their interests may appear as determined by the Board of the Homeowners Association.

ARTICLE XIV.

DECLARANT'S RIGHT OF DEVELOPMENT

Section 1. Exemption of Declarant. Nothing in these Covenants shall limit the right of Declarant to complete excavation, grading and construction of improvements upon any property within the Planned Community owned by Declarant, or to alter the same or to construct such additional improvements as Declarant deems advisable in the course of development of the Planned Community so long as any Lot is owned by the Declarant, or to use any structure in the Planned Community as a model home or real estate sales or leasing office. Declarant need not seek or obtain Architectural Control Committee approval with respect to the improvement of any property within the Planned Community owned by Declarant. The rights of Declarant hereunder and elsewhere in these Covenants shall accrue to the benefit of the Declarant's successors and assigns if such successors or assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development and either succeed to all or substantially all of the assets of the Declarant, or receive a written assignment of Declarant's rights under these Covenants.

ARTICLE XV.

GENERAL PROVISIONS

Section 1. Enforcement. The Homeowners Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of these Covenants. Failure by the Homeowners Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 2. Severability. Invalidation of any one of these Covenants by judgment or court order shall in no wise affect any other provisions which is not adjudged invalid, and such remaining provisions shall remain in full force and effect.

Section 3. Amendment. These Covenants shall run with and bind the land within the Planned Community, for a term of twenty (20) years from the date these Covenants are recorded, after which time they shall be automatically extended for successive periods of ten (10) years. These Covenants may be repealed or amended by an instrument signed by not less than eighty percent (80%) of the Class A and of the Class B votes of all Lots and Units existing within the Planned Community at the time such amendment is proposed. Any amendment and any statement repealing these Covenants must be recorded before it shall become effective.

The Articles of Incorporation of the Homeowner's Association may be repealed or amended by an instrument signed by not less than eighty percent (80%) of the Class A and of the Class B votes of all Lots and Units existing within the Planned Community at the time such amendment is proposed.

Section 4. Termination. This Planned Community may be terminated by the affirmative vote of not less than eighty percent (80%) of the Class A and of the Class B votes of all Lots and Units existing within the Planned Community at the time such termination is proposed. A statement setting forth the termination of the Planned Community must be recorded before it shall become effective. Upon such termination, title to the Limited Common Elements and Common Elements shall vest in the beneficial Owners thereof, as tenants in common, in such fractional interests as provided by the Colorado Common Interest Ownership Act.

Section 5. Annexation of Additional Property. Apart from the Declarant's right to add additional property to the Planned Community in accordance with these Covenants, additional residential property, Limited Common Elements, and Common Elements may be annexed to the Planned Community only with the affirmative vote of not less than eighty percent (80%) of the Class A and of the Class B votes of all Lots and Units existing within the Planned Community at the time such amendment is proposed.

Section 6. Merger and Consolidation. This Planned Community and its Homeowner's Association may merge or consolidate with another planned community, association, or other entity, only by the affirmative vote of not less than eighty percent (80%) of the Class A votes (excluding all Class B votes) of all Lots and Units existing within the Planned Community at the time such merger or consolidation is proposed. A statement setting forth the merger or consolidation of the Planned Community must be recorded before it shall become effective.

Section 7. FHA/VA Approval. As long as there is a Class B membership, the following actions will require the prior approval of the appropriate federal agency, (e.g. HUD, the Federal Housing Administration, and/or

the Veterans Administration): Annexation of additional properties, mergers and consolidations, mortgaging of any common area, dedication of common area, amendment of the Articles of Incorporation of the Homeowner's Association, amendment of the Bylaws of the Homeowner's Association, dissolution of the Homeowner's Association, and amendment of these Covenants.

IN WITNESS WHEREOF, the undersigned Declarant herein, who holds one hundred percent (100%) of the Class A and Class B votes of all Lots and Units existing within the Planned Community at the time these Amended and Restated Declaration of Covenants, Conditions, and Restrictions of Arlington Villa Estates were proposed has hereunto set its hand and seal this 13th day of November, 1996.

DECLARANT
JUST COMPANIES, INC.

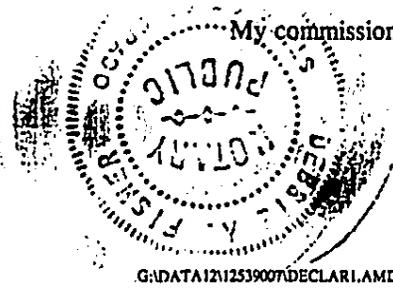
By Edison S. Lenhart, Pres.

STATE OF COLORADO)
) ss.
COUNTY OF MESA)

The foregoing instrument was acknowledged before me this 13th day of November, 1996, by Edison S. Lenhart, President of Just Companies, Inc., the Declarant.

Witness my hand and official seal.

My commission expires: 3-14-99



Debbie A Fisher
Notary Public