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of
Conditions, Covenants, Restrictions and Easements
Affecting the Real Property known as
The Boulders Broadmoor Filing No. 1
and
The Boulders Broadmoor Filing No. 1-A

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DECLARATION

J. PATRICK HOLLY
EL PASO COUNTY CLERK & RECORDER, CO

10849

of

Conditions, Covenants, Restrictions and Easements

Affecting the Real Property known as

The Boulders Broadmoor Filing No. 1

and

The Boulders Broadmoor Filing No. 1-A

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THIS DECLARATION is made by Master Planned Land Venture, a Massachusetts limited partnership, d/b/a The Boulders Broadmoor, hereinafter called Declarant.

WITNESSETH:

WHEREAS, Declarant is the Owner of a residential area within the City of Colorado Springs, to-wit: all the Lots in The Boulders Broadmoor Filing No. 1 as recorded at Reception No. 97058015 of the records of El Paso County, Colorado and all of the Lots in The Boulders Broadmoor Filing No. 1-A as recorded at Reception No. 97058076 of the records of El Paso County, Colorado (hereinafter jointly referred to as the "Subdivision" or "Property") and desires to provide for the preservation of the amenities of the Subdivision and to provide for maintenance and for the convenience of its residents and to this end desires to subject the Subdivision to the conditions, covenants, restrictions and easements, charges and liens hereinafter set forth, each and all of which are for the benefit of the Subdivision and for each Owner thereof and shall inure to the benefit of and pass with the Subdivision, and each and every parcel thereof, and shall apply to and bind the successors in interest of any Owner thereof;

NOW, THEREFORE, Declarant declares that the real property, The Boulders Broadmoor Filing No. 1 and The Boulders Broadmoor Filing No. 1-A, is and shall be held, transferred, sold, conveyed and occupied subject to the conditions, covenants, restrictions, easements, charges and liens (sometimes herein referred to as "Covenants") hereinafter set forth. In addition, the "Future Lot," as defined in Appendix 1(b) of these Covenants, are and shall be held, transferred sold, conveyed and occupied subject only to Appendix I of these Covenants.

ARTICLE I

Covenants to Preserve the Residential
Character of the Subdivision

Single Family Residential Restrictions

Section 101. All Lots and Building Sites in the Subdivision shall be used exclusively for private residential purposes. No dwelling erected or maintain within the Subdivision shall be used or occupied for any purpose other than for a private single-family dwelling. No business, profession

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or other activity conducted for gain shall be carried on or within any Lot or Building Site or a dwelling, other than a home business that is allowed by City zoning and which shall be located within a Lot, Building Site and dwelling, which can adequately accommodate, or otherwise control, traffic, parking, noise and other aspects of the business so as not to unreasonably interfere with neighboring properties or the reasonable use or enjoyment thereof.

Section 102. No Structures shall be erected within the Subdivision except those which have been approved by the Approving Authority. No Structure other than a dwelling, no Accessory Building, other than a guest house or servants' quarters, no trailer, tent or other similar or dissimilar temporary quarters may be used for living purposes. No other Structure may be placed on any Building Site before completion of the dwelling upon such Building Site except with the written permission of the Approving Authority.

Section 103. No tent, tree house, barn, other temporary living or camping quarters or other temporary Structures shall be placed on any Lot at any time without written permission of the Approving Authority or except as provided in Section 108.

Section 104. All construction shall be new. No building previously used at another location nor any building or Structure originally constructed as a mobile dwelling or Structure may be moved onto a Lot or Building Site except as expressly provided in Section 108.

Section 105. No building materials shall be stored on any Lot except temporarily during continuous construction of a building or its alteration or improvement.

Section 106. A Structure shall not be occupied in the course of original construction until substantially completed. All work of construction shall be prosecuted diligently and continuously from the time of commencement until fully completed.

Section 107. The exterior of all buildings or other Structures must be completed within one year after the commencement of construction except where such completion is impossible or would result in great hardship due to strikes, fires, national emergency or natural calamities. If not so completed, or if construction shall cease for a period of 60 days without written permission of the Approving Authority, the unfinished Structure or unfinished portion thereof shall be deemed a nuisance and shall be removed forthwith by and at the cost of the Owner.

Section 108. Temporary buildings for construction or administration purposes or for sales office purposes for new homes or lots may be erected or maintained only with the written permission of the Approving Authority and in accordance with all applicable governmental regulations. Model homes may be used and exhibited only with the written permission of the Approving Authority. Temporary buildings permitted for construction or administration purposes or for sales offices shall be promptly removed when they cease to be used for those purposes.

Section 109. No derrick or other Structure designed for use in or used for boring or drilling for water, oil or natural gas shall be permitted upon or above the surface of said property, nor shall any water, oil, natural gas, petroleum, asphaltum or other hydrocarbon substances be produced from any well located upon, in or under said property.

Easements

Section 110. There are hereby reserved to Declarant, its successors and assigns, perpetual, alienable, divisible, and releasable easements and the right from time to time to grant such easements to others over, under, in and across each of the seven foot strips along and adjoining each rear Lot Line of each Lot as shown on the plats of the Subdivision and each of the five foot strips along and adjoining each side Lot line of each Lot as shown on the plats of the Subdivision for use of all or part of such areas for lines for transmission of electric current or impulses or electronic signals, for heat and fuel lines, for water lines, for utility lines, for drainage, and for other similar or dissimilar facilities and purposes, and for any one or more of such purposes.

Section 111. Each Lot which is a "Flag Lot," such that it contains an access easement which may be used by adjacent Lot owners for ingress, egress and utility purposes, and each Lot which located adjacent to the Flag Lot shall be subject to the Flag Lot Easement provisions contained in Appendix 1 attached to these Covenants and incorporated herein by this reference.

Section 112. There is hereby reserved to the Association, a perpetual easement in, over, under, and across those portions of each Lot, upon which a Maintenance Area is located, which easements shall be for purposes of maintaining and repairing the applicable Maintenance Area. The Owners of Lots 26, 28, 29, 32, 37, 40, 42, 43 and 44, all in The Boulders Broadmoor Filing No. 1 and Lots 4, 5 and Tract A, as defined in Article 11 hereof and subject to the terms of Section 303 hereof, all in The Boulders Broadmoor Filing No. 1-A, each hereby acknowledge that a Maintenance Area exists within their respective Lots and that the Association has been granted an easement to repair and maintain the Maintenance Area located thereon pursuant to the terms of this Section 112.

Section 113. Easements in addition to those described in this Article I may have been or may hereafter be granted by duly recorded conveyance or by dedication on the recorded plats for the Subdivision.

Section 114. Lots 1, 4, and 13 in The Boulders Broadmoor Filing No. 1-A and Lot 8 in The Boulders Broadmoor Filing No. 1 are each hereby made subject to a perpetual sign and landscaping easement for the benefit of Declarant and its successors and assigns (the "Sign Easements"). The Sign Easements shall be located within the applicable Lots at the respective locations indicated on Exhibit A attached hereto and incorporated herein by this reference. The Sign Easements shall each be for the purpose of constructing, installing, maintaining, repairing and replacing Subdivision monument signs (the "Signs") and landscaping within each Sign Easement ("Landscaping"). Declarant's entry onto any Sign Easement in order to install, maintain, repair or replace the Sign or Landscaping shall not be deemed a trespass. The Sign and Landscaping, if installed by Declarant, shall thereafter be maintained and kept in good repair by the owner of the Lot on which the applicable Sign Easement is located, subject to the limitation set forth below. No Owner shall be obligated to reconstruct the Sign located on his Lot if it is destroyed and it shall be the right, but not the obligation of the Declarant to rebuild the applicable Sign. In order to maintain appropriate site visibility, nothing installed or maintained within any Sign Easement, other than the Sign, shall be permitted to exceed three feet in height at any time, nor shall anything located within any Sign Easement otherwise interfere with general site visibility. If the Sign or Landscaping are not properly maintained by the Owner of the Lot on which the applicable Sign Easement is located, Declarant shall have the right (but not the obligation) to perform the necessary maintenance at the Owner's expense. Except in cases of emergency, prior notice will be given to the applicable Owner of the Lot on which the Sign Easement is located before any such entry and maintenance, repair or replacement by Declarant in connection with either the Sign or the Landscaping. The Declarant shall not be liable for any loss, costs or damages to the Owners of the Lots, on account of its performance of such maintenance, except for any such loss, cost or damage caused by the applicable party's gross negligence or willful misconduct.

Density, Setback and Quality Standards

Section 115. No more than one dwelling shall be erected or maintained within any Building Site, to-wit: a Lot as established by the recorded plat or the combination of two or more Lots or portions thereof as approved in writing by the Approving Authority and aggregating not less than 9,000 square feet. However, nothing herein shall prevent the erection and maintenance of one dwelling on a combination of Lots provided that the plan for the same is approved by the Declarant and the applicable Lot Lines are vacated.

Section 116. No private passenger motor vehicles or any other vehicle of any type owned by, belonging to, used, leased or controlled by an Owner or his tenant or guest shall be parked overnight on any street. The Structures on each Lot or Building Site shall include a fully enclosed garage for not less than two cars or such equivalent garage arrangements as may be approved by the Approving Authority. The site improvements on each Lot or Building Site shall include adequate driveway or other similar off-street space for temporary parking of at least two private passenger motor vehicles. All driveways shall be improved with asphalt or concrete paving unless otherwise approved by the Approving Authority.

Section 117. Except with written approval of the Approving Authority no building, porch, eave, overhang, projection or other part of a building shall be located within 30 feet of a front Lot line, or within 10 feet of a side Lot line or within 25 feet of a side Lot line adjoining a street. All construction must also conform to the Building code, zoning code and subdivision regulations of the City of Colorado Springs, which regulations may vary from the provisions of this Declaration. Each Owner hereby acknowledges that the building requirements set forth in these Covenants may vary from the City Building Code, zoning code and subdivision regulations of the City of Colorado Springs, Colorado and that each Owner shall be required to abide by the most stringent applicable requirement.

Section 118. Except with the written approval of the Approving Authority, no fence or hedge more than two feet high shall be installed or maintained closer to a front Lot line than the dwelling situated on the Lot.

Section 119. Architectural floor area of each dwelling shall not be less than 2,200 gross square feet as determined by using the following percentages of each area of the dwelling:

Gross square feet on main living level 100%

Gross square feet on finished upper
stories above main living level
or garden level 75%

Gross square feet on finished garden
level with direct walkout access to outside 50%

Gross square feet on finished basement level 25%

Gross square feet of balconies, raised decks,
covered patios 25%

Gross square feet of attached garage area in
excess of 400 square feet 50%

Gross square feet shall be defined as the total area contained within the exterior perimeter of the area being measured.

Section 120. No dwelling or other Structure shall be erected which is greater than 35 feet in height. Height shall be measured in the manner established from time to time by the City of Colorado Springs for measuring heights of residential improvements.

Section 121. Architectural standards are established to the end that the Subdivision may benefit from the natural advantages of its particular location. While the standards for architectural style are flexible, compatibility with the informal natural environment is required. Contemporary, Southwestern and Western styles typical of the Pikes Peak Region are desirable. Formal styles such as French Provincial, English Tudor, and Colonial will not be approved except in modified forms. All buildings must be designed to fit the natural contours of the Lot without excessive grading. All buildings shall be designed and all plans signed by a registered architect or by a qualified designer approved by the Approving Authority.

Section 122. In addition to such architectural guidelines as may be established by the Approving Authority from time to time, all buildings shall conform to the following material and appearance standards:

- (a) Exterior materials shall be natural wood, brick, stone, stucco, or similar material approved by the Approving Authority. Manufactured siding such as masonite will be allowed in combination with the above materials.
- (b) Aluminum, vinyl or wood windows are permitted. All aluminum windows shall be anodized and painted or coated a color to blend with the color of the building.
- (c) Gutters, if installed, shall be painted the same color as the adjoining trim color of the building.
- (d) Exposed concrete shall be stuccoed and painted or textured in a manner approved by the Approving Authority.
- (e) All roof areas shall be Class A rated including composite shingle (minimum 2 ply laminated 365 lbs) tile, slate, copper, or such other material as may be approved by the Approving Authority, shake shingle roofs are not permitted.
- (f) All solar devices and systems will require specific approval by the Approving Authority.
- (g) All utilities except lighting standards and customary service devices for access, control, or use of utilities shall be installed underground.

Section 123. Any Accessory Building or Structure shall harmonize in appearance with the dwelling situated on the same Lot.

Section 124. Within six months after completion of a dwelling or within any extension of that period granted by the Approving Authority, all yards and open spaces, shall be landscaped and thereafter maintained in lawn or landscape. The use of gravel, small rocks and paving as

landscape materials is not desirable in front yards. Landscape includes areas of natural vegetation, and preservation of existing trees, scrub oak and other natural vegetation is intended. No existing trees, surface boulders, or scrub oak shall be removed from any Lot unless required by construction activity and unless approved by the Approving Authority. Each Lot Owner shall be responsible for complying with all City ordinances regarding landscaping and other matters, including but not limited to the Hillside Preservation Ordinance as amended from time to time. Xeriscape is highly recommended. Spray irrigation will be limited to 15% of the square footage of the Lot area.

Section 125. Antennas. Except as provided below in this Section 125, no aerial, antenna, satellite dish or other device for reception or transmission of radio or television or other electronic signals shall be maintained on the roof of any Structure, nor shall they be maintained at any other exterior location unless screened in a manner approved by the Declarant. Except as provided below, no aerial, antenna, or other device for reception or transmission of radio or television or other electronic signals shall be maintained on the roof of any building, nor shall any such aerial, antenna or other device be mounted at any location so as to be visible from neighboring properties or adjacent streets. Plans for Structures, other than FCC Protected Structures, as defined below, must be submitted to and approved by the Declarant prior to installation. If the Declarant disapproves, the party requesting approval may modify its plans to eliminate the Declarant's objections and resubmit them for approval. If any such aerial, antenna, satellite dish or other device is installed without the approval of the Declarant, the Declarant shall have the rights set forth in these Covenants. Notwithstanding the above, an antenna that is (i) designed to receive direct broadcast satellite service that is one meter or less in diameter, (ii) designed to receive video programming services via multiple distribution services that is one meter or less in diameter or diagonal measurement, or (iii) that is designed to receive television broadcast signals, as defined by the Federal Communications Commission or the Telecommunications Act of 1996 (collectively, "FCC Protected Structures"), shall be permitted so long as the means, method and location of such Antenna comply with the rules adopted from time to time by Declarant or the Approving Authority. No unreasonable delay or unreasonable increase in the cost or installation or maintenance of an FCC Protected Structure shall be imposed by such rules, nor shall the rules prevent reception or otherwise make reception impossible for any Owner who shall seek to install an FCC Protected Structure, other than for health and safety reasons.

Section 126. Each Owner shall maintain the exterior of the dwelling, any Accessory Building, and all other Structures, lawns and landscaping, walks and driveways in good condition and shall cause them to be repaired as the effects of damage or deterioration become apparent. Exterior building surfaces and trim shall be repainted periodically and before the surfacing becomes weather-beaten or worn off. Periodic exterior maintenance also includes repair and maintenance of gutters, lawn spouts, roofs, paving, lawn, shrubs, trees, other landscape material, fences, signing, mail boxes and outdoor lighting.

Section 127. Any dwelling or building which may be destroyed in whole or in part by fire, windstorm or for any other cause or act of God must be rebuilt or all debris must be removed and the Lot restored to a sightly condition, such rebuilding or restoration to be completed with reasonable promptness and in any event within six months.

Section 128. No material change may be made in the ground level, slope, pitch or drainage patterns of any Lot as fixed by the original finish grading or existing natural conditions except after first obtaining the prior written consent and approval of the Approving Authority. Grading shall be maintained at all times so as to conduct irrigation and surface waters away from building and neighboring Lots and so as to protect foundations and footings from excess moisture. Any construction, grading or swales should direct surface waters to a drainage easement or to the street. Surface waters should not be concentrated and directed differently than the historic direction of flow. Special attention should be paid to the revegetation of approved grades, cuts and fills to eliminate erosion.

Section 129. Fencing and walls shall be limited to privacy areas and animal control areas adjoining the primary dwelling which fencing shall have been previously approved in writing by the Approving Authority. All fences and walls shall be designed and constructed as a visual extension of the architecture of the primary dwelling, including both scale and materials. All fences and walls are encouraged to be less than four feet in height and to not enclose or encompass greater than a 500 square foot area. Fencing along the Lot Lines is not permitted.

Living Environment Standards

Section 130. Each Owner shall prevent the development of any unclean, unsightly or unkempt conditions of buildings or grounds on such Lot which shall tend to substantially decrease the beauty of the neighborhood as a whole or in the specific area. No building material shall be stored on any Lot, except temporarily during continuous construction of a building, unless enclosed out of view in a service yard.

Section 131. Garage doors shall be kept closed except when being used to permit ingress or egress to or from the garage.

Section 132. All maintenance equipment shall be stored in an enclosed Structure or otherwise adequately screened so as not to be visible from neighboring property or adjoining streets.

Section 133. All outdoor clothes poles, clothes lines and other facilities for drying or airing of clothing or household goods shall be placed or screened by fence or shrubbery so as not to be visible from neighboring property or adjacent streets.

Section 134. No ashes, trash, rubbish, garbage, grass or shrub clippings, scrap material, or other refuse, or receptacles or containers therefor, shall be stored, accumulated or deposited outside or so as to be visible from any neighboring property or street, except during refuse collections.

Section 135. No noxious or offensive activity shall be carried on upon any Lot nor anything done thereon tending to cause embarrassment, discomfort, annoyance or nuisance to the neighborhood. No offensive or hazardous activities may be conducted on any Lot or in any living unit. No annoying lights, sound or odors shall be permitted to emanate from any living unit or Lot.

Section 136. No exterior speakers, horns, whistles, bells or other sound devices except security devices used exclusively for security purposes shall be located, used or placed on any Structure or within any Building Site.

Section 137. All yards and landscaped areas, and the entire area of every Lot on which no building has been constructed, shall be kept free from plants or weeds infected with noxious insects or plant diseases and from weeds which in the opinion of the Approving Authority are likely to cause the spread of infection or weeds to neighboring property and free from brush or other growth or trash which in the opinion of the Approving Authority causes undue danger of fire. At such time as construction begins, a trash container must be provided by the Owner of the Lot and properly used and maintained.

Section 138. In order to effect insect, weed and fire control and to prevent and remove nuisances, the Owner of any Lot upon which a building has not been constructed shall mow, cut, prune, clear and remove from the premises unsightly brush, weeds and other unsightly growth and shall remove any trash which may collect or accumulate on the Lot.

Section 139. All play/sports equipment and structures which are intended to remain outdoors are required to be approved in writing by the Approving Authority concerning design, material, color and placement prior to installation. All play/sports structures and equipment which are intended to remain outdoors, including but not limited to trampolines and swing sets, are to be located on a Lot so as to minimize the visual impact from neighboring properties or roadways. Screening of play/sports equipment and structures may be required. Wood structures are encouraged. Failure to submit a structure for prior approval in no way obligates the Approving Authority to accept an unauthorized structure. Such equipment is encouraged to be located in rear yards.

Section 140. No outside burning of wood, leaves, trash, garbage or household refuse shall be permitted.

Hillside Overlay Zone

Section 141. All of the land within the Subdivision, as well as all of The Boulders Broadmoor, is located in a Hillside Overlay Zone established by the City of Colorado Springs. All development of and construction on Lots shall comply with the applicable laws, ordinances and regulations on any and all governmental or quasi- governmental entities having jurisdiction over the community.

Hillside Considerations

Section 142. Hillside areas may pose special construction and development challenges and some additional risk to homeowners. The Hillside Overlay Zone was established to focus special attention on the protection of hillside, slope stabilization and to maintain the natural environment. To that end, certain areas on the recorded plats may be designated as areas of geological concern requiring soils tests, or preservation areas that may not be built on due to existing animal life, existing natural growth or geologic constraints such as natural drainage areas and steep slopes with over a 25% grade. Certain Lots within the plats of the Subdivision specify "Building Envelopes" which are the only areas within which Structures will be permitted within the Lots indicated.

Designation and Use of the Preservation Area

Section 143. Certain areas within the Subdivision that are not suitable for development because of geological constraints, natural drainage areas or steep slopes, together with certain areas within Lots, may be designated on the plats of the Subdivision, a supplemental plat or a recorded subdivision plat approved by the City of Colorado Springs as "Preservation Areas." The Preservation Area shall be used by each Lot Owner only in such a manner as is consistent with the preservation of the natural growth and, except for driveways, utilities and drainage structures as approved by the Approving Authority, shall not be subjected to any kind of intensive or destructive use or any activity which might result in permanent damage to the existing natural growth. In amplification and not in limitation of this general restriction the following specific restrictions are imposed on the Preservation Area:

- (a) No planting or cultivation shall be permitted except planting and cultivation of plants native to the Pikes Peak region.
- (b) No alteration of ground conditions and no clearing of living growth shall be permitted except for the items described in Section 143 (a) above, driveways, utilities, and drainage structures as approved by the Approving Authority and for the removal of plants infected with noxious insects or diseases as acknowledged by the Approving Authority.

(b) No alteration of ground conditions and no clearing of living growth shall be permitted except for the items described in Section 143 (a) above, driveways, utilities, and drainage structures as approved by the Approving Authority and for the removal of plants infected with noxious insects or diseases as acknowledged by the Approving Authority.

(c) No structures or installations of any kind shall be permitted except for approved driveways, utilities, and drainage structures as approved by the Approving Authority.

(d) No vehicles or conveyances of any type shall be permitted within the Preservation Area except on approved driveways, utilities and drainage structures or except to preserve order or to protect, preserve or maintain the Preservation Area.

(e) No activity tending to produce litter shall be permitted.

(f) No obstruction of any kind of the natural flow of water through any drainage channels or Preservation Areas shall be allowed;

(g) No activity tending to weaken or destroy the animal habitat or to interfere with game trails shall be permitted;

(h) No domesticated dogs or cats will be permitted in the Preservation Areas at any time, unless on a leash;

(i) No fencing, except temporarily during construction when a temporary fence will help preserve and protect the Preservation Areas.

Restrictions Requiring Permission from the Approving Authority

Section 144. Except as the Approving Authority may from time to time grant written permission, which permission shall be revocable:

(a) No animals, except an aggregate of three domesticated dogs or cats and except domesticated birds or fish and other small domestic animals permanently confined indoors, shall be maintained in or on any Lot within the Subdivision and then only if kept as pets. No animal of any kind shall be permitted which in the opinion of the Approving Authority makes an unreasonable amount of noise or odor or is a nuisance. No animals shall be kept, bred or maintained within the Subdivision for any commercial purposes.

(b) No boat, trailer, camper (on or off supporting vehicles) tractor, commercial vehicle, mobile home, motor home, motorcycle, any towed trailer unit, or truck excepting only pick-ups solely for the private use of the residents of a dwelling shall be parked overnight within any Lot or Building Site except in a completely enclosed Structure, or fully screened in a manner approved by the Approving Authority so as not to be visible at ground level from any neighboring property or street.

Matters which require the approval of the Approving Authority include but are not limited to: the exterior appearance, material, color, height, location of each Structure, drive, walk, fence, mailbox, grading of site, site lighting, and location, size and type of any landscape material, including grass, ground cover, ornamental rock, shrubs and trees. In granting or withholding approval the Approving Authority shall consider among other things: its Design Guidelines, the adequacy of the materials for their intended use, the harmonization of the external appearance with the surroundings, the proper relation of the Structure to the environment and to surrounding uses, the degree, if any, to which the proposed Structure will cause intrusions of sound, light or other effect on neighboring sites beyond those reasonably to be expected in an urban residential area from considerate neighbors.

Section 146. All plans, samples and other materials to be submitted to the Approving Authority shall be submitted in duplicate. The minimum scale of such plans shall be 1/20th inch equals one foot. The plot plan in said minimum scale shall show the location of all buildings, drives, walks, fences and any other Structures. Proposed new contours throughout the Lot and abutting street elevations on all sides shall also be shown. Structure plans shall show all exterior elevations, and shall indicate and locate on each elevation the materials to be used and designate each exterior color to be used by means of actual color samples. A soils report for the Building Site shall be supplied to the Approving Authority. Landscaping plans shall show the location of all landscaping elements, including grass, ground cover, shrubs, trees and other landscape materials for all the area of the Lot not covered by Structures. The size and type of all new plant materials shall be indicated.

Section 147. A written statement of the approval or disapproval or other action by the Approving Authority shall establish the action of the Approving Authority and shall protect any person relying on the statement. If the Approving Authority does not execute and acknowledge such a statement within 30 days after delivery of all the required materials to the members of the Approving Authority, the material so delivered shall stand approved for the purpose of these Covenants. The Approving Authority may charge reasonable fees to cover expenses incurred in review of plans, samples and materials submitted pursuant to this Declaration, exclusive of reimbursement to the members of the Approving Authority for their services. The Approving Authority shall be entitled to retain one copy of all approved plans as part of its files and records.

Section 148. The primary function of the Approving Authority's review of plans is for the purpose of assuring the overall appearance and visual quality of the Subdivision. The Approving Authority does not assume responsibility for any of the following:

- (a) The structural adequacy, capacity or safety features of the proposed improved structure.
- (b) Soil erosion, non compactible or unstable soil conditions.
- (c) Compliance with any or all building codes, zoning codes, safety requirements, governmental laws, regulations, or ordinances.

- (d) Performance or quality of work of any contractor.

Variances

Section 149. The Approving Authority shall have authority to grant for a Lot or Building Site a variance from the terms of one or more sections of this Declaration subject to terms and conditions fixed by the Approving Authority. Notwithstanding the above, the Approving Authority shall not grant any variances to Sections 110, 111, 112 or 114. A variance granted hereunder shall run with the Lot or Building Site for which granted. If a variance is denied another application for a variance for the same Lot or Building Site may not be made for a period of one year. A variance shall not be granted unless the Approving Authority shall find that all of the following conditions exist:

(a) the variance will not authorize the operation of a use other than private, single-family residential use;

(b) the variance will not alter the essential character of the Subdivision;

(c) the variance will be in harmony with the spirit and purpose of these Covenants; and

(d) the circumstances leading the applicant to seek a variance are unique to the Lot or Building Site or its Owner and are not applicable generally to Lots in the Subdivision or their Owners. Variances or deviations from these restrictions may be granted in unique situations but will not set any precedent for future decisions. All variance requests shall be reviewed on an individual case-by-case basis.

Design Guidelines

Section 150. Notwithstanding any other provision contained in these Covenants, Approving Authority shall have the right to establish from time to time design guidelines for the Subdivision to provide more specific requirements for the Subdivision than those which are set forth in these Covenants (the "Design Guidelines"). The Design Guidelines shall apply prospectively to all matters submitted to the Approving Authority for approval following the date on which the applicable Design Guideline shall have been adopted by the Approving Authority and notice thereof sent to all effected Owners. The Approving Authority is hereby authorized to establish Design Guidelines concerning all matters affecting the Subdivision, including but not limited to, satellite antennas, landscaping, roofing materials, and location of dwellings on Lots within the Subdivision.

ARTICLE II

Approving Authority

Composition of the Approving Authority

Section 201. (a) Declarant shall act as the Approving Authority until the end of the Declarant Control Period or such earlier date as Declarant elects to appoint the committee referred to below. At such time as provided above, Declarant shall appoint a committee of three individuals, each of whom owns a real property interest in a Lot within the Subdivision, to act as the Approving Authority ("Architectural Control Committee"). Thereafter, whenever a member of the Approving Authority shall resign, die or be unwilling or unqualified to act, the remaining members or remaining member, if only one, shall appoint a successor who owns, or successors who own, a real property interest in a Lot or Lots within the Subdivision as members of the Approving Authority, so as to fill the existing vacancies. Notwithstanding the foregoing, after such time as Declarant appoints a committee to serve as the Approving Authority, a majority of the record Owners of Lots in the Subdivision may, through a duly recorded, written instrument executed by such Owners, change the membership of the Approving Authority, so long as the members of the Approving Authority all own a real property interest in a Lot or Lots within the Subdivision. Any appointment, removal or replacement of residents as members of the Approving Authority shall be by written instrument signed and acknowledged by Declarant or other person or persons above authorized to make appointment, removal or replacement and filed for record with the Clerk and Recorder of the County of El Paso, State of Colorado.

(b) After the transfer of Approving Authority functions to an Architectural Control Committee, any one or more members of the Architectural Control Committee may from time to time be removed and their successor or successors designated by an instrument signed and acknowledged by the Owners of at least 50 percent of the Lots in the Subdivision and filed for record with the County Clerk and Recorder of El Paso County.

(c) The Architectural Control Committee may delegate to one of its members any or all of the Approving Authority functions and powers of the committee and until such delegation is revoked or modified, the action of the member to whom such delegation is made shall constitute the action of the committee for the purposes of these Covenants.

(d) The committee may take action as Approving Authority without a meeting by a written statement signed by the members of the committee or by their delegate.

(f) Declarant, or its successor Architectural Control Committee, may, if it determines such action to be in the best interests of the Owners, cause the Architectural Control Committee for the Subdivision to be merged with the Architectural Control Committee or Committees of other single-family residential subdivisions in the same general area that contain Lots of substantially similar size and character as Lots in the Subdivision. Such merger shall be accomplished by recording in the office of the Clerk and Recorder of El Paso County a written document signed by Declarant, or by the Architectural Control Committee for each subdivision participating in such merger, acknowledging the action and appointing an Architectural Control Committee for the merged group. Thereafter, all functions of the predecessor individual Architectural Control Committees will be performed by the new merged Architectural Control Committee, and the substitution of members provided for in Section 201(b) will require action by fifty percent (50%) of the Owners of Lots in all of the subdivisions in the merged group.

Section 202. Members of the Approving Authority, including but not limited to all assigns, agents and representatives of Declarant while it is acting as Approving Authority, shall not be liable to any party whatsoever for any act or omission unless the act or omission is in bad faith and amounts to fraud.

Section 203. The Approving Authority, including any assignee or delegate of Declarant while it is acting as Approving Authority, may give notice to the Owner of the Lot where a breach occurs or which is occupied by the persons causing or responsible for the breach, which notice shall state the nature of the breach, and the intent of the Approving Authority to invoke this section unless within a period stated in the notice, not less than five calendar days, the breach is cured and terminated or appropriate measures to cure and terminate are begun and are thereafter continuously prosecuted with diligence. If the breach is not cured and terminated as required by the notice, the Approving Authority may cause the breach to be cured and terminated at the expense of the Owner or Owners so notified, and entry on Owner's property as necessary for such purpose shall not be deemed a trespass. The cost so incurred by the Approving Authority shall be paid by the person responsible for the breach and if not paid within 30 days after such Owner has been sent notice of the amount due, such amount, plus interest at the rate of 18 percent per annum and plus cost of collection, shall be a lien on the Ownership interest in the Lot (including improvements thereon) of each person so notified and shall in all respects be the personal obligation of the Owner. The

Approving Authority may bring an action at law for recovery of the costs so incurred by it, plus interest and cost of collection, including reasonable attorneys' fees, against the Owner personally obligated to pay and may bring an action to foreclose the lien against the Lot and improvements subject to the lien and there shall be added to the amount of such obligation the cost of preparing and filing the complaint in such action, and the judgment in any such action shall include interest as above provided and a reasonable attorney's fee to be fixed by the court, together with the costs of the action. The foregoing specified rights and remedies shall not limit the right of any Lot Owner to enforce these Covenants as otherwise may be provided by law or equity.

ARTICLE III

Association

Association Structure, Powers and Duties.

Section 301. The Association has been formed as a Colorado corporation under the Colorado Nonprofit Corporation Act. The Association shall have the duties, powers and rights set forth in this Article III and its Articles of Incorporation and Bylaws. As more specifically set forth hereinafter, the Association shall have a Board of Directors to manage its affairs. The Board of Directors shall be elected by its Members; provided, however, that the Declarant shall have the sole right to appoint all of the members of the Board of Directors during the Period of Declarant Control.

Membership.

Section 302. The members of the Association shall be: the Declarant (so long as the Declarant owns a Lot) and every Owner of a Lot within the Association. Membership in the Association shall be appurtenant to and may not be separated from ownership of any Lot. Ownership of such Lot shall be the sole qualification for membership in the Association. Except as provided herein, each Lot shall have one vote. Notwithstanding anything herein to the contrary, the Declarant shall have the right to appoint a Board of Directors and to operate the Association until such time as the Period of Declarant Control is terminated, and the Association shall not begin to function through its other Members until such time, unless the Declarant otherwise consents in writing.

Purpose.

Section 303. The Association shall be formed for purposes of maintaining and repairing the "Debris Flow Channels" as indicated on the Plats of The Boulders Broadmoor Filing No. 1 and The Boulders Broadmoor Filing No. 1-A or as may be indicated on any supplemental plats thereof. The Owners hereby acknowledge that the Debris Flow Channels benefit all of the Owners, regardless of the location thereof. As such, all Owners shall be obligated to contribute to the

maintenance and insurance thereof as provided in these Covenants and the Association Articles of Incorporation and Bylaws. The Owners hereby also acknowledge that the Debris Flow Channel which is contained within Tract A of The Boulders Broadmoor Filing No. 1-A ("Tract A") shall initially be maintained by the owner thereof, which is currently the Declarant. At such time as the Owner of Tract A shall replat Tract A into Lots and shall subject Tract A to these Covenants, the Debris Flow Channel within Tract A shall be maintained by the Association and shall be deemed to be a Maintenance Area as described in these Covenants.

Declarant Control.

Section 304. The Association shall have one class of voting membership who shall be the Owners. The Owners shall elect all the members of the Board, following the termination of the Period of Declarant Control, as set forth as follows:

(a) Notwithstanding anything herein to the contrary, the Declarant shall have the right to appoint the Board and to control the Association until the end of the Period of Declarant Control. During the Period of Declarant Control, the Declarant, or persons designated by Declarant, subject to certain limitations, may appoint and remove the officers and members of the Board. The Declarant may voluntarily surrender the right to appoint and remove officers and members of the Board before termination of the Period of Declarant Control, but in that event, the Declarant may require, for the duration of the Period of Declarant Control, that specified actions of the Association or Board, as described in a recorded instrument executed by the Declarant, be approved by the Declarant before they become effective.

(b) Upon the termination of any Period of Declarant Control, the Owners shall elect a Board of at least three members, at least a majority of whom must be Owners other than the Declarant or designated representatives of Owners other than the Declarant. The Board shall elect the officers. These Board members and officers shall take office upon termination of the Period of Declarant Control.

(c) Notwithstanding any provision of this Declaration or the Bylaws to the contrary, the Owners, following the termination of the Period of Declarant Control, by a sixty-seven percent (67%) vote (based upon one vote per Lot) of all persons present and entitled to vote at any meeting of the Owners at which a quorum is present may remove any member of the Board with or without cause, other than a member appointed by the Declarant.

Creation of the Obligation for Assessments.

Section 305. Each Owner, for each Lot owned within the Property, by acceptance of a deed therefor or interest therein, whether or not it shall be so expressed in such deed, shall be deemed to covenant and agree to pay to the Association, in the manner, amounts and times prescribed herein, all assessments, charges, fees, fines and other sums which are described in this Declaration and

which shall be both a personal obligation of the Owner and a lien against his Lot as provided herein. Each Owner shall be jointly and severally liable to the Association for the payment of all assessments, charges, fees and other sums attributable to them and/or their Lot. The personal obligation for delinquent assessments and sums shall not pass to an Owner's successors in title or interest unless expressly assumed by them. No Owner may waive or otherwise escape personal liability for the payment of the assessments, charges, fees and other sums provided for herein by non-use of the Maintenance Area or the facilities contained therein, by abandonment or leasing of his Lot, or by asserting any claims against the Association, the Declarant or any other person or entity. In addition to the foregoing assessments, charges, fees and other sums, each Owner shall have the obligation to pay real property ad valorem taxes and special assessments imposed by Colorado governmental subdivisions against his Lot, as well as all charges for utilities servicing his Lot.

Purpose of Assessments.

Section 306. The assessments levied by the Association shall be used exclusively to maintain and repair the Maintenance Area and such additional areas as the Members of the Association shall elect by a vote of the majority of the members.

Annual Assessments.

Section 307. The annual assessment shall specifically include, but shall not be limited to the following:

- (a) expenses of management of the Association and its activities;
- (b) premiums for all insurance, if any, which the Association elects to maintain from time to time, separate and apart from the insurance described in Section 323 of these Covenants;
- (c) such repairs and maintenance of the Maintenance Area which are the responsibility of the Association;
- (d) wages for Association employees, if any;
- (e) legal and accounting fees for the Association;
- (f) any deficit remaining from a previous assessment year;
- (g) a working capital fund;

(h) the creation of reasonable contingency reserves, surpluses, and sinking funds, and adequate reserve funds for maintenance, repairs and replacement of those elements of the Maintenance Area or maintenance that must be done or replaced on a periodic basis and are payable in regular installments, rather than by special assessments;

(i) any other costs, expenses, and fees which may be incurred or may reasonably be expected to be incurred by the Board, in its sole discretion, in connection with the Maintenance Area for the benefit of the Owners under or by reason of this Article III.

The Association shall also have authority, to the extent it deems proper, to provide any other services requested by particular Owners, but only on a contract basis under which those Owners pay the cost thereof. The Association may enter into cooperative arrangements for provision of services with other homeowner associations in the surrounding area and may assume responsibility for that part of the cost fairly attributable to this Project.

Limit on Annual Assessments.

Section 308. The maximum annual assessment of the Association shall not exceed \$300.00 per Lot. The Association's Board of Directors may fix the annual assessment at an amount not in excess of the maximum.

Special Assessments.

Section 309.

(a) In addition to the annual assessment authorized above, the Association may levy, in any assessment year, special assessments applicable to that year only for the purpose of defraying, in whole or in part, the cost of an emergency situation or of any construction, reconstruction, repair or replacement of a capital improvement upon the Maintenance Area, including fixtures and personal property related thereto or any Improvements located thereon.

(b) Working Capital. The Association shall require an Owner who purchases a Lot from Declarant to pay to the Association an amount equal to the then current annual assessment or \$200.00, which sum shall be non-refundable to such Owner and shall be placed in the general revenue account of the Association. Furthermore, payment of such sum shall not relieve an Owner from making the regular payment of assessments as the same become due. During the Period of Declarant Control, the Declarant may not use any of the working capital funds to defray its expenses (other than to pay the amounts owing pursuant to Section 310 hereof), reserve contributions, or construction costs or to make up any budget deficits.

Loan from Declarant.

Section 310. Notwithstanding any other provision contained herein, all assessments determined to be necessary by the Association to maintain the Maintenance Area from January 1, 1998 through January 1, 1999, which amount shall consist of \$200.00 for each Lot in the Subdivision as of the date of these Covenants, shall initially be paid by the Declarant to the Association on or before January 1, 1998 (the "First Year Assessments"). The Association shall thereafter refund to the Declarant, without interest, all portions of the First Year Assessments which shall not have been utilized by the Association to maintain or repair the Maintenance Area prior to January 1, 1999. Declarant shall be repaid the applicable portion of the First Year Assessments at the rate of \$200.00 per Lot at the closing of each Lot which is sold to a third party by Declarant. Declarant hereby acknowledges that any portion of the First Year Assessments which is utilized by the Association prior to January 1, 1999 shall not be repaid to Declarant by the Association and that the amount to be repaid will be repaid without interest.

Procedure for Assessment

Section 311. If an assessment is required pursuant to Section 309 hereof to address an emergency with respect to all or a portion of the Debris Flow Channels described in Section 303 hereof, the special assessment may be imposed by a vote of a majority of the members of the Board of Directors of the Association. Any non-emergency assessment under Section 309 shall require the approval, pursuant to a meeting described below, of Owners of Lots to which at least sixty-seven percent (67%) of Owners of Lots (based upon one vote for each Lot), who are voting in person or by proxy at that meeting duly called for that purpose, and not less than sixty-seven percent (67%) of the First Mortgagees who are voting at that meeting. Written notice of any meeting called for the purpose of taking such action shall be sent to all Owners and first mortgagees ("First Mortgagees") not less than thirty (30) days or more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of Owners or of proxies entitled to cast sixty percent (60%) of all the votes (based upon one vote for each Lot) of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (½) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 312. Rate of Assessment. Except as provided herein, both annual and special assessments shall be on an equal per Lot basis based upon the total number of Lots within the Subdivision ("Owner's Proportionate Share"). If an Owner's Proportionate Share is reallocated due to expansion of the Property pursuant to Section 511 hereof or to other provisions of this Declaration, assessments and any installment thereof not yet due shall be recalculated in accordance with the reallocated Owner's Proportionate Share. Assessments shall be applicable to all Lots following their annexation to the Subdivision, including those owned by the Declarant.

✓ Assessment Procedure.

Section 313.

(a) Annual Assessments. No later than thirty (30) days before the beginning of each annual assessment period, the Board of Directors of the Association shall set the total annual assessment based upon advance budget of the cash requirements needed by it to provide for the administration and performance of its duties during the following assessment year. Any surplus funds of the Association remaining after the payment of or provision for cost of maintaining or repairing the Maintenance Areas ("Common Expenses") and any prepayment of or provision of reserves shall be applied as the Board in its sole discretion determines appropriate, which is not required to credit or pay it to the Owners. That annual assessment shall be payable in one installment on or before January 1 of each year, unless the Board otherwise directs. The Association shall cause to be prepared, delivered or mailed to each Owner, at least thirty (30) days in advance of each annual assessment period, a payment statement setting forth the annual assessment. The first annual assessment upon the Lots shall commence upon the first day of January, 1998, subject to the Declarant's funding obligation set forth in Section 310 of these Covenants.

(b) Special Assessments and Other Sums. Special assessments and other sums imposed hereunder shall be due and payable on the date specified by the Board in written notice to each Owner, but such date shall not be less than ten (10) days after such notice is sent. In the event that the Association incurs any expense or liability as a result of the willful, negligent or wrongful act of an Owner, his family, tenants or guests, or any breach by any of such parties of any of the provisions of this Declaration, the Association's Bylaws or the Association's rules and regulations, and the same is not paid for by insurance, the cost thereof shall be deemed to be a special assessment against such Owner and his Lot and shall be enforceable as provided herein, except that such assessment shall not require any vote of the Members. Any other sum imposed by the Board as provided hereunder shall also be deemed a special assessment but shall not require a vote of the Members.

(c) Notice. Failure of the Board to give timely notice of any assessment as provided herein shall not affect the liability of the Owner or his Lot for such assessment, but if notice is not given, the date when payments shall be due shall be deferred to a date after such notice is given.

(d) Certificate of Payment. Upon payment of such reasonable fee as may be determined from time-to-time by the Board of Directors, and upon written request, the Association shall furnish to an Owner or such Owner's designee or to a holder of a security interest or its designee delivered personally or by certified mail, first-class postage prepaid, return receipt, to the Association's registered agent, a written statement setting forth the amount of unpaid assessments currently levied against such Owner's Lot. The statement shall be furnished within fourteen calendar days after receipt of the request and is binding on the Association, the Board, and

every Owner. If no statement is furnished to the Owner or holder of a security interest or their designee, delivered personally or by certified mail, first-class postage prepaid, return receipt requested, to the inquiring party, then the Association shall have no right to assert a lien upon the Lot for unpaid assessments which were due as of the date of the request. Said certificate may be relied upon by all persons acting in good faith, as conclusive evidence of the payment of any assessments therein stated to have been paid.

Effect of Nonpayment of Assessments-Remedies of the Association.

Section 314.

(a) General. Any assessments which are not paid when due shall be delinquent. If any assessment is not paid when due, the Association may impose a late charge/administrative fee not to exceed the amount set forth in the Association's rules and regulations. Any assessment not paid within thirty (30) days after the due date thereof shall bear interest from the due date at the rate of eighteen percent (18%) per annum, and the Association may bring an action at law against the Owner personally obligated to pay the same, and/or foreclose the lien against such Owner's Lot, and/or may suspend the delinquent Owner's right to vote for any period during which any assessment against his Lot remains unpaid. In the event a judgment is obtained, such judgment shall include interest on the assessment as above provided, and a reasonable attorney's fee to be fixed by the court, together with the expenses, late charges, and costs of the action.

(b) Lien. Any unpaid assessment, charge, fee or other sums assessed against an Owner or his Lot, including without limitation, with interest thereon at the rate of eighteen percent (18%) per annum, an administrative charge of not to exceed the amount set forth in the Association's rules and regulations, court costs and all other collection costs, and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien, from and after the levy or assessment thereof, in favor of the Association, upon the Lot against which each such assessment, charge, fee or other sum is made. All payments on account shall be first applied to interest, the late charge, any costs or fees, and then to the assessment payment first due. The Board may enforce such lien by filing with the Clerk and Recorder of the county in which the Property is located a statement of lien with respect to the Lot, setting forth the name of the Owner, the legal description of the Lot, the name of the Association and the amount of delinquent assessments then owing. The lien statement shall be duly signed and acknowledged by an officer or authorized agent of the Association, and notice thereof shall be mailed to the Owner of the Lot, at the address of the Lot or at such other address as the Association may then have in its records for the Owner of the Lot. Thirty (30) days following the mailing of such notice, the Board may proceed to the foreclosure of mortgages under the statutes of the State of Colorado. Foreclosure or attempted foreclosure by the Association of its lien shall not be deemed to estop or otherwise preclude the Association from suing the Owner personally liable therefor or from thereafter again foreclosing or attempting to foreclose its lien for any subsequent assessments, charges, fees or other sums which are not fully paid when

due. Any recorded lien may be released by recording a Release of Lien executed by an officer or authorized agent of the Association.

Subordination of the Lien to Mortgages.

Section 315. The lien of the assessments provided for herein shall be subordinate to the lien of a First Mortgage recorded before the delinquent assessment was due. Sale or transfer of any Lot shall not affect the lien for said assessment charges except that sale or transfer of any Lot pursuant to foreclosure of any such mortgage or any such executory land sales contract, or any proceeding in lieu thereof, including deed in lieu of foreclosure, or cancellation or forfeiture of any such executory land sales contract shall extinguish the lien of assessment charges which became due prior to any acquisition of title to such Lot by the first mortgagee pursuant to any such sale or transfer, or foreclosure, or any proceeding in lieu thereof, including without limitation any deed in lieu of foreclosure, or cancellation or forfeiture of any such executory land sales contract; no such sale, transfer, foreclosure, or any above described proceeding in lieu or in cancellation thereof, shall relieve any Lot from liability for any assessment charges becoming due after such acquisition of title, nor from the lien thereof, nor the personal liability of the Owner of such Lot for assessments due during the period of his ownership.

Notice to Mortgagee and Inspection of Books.

Section 316. Upon written request, a First Mortgagee shall be entitled to written notification from the Association of any default in the performance by the Owner of any obligation under this Declaration and/or the Bylaws of the Association, which is not cured within sixty (60) days after the Board has actual knowledge thereof, and the First Mortgagee may, at its option but without any obligation, cure such default. The Association shall make available to Owners and Mortgagees current copies of the Declaration, Bylaws, other rules concerning the Project, and the books, records and financial statements of the Association. "Available" means available for inspection, upon request, during normal business hours or under other reasonable circumstances.

Homestead.

Section 317. The lien of the Association assessments shall be superior to any homestead or other exemption as is now or may hereafter be provided by Colorado or federal law. The acceptance of a deed to a Lot subject to this Declaration shall constitute a waiver of the homestead exemption as against said assessment lien.

Exempt Property.

Section 318. The following Property subject to this Declaration shall be exempt from the assessments created herein: (a) all Property dedicated to and accepted by local public authority; and (b) the Maintenance Area.

Association Maintenance.

Section 319. The Association shall provide all repair, replacement, improvement and maintenance of the Maintenance Area and all improvements located thereon, including without limitation, any drainage structures or facilities within the Maintenance Area. The Association may also undertake, but shall have absolutely no obligation to undertake, such emergency repairs as the Board of Directors believes necessary to prevent imminent danger to life or property.

Management Agreements and Other Contracts.

Section 320. The Association may enter into agreements for professional management of the Association's business. Each Owner shall be bound by the terms and conditions of any management agreement entered into by the Association. Any agreement for professional management of the Association's business shall provide for termination by either party with or without cause and without payment of a termination fee upon thirty (30) days' prior written notice, and shall have a maximum term of one (1) year. Further, each and every management contract made between the Association and a manager or managing agent during the period when the Declarant or other developer controls the Association shall be subject to review and approval by the Department of Veterans Affairs or the Federal Housing Administration and shall terminate absolutely, in any event, not later than thirty (30) days after termination of the Period of Declarant Control.

Section 321. Membership. The following shall be members of the Association: the Declarant and every Owner of a Lot which is subject to assessments pursuant to the terms of Article III of these Covenants. Every Owner, upon becoming the Owner of a Lot, shall automatically become a Member of the Association, and shall remain a Member thereof until such time as his ownership ceases for any reason, at which time his Membership in the Association shall automatically cease. Membership shall be appurtenant to and may not be separated from ownership of any Lot. Ownership of such Lot shall be the sole qualification for membership. Except as provided herein, each Member shall have one vote for each Lot which it owns within the Subdivision. Notwithstanding anything herein to the contrary, the Declarant shall have the right to appoint a Board of Directors and to operate the Association until the Period of Declarant Control is terminated, and the Association shall not begin to function through its Members until such time, unless the Declarant otherwise consents in writing.

Nonliability of Association and Others.

Section 322. The Board of Directors, the officers and committees of the Association and the Declarant, including without limitation, the officers, directors, employees, agents, and representatives of the Declarant, shall not be liable in damages or otherwise to any person whatsoever for any act or omission done as an officer, director, agent or representative on behalf of the Association, except for willful misconduct done in bad faith or gross negligence and shall be indemnified from all such liability as provided in the Association's Bylaws. The Association may

enter into cooperative arrangements for provision of services with other homeowners associations in the surrounding area and may assume responsibility for that part of the cost attributable to the Project.

Insurance.

Section 323.

(a) Casualty Insurance. Commencing not later than the time of the first conveyance of a Lot to a person other than Declarant following the date hereof, the Association, to the extent reasonably obtainable, shall make available to Lot Owners, at the Owner's sole cost and expense, insurance covering the cost of rebuilding the improvements on an electing Owner's Lot due to damages suffered from flood, earthquake or earth movement (the "Casualty Insurance"). The Owner's hereby acknowledge that the Casualty Insurance will be a blanket policy held in the name of either the Declarant or the Association, and the cost thereof shall be based upon the cost of the improvements covered. In addition, the Casualty Insurance will have an initial per building deductible of \$10,000.00 which deductible shall be paid solely by the Owner receiving the insurance benefit. Each Owner hereby acknowledges that the Association shall be obligated to offer Casualty Insurance coverage to any other homeowners within The Boulders Broadmoor master planned area, even if such areas are not subject to these Covenants, at the cost established for such coverage by the applicable insurance company, which cost shall be based upon the value of the improvements on the Lot in question. Casualty Insurance coverage shall only be made available to Lot Owners and the additional Boulders Broadmoor owners described above upon the payment of the applicable insurance premium attributable to the property in question, completion of all required applications and provision of all required information to the insurance company providing the Casualty Insurance, which insurance company shall initially be St. Paul Fire & Marine Company.

(b) Fidelity Insurance. The Association may purchase, such fidelity insurance covering losses resulting from dishonest or fraudulent acts or omissions committed by the Association's directors, managers, including any person employed as an independent contractor for the purpose of managing the Association and any employee thereof, trustees, employees, volunteers, or anyone who manages the funds collected and held for the benefit of the Owners.

(c) Other Insurance. In addition, the Board of Directors may obtain any other insurance against such other risks, of a similar or dissimilar nature, which the Board shall deem appropriate with respect to the Maintenance Area.

Owner's Personal Property and Liability Insurance.

Section 324. The Casualty Insurance policy described in Section 323 of this Declaration does not obviate the need for Owners to obtain insurance for their own benefit for reasons other than those described in Section 323. Each Owner shall be solely responsible, at his expense, for all

insurance covering all loss or damage to his Lot, or Structure and any and all fixtures, appliances, furniture, furnishings or other personal property supplied, maintained or installed by the Owner and covering liability for injury, death or damage occurring within his Lot or dwelling.

Damage or Destruction of Maintenance Area.

Section 325. Any portion of the Maintenance Area for which insurance proceeds shall be available and which is damaged or destroyed must be repaired or replaced promptly by the Association.

Title to the Maintenance Area.

Section 326. Subject to the limitation set forth below, title to the Maintenance Area shall remain with the Owner on whose Lot the applicable Maintenance Area exists, which Owner shall be responsible for all property taxes, insurance and other ownership costs other than the maintenance and repair costs thereof. The Association may obtain title to those Maintenance Areas which shall have been property subdivided from a Lot and conveyed to it by fee simple deed, free and clear of all encumbrances.

Colorado Common Interest Ownership Act.

Section 327. Declarant hereby claims that this Declaration and the Subdivision are exempt from the provisions of the Colorado Common Interest Ownership Act (CCIOA) (C.R.S. 38-33.2-101, *et seq.*) pursuant to the provisions of C.R. S. 38-33.3-116, which exempt planned communities from the provisions of CCIOA if the annual average common expense liability of each lot restricted to residential purposes, exclusive of optional user fees, may not exceed that amount set forth in Section 38-33.3-116 or its successor (which amount, on the date of execution of this Declaration, is \$300.00). The maximum annual assessment permitted pursuant to Section 308 is \$300.00 per year.

ARTICLE IV

DECLARANT'S RIGHTS TO COMPLETE DEVELOPMENT OF THE PROPERTY

No provision of this Declaration shall be construed to prevent or limit Declarant's rights to complete the development of Property or nearby areas and to subdivide, resubdivide, or rezone any portion of such Property; to grant licenses, easements, reservations and rights-of-way; to construct or alter improvements on any property owned by Declarant within the Property; to maintain model homes, offices for construction, sales, management or leasing purposes or similar facilities on any property owned by Declarant or owned by the Association within the Property and to post signs incidental to development, construction, promotion, marketing, sales or leasing of property within the boundaries of the Property. Each Owner hereby acknowledges that the Subdivision is part of an approved master planned development which provides for a maximum of 400 single family lots and that it is the intention of the Declarant to develop the

Property and the areas surrounding it in accordance with that master plan. It is also the intention of Declarant to replat the "open space" Tract A within The Boulders Broadmoor Filing No.1-A ("Tract A") into 5 single family residential Lots which shall be made subject to these Covenants pending additional geological studies. Each Owner hereby acknowledges its understanding of Declarant's intent to develop Tract A into 5 single family lots and that the area in which the Property is located is a master planned and development community which will entail and be subject to future development in accordance with the approved master plan.

ARTICLE V

GENERAL PROVISIONS FOR EFFECT OF THE COVENANTS

Definitions

Section 501. The following words and expressions as used in these Covenants have the meanings indicated below unless the context clearly requires another meaning:

Association: shall mean and refer to The Boulders Drainage Homeowners Association, a Colorado Nonprofit Corporation, which has been organized under the laws of the State of Colorado prior to the conveyance of the first Lot in the Property following the date hereof, its successors and assigns.

Maintenance Area: shall mean and refer to the Drainage Flow Channel indicated on the plat of The Boulders Broadmoor Filing No. 1 and the plat of The Boulders Broadmoor Filing No. 1-A as being required to be maintained by an association and any other debris flow channels within The Boulders Broadmoor master planned area which may in the future be required to be maintained by an association and such other and different improvements which the Association shall elect, pursuant to the approval of a majority of the Owners of the Lots, to maintain as a Maintenance Area, regardless of whether the Association shall obtain title thereto.

Board: means the Board of Directors of the Association. Except as specified herein, or in the Association's Articles of Incorporation or Bylaws, the Board may act on behalf of the Association without any vote or consent of the members.

Member: shall mean and refer to every person or entity who holds membership in the Association or their heirs, personal representatives, successors or assigns.

Accessory Building: Detached garages, patios, swimming pools, dressing rooms for swimming pools, separate guest houses without kitchen, separate servants' quarters without kitchen, sheds, greenhouses, storage building and other buildings customarily used in connection with the single-family residence.

Building Site: A Lot as established by the recorded plat or the combination of two or more Lots or portions thereof as approved by Declarant and aggregating not less than 9,000 square feet.

Covenants: This Declaration and the provisions contained in it.

Declarant: Master Planned Land Venture, a limited partnership d/b/a The Boulders Broadmoor, and its successors and assigns. After a transfer pursuant to Section 201, Declarant shall mean such transferee.

Lot: Each area designated as a Lot in a recorded plat of the Subdivision.

Lot Lines: Front, side and rear Lot lines shall be the same as defined in the zoning regulations of the City of Colorado Springs in effect from time to time. In the absence of such a definition, a front Lot line is each boundary line between the Lot and any public street which affords the principal pedestrian access to the dwelling other than through a garage; a side Lot line is any boundary line which meets and forms an angle with the front Lot line; and other Lot lines are rear Lot lines.

Owner: Person or entity having fee simple legal title to a Lot. If more than one person has such title, all such persons are referred to collectively as "Owner" and shall exercise their rights as an Owner through such one of them as they may designate from time to time.

Structure: Any thing or device other than trees and landscaping the placement of which upon any Building Site might affect its architectural appearance including by way of illustration and not limitation any dwelling, building, garage, storage building, porch, shed, greenhouse, driveway, walk, patio, swimming pool, tennis court, fence, wall or outdoor lighting. Structure shall also mean an excavation or fill the volume of which exceeds five cubic yards or any excavation, fill, ditch, diversion dam or other thing or device which affects or alters the natural flow of surface waters upon or across any Lot or which affects or alters the flow of any waters in any natural or artificial stream, wash or drainage channel upon or across any Lot.

Period of Declarant Control: That period during which the Declarant owns a Lot within the Property.

Subdivision or Property: The area subdivided as The Boulders Broadmoor Filing No. 1 and The Boulders Broadmoor Filing No. 1-A according to the plats recorded in the office of the Clerk and Recorder of the County of El Paso and State of Colorado, together with all other portion of the Expansion Property which shall be made subject to these Covenants pursuant to the terms of Section 511 hereof.

Covenants Run with the Land

Section 504. These Covenants shall run with the land and shall inure to and be binding on each Lot and upon each person or entity hereafter acquiring Ownership or any right, title and interest in any Lot in the Subdivision.

Covenants are Cumulative

Section 505. Each of these Covenants is cumulative and independent and is to be construed without reference to any other provisions dealing with the same subject matter or imposing similar or dissimilar restrictions. A provision shall be fully enforceable although it may prohibit an act or omission sanctioned or permitted by another provision.

These Covenants may not be Waived

Section 506. Except as these Covenants may be amended or terminated in the manner hereinafter set forth they may not be waived, modified or terminated and a failure to enforce shall not constitute a waiver or impair the effectiveness or enforceability of these Covenants. Every person bound by these Covenants is deemed to recognize and agree that it is not the intent of these Covenants to require constant, harsh or literal enforcement of them as a requisite of their continuing vitality and that leniency or neglect in their enforcement shall not in any way invalidate these Covenants or any part of them nor operate as an impediment to their subsequent enforcement and each such person agrees not to plead as a defense in any civil action to enforce these Covenants that these Covenants have been waived or impaired or otherwise invalidated by a previous failure or neglect to enforce them.

Right to Enforce the Covenants

Section 507. These Covenants are for the benefit of the Owners, jointly and severally, and of the Approving Authority and may be enforced by action for damages, suit for injunction, mandatory and prohibitive, and other relief, and by any other appropriate legal remedy, instituted by one or more Owners, or the Approving Authority, or any combination of them. All costs, including reasonable attorneys' fees, incurred by the Approving Authority in connection with any successful enforcement proceeding initiated by the Approving Authority (alone or in combination with Owners or the Declarant) shall be paid by the party determined to have violated the Covenants.

Duration of Restrictions

Section 508. Unless sooner terminated as provided in Section 509 the restrictions and other provisions set forth in these Covenants shall remain in force until the year 2027 A.D. and shall be automatically renewed for successive periods of ten years unless before the year 2027 or before the end of any ten-year extension there is filed for record with the County Clerk and Recorder of El Paso County an instrument stating that extension is not desired, signed and acknowledged by the

Owners of at least one-half of the Lots in the Subdivision. Notwithstanding any other provision contained herein, the termination of these Covenants shall not terminate the Association's obligation to maintain the Maintenance Areas.

Amendment, Termination and Extension

Section 509. From time to time any one section of these Covenants (except Sections 110, 111 (including Appendix A), 112, 113 and 114) may be amended or one new section may be added to these Covenants by an instrument signed and acknowledged by the Owners of at least two-thirds of the Lots in the Subdivision and filed for record with the County Clerk and Recorder of El Paso County.

Section 510. All sections of these Covenants (except Sections 110, 111 (including Appendix A), 112, 113 and 114) may be terminated at any time, and from time to time any two or more sections of these Covenants (except Sections 110, 111 (including Appendix A), 112 113 and 114) may be amended or two or more new sections may be added to these Covenants by an instrument signed and acknowledged by the Owners of at least three-fourths of the Lots in the Subdivision and filed for record with the County Clerk and Recorder of El Paso County.

Expansion Property

Section 511. From time to time, until January 1, 2017, Declarant may include additional areas within the real estate subject to these Covenants. Such additions shall be effected by filing with the Clerk and Recorder of El Paso County an amendment or amendments to this Declaration containing a legal description of the land area to be added to the Property. All areas so added to this Declaration (the "Expansion Property") shall be subject to all of these Covenants. Declarant may impose additional restrictions on areas so added. Areas so added shall not exceed 400 Building Sites or shall not be farther than 5 miles from the intersection of Ellsworth and Jarman Streets.

Severability

Section 512. If any of these Covenants shall be held invalid or become unenforceable the other Covenants shall in no wise be affected or impaired but shall remain in full force and effect.

Action in Writing

Section 513. Notices, approval, consents, applications and other action provided for or contemplated by these Covenants shall be in writing and shall be signed on behalf of the party who originates the notice, approval, consent, applications or other action.

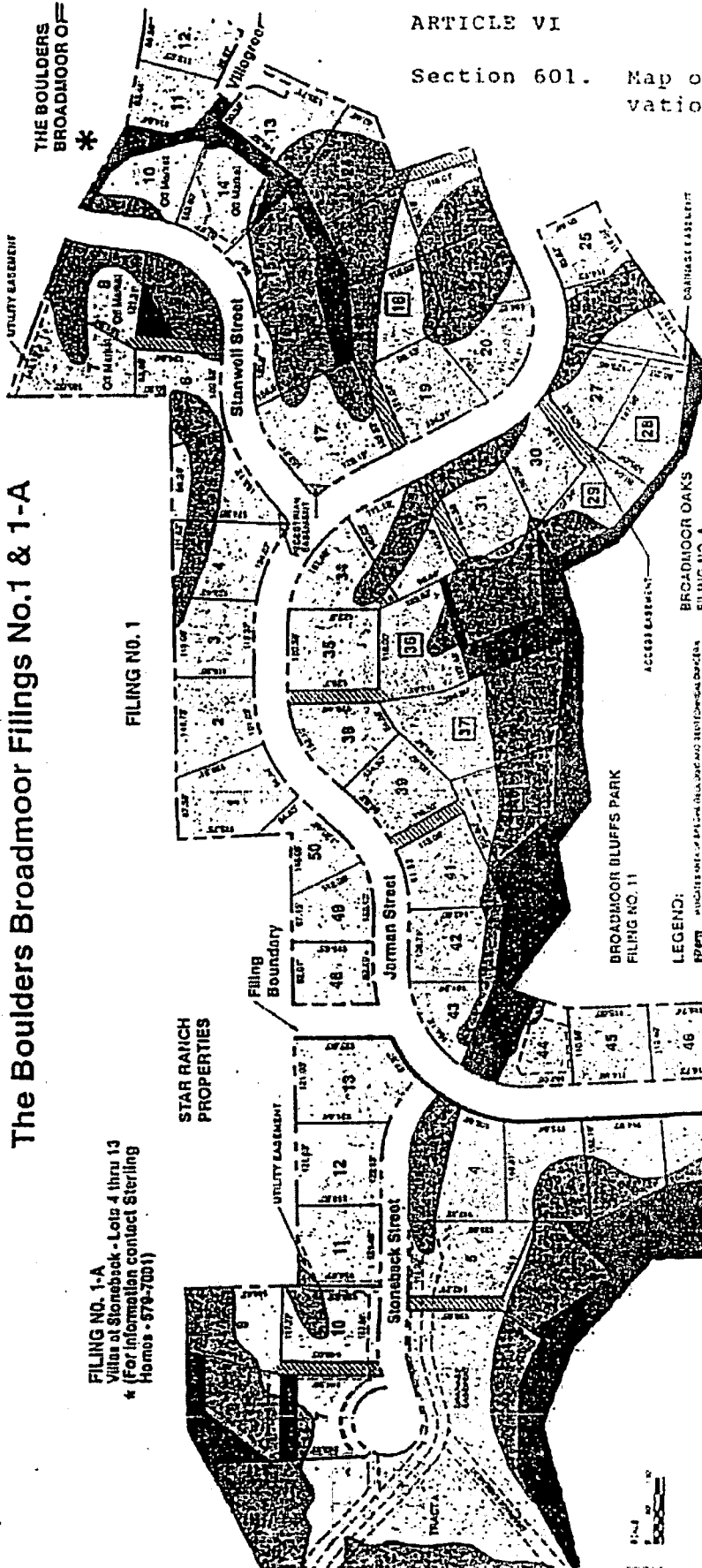
Notices

Section 514. Any writing described in Section 513, including but not limited to any communication from the Approving Authority to an Owner, shall be sufficiently served if delivered by mail or otherwise: (a) to the dwelling situate on the Lot owned by the Owner; or (b) if there is no dwelling, then to the address furnished by the Owner to the Approving Authority and if the Owner has not furnished an address, then to the most recent address of which the Approving Authority has a record.

Declarant's Successors and Assigns

Section 515. The rights and powers of Declarant under these Covenants shall pass to the successors and assigns of Declarant. Declarant may, by written instrument of assignment, transfer in whole or in part any or all of its rights and powers under these Covenants.

The Boulders Broadmoor Filings No.1 & 1-A



FILING NO. 1-A
Villas at Stoneback - Lots 4 thru 13
* (For information contact Sterling
Homes - 579-7001)

STAR RANCH
PROPERTIES

Filing
Boundary

UTILITY EASEMENT

ARTICLE VI

Section 601. Map of Subdivision and Preservation Easements.

0970776863

UTILITY EASEMENT

ACCESS EASEMENT

BROADMOOR OAKS
FILING NO. 6

BROADMOOR BLUFFS PARK
FILING NO. 11

LEGEND:

- FILING BOUNDARY
- UTILITY EASEMENT
- ACCESS EASEMENT
- DRAINAGE EASEMENT
- BROADMOOR OAKS FILING NO. 6
- BROADMOOR BLUFFS PARK FILING NO. 11

BROADMOOR BLUFFS
PARK FILING NO. 11

NOTE:

- * TRACT 113 IS RESERVED FOR FUTURE DEVELOPMENT.
- * ACCESS FROM LOT 11 TO NEIGHBORHOOD FROM LOT 11
- * ACCESS FROM LOT 11 TO NEIGHBORHOOD FROM LOT 11

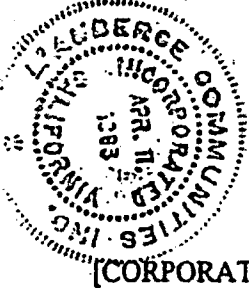


0970776

IN WITNESS WHEREOF, Master Planned Land Venture, d/b/a The Boulders Broadmoor, has executed this Declaration this 24th day of June, 1997.

MASTER PLANNED LAND VENTURE,
d/b/a THE BOULDERS BROADMOOR,
a Massachusetts limited partnership

ATTEST:



[CORPORATE SEAL]

By [Signature] E.V.P.
L'AbbeRock Communities, INC.
Its General Partner

STATE OF COLORADO)
) ss.
COUNTY OF EL PASO)

The foregoing instrument was acknowledged before me this 24th day of June, 1997, by Paul C. Robertson, as Exec. Vice President of Master Planned Land Venture d/b/a The Boulders Broadmoor, a Massachusetts limited partnership.

My commission expires: 7-20-98

Witness my hand and official seal.



DONNA A. POPKE
Notary Public - Colorado
EL PASO COUNTY
COLORADO SPRINGS, CO
My Commission Expires 07/20/98

[Signature]
Notary Public

APPENDIX 1

This Appendix 1 is hereby made a part of and incorporated into that certain Declaration of Conditions, Covenants, Restrictions and Easements Affecting the Real Property known as The Boulders Broadmoor Filing No. 1 and The Boulders Broadmoor Filing No. 1-A.

FLAG LOT EASEMENTThe Boulders Broadmoor Filing No. 1

(a) Lots 6, 7, 9, 17, 19, 22, 23, 27, 28, 30, 31, 33, 35, 37, 38, 39, and 41, all in The Boulders Broadmoor, Filing No. 1, each have an easement for ingress, egress and utilities over those portions of Lots 8, 18, 24, 29, 32, 36, and 40 in The Boulders Broadmoor Filing No.1 which is indicated by vertical lines on the plat thereof.

The Boulders Broadmoor Filing No. 1-A

(b) Lots 5, 7, 8, 10, all in The Boulders Broadmoor Filing No. 1-A, and any future Lot to be platted within the Expansion Property to the west of Lot 5 The Boulders Broadmoor Filing No. 1-A ("The Future Lot"), which is hereby made subject to these Covenants solely for the purposes of this Appendix 1, each have an easement for ingress, egress and utilities over those portions of Lots 6 and 9 in The Boulders Broadmoor Filing No.1-A which is indicated by vertical lines on the plat thereof.

(c) For purposes of this Appendix 1, The Boulders Broadmoor Filing No. 1 shall be referred to as "BB#1" and The Boulders Broadmoor Filing No. 1-A shall be referred to as "BB#1-A." The respective easements created pursuant to this Appendix 1 (the "Flag Lot Easements") shall be for the benefit of the applicable Lots described below:

<u>Easement/ Flag Lots</u>	<u>Benefitted Lots</u>
Lot 8 BB#1	Lots 6, 7 and 9 BB#1
Lot 18 BB#1	Lot 17 and 19 BB#1
Lot 24 BB#1	Lots 22 and 23 BB#1
Lot 29 BB#1	Lots 27, 28, and 30 BB#1
Lot 32 BB#1	Lots 31 and 33 BB#1
Lot 36 BB#1	Lots 35, 37, and 38 BB#1
Lot 40 BB#1	Lots 39 and 41 BB#1
Lot 6 BB#1-A	Lots 5 and the Future Lot
Lot 9 BB#1-A	Lots 7, 8, and 10 BB#1-A

(c) Declarant shall construct, at its sole cost and expense, the Easement Improvements (defined in Appendix 1 (d) (4) within the Flag Lot Easements.

(d) For purposes of this Appendix 1, all defined terms not otherwise defined in this Agreement shall have the meaning set forth below:

Flag Lot: shall refer to the respective Lots on which the Flag Lot Easements are located and which are burdened thereby pursuant to the terms of this Appendix 1 of these Covenants. The respective Flag Lots shall be collectively referred to as the "Flag Lots."

Adjacent Lots: shall refer to those Lots which are benefited by the respective Flag Lot Easements as set forth in Appendix 1 (b) of these Covenants.

Easement Lot Owner: shall refer to the respective Owners of the Flag Lots and each applicable Adjacent Lot Owner who elects to utilize the applicable Flag Lot Easements for utility or access purposes, regardless of whether such access is for driveway use or less frequent access purposes.

Easement Improvements: shall include all grading and fill, retaining walls, driveway surfaces, and landscaping, if any, which shall be constructed or installed within the applicable Flag Lot Easements by Declarant.

Easement Maintenance: shall have the meaning set forth in Appendix 1 (e) of these Covenants.

Pro Rata Share of Cost: shall be as defined in Appendix 1 (h) of these Covenants.

(e) All Easement Improvements within a Flag Lot Easement shall be maintained in a good and workmanlike condition commensurate with the high quality of the entire Subdivision. Easement maintenance shall include, but not be limited to, the following: (1) snow removal (understanding that no salt shall be applied to concrete surfaces); (2) for concrete roadways, patching and section replacement as necessary; (3) for asphalt roadways, such patching and overlays as necessary with seal coating to be applied at least every three years; (4) such other further repairs and replacements as deemed necessary as preventative actions intended to extend the useful life of the Easement Improvements (collectively, "Easement Maintenance"). If the Easement Lot Owners elect to construct additional improvements within the Flag Lot Easement Area other than the Easement Improvements or to undertake additional maintenance of the Flag Lot Easement Area, such as lighting or additional landscaping or other aesthetics changes, such improvements and maintenance shall be made pursuant to a separate agreement among the applicable Easement Lot Owners for the Flag Lot Easement in question and not pursuant to these Covenants.

(f) The cost of Easement Maintenance and repair to any Easement Improvements within a Flag Lot shall be shared equally by each applicable Easement Lot Owner, except as otherwise provided in this Appendix 1.

(g) Except for emergency actions determined to be necessary by the Easement Lot Owners in connection with a Flag Lot Easement, the Easement Lot Owner desiring to undertake Easement Maintenance shall (1) obtain at least two written bids describing the Easement Maintenance to be undertaken and the cost thereof and (2) send written notice, in accordance with Section 314 hereof, to all other applicable Easement Lot Owners at least 30 days prior to undertaking any proposed Easement Maintenance. Such notice shall describe the proposed Easement Maintenance and a breakdown of each Easement Lot Owner's respective share thereof as established pursuant to Appendix 1 (h) of these Covenants. Any Easement Lot Owner may object to the proposed Easement Maintenance to the applicable Easement Lot Owners within 30 days following his receipt of the notice thereof. The Easement Lot Owner desiring the Easement Maintenance and the objecting Easement Lot Owner shall attempt to come to an agreement regarding the proposed Easement Maintenance. If no agreement can be reached within 15 days after the receipt of the objection from the objecting Easement Lot Owner to the Easement Lot Owner proposing the Easement Maintenance, then it shall be the obligation of the objecting Easement Lot Owner to submit the matter to arbitration pursuant to Appendix 1 (m) of these Covenants which action must be commenced on or before 75 days following the Easement Lot Owner's receipt of the applicable notice of proposed Easement Maintenance. Commencement of an arbitration shall be deemed to have occurred upon the actual initiation of the arbitration process and not upon the mere notice of intent to arbitrate. If the objecting Easement Lot Owner fails to initiate an arbitration in a timely manner, the Easement Lot Owner desiring the Easement

Maintenance shall be entitled to proceed with such Easement Maintenance and the objecting Easement Lot Owner shall be barred from any further arbitration or objection thereto. Arbitration as described in this Appendix 1 (m) shall be the sole remedy of all Easement Lot Owners who object to a proposed Easement Maintenance matter in connection with a Flag Lot Easement.

(h) Each Easement Lot Owner shall be solely responsible for paying his Pro Rata Share of Costs of all Easement Maintenance as defined below. Each Easement Lot Owner's Pro Rata Share of Costs shall be established based upon the following formula and assumptions:

1. Begin by dividing the proposed Easement Maintenance cost by 4 (the number of zones). For purposes of calculating such Easement Lot Owner's Pro Rata Share of Costs and unless the applicable Easement Lot Owners unanimously agree in writing otherwise, 4 equal zones shall always be assumed to exist, regardless of the actual number of Easement Lot Owners utilizing the applicable Flag Lot Easement. The resulting number shall be referred to as the "Per Zone Maintenance Cost."

2. Each Easement Lot Owner shall then be assigned to each zone which he utilizes within the Flag Lot Easement. The zone allocation shall include, but shall end at, that zone in which the Easement Lot Owner's Lot access point is located, regardless of the actual location of the Lot access point within the applicable zone.

3. The Per Zone Maintenance Cost should then be divided by the number of Easement Lot Owners who have been assigned to the zone in question ("Easement Lot Owner Zone Cost"). (Repeat this step for each one until an Easement Lot Owner Zone Cost is established for each Easement Lot Owner within each zone.

4. Add together each Easement Lot Owner's Zone Costs for the total zones to which that Easement Lot Owner has been assigned. The resulting amounts will be each Easement Lot Owner's Pro Rata Share of costs for the Easement Maintenance in question.

By way of illustration only and without intent to establish the cost or percentages related to any Easement Maintenance, the following illustration is offered:

FACTS: Proposed Easement Maintenance cost totaling \$1,000.00 for a Flag Lot Easement of 100 linear feet. The Easement Lot Owner's lot access points are located at the "x" as depicted below:

x 4	(Lot C)
x 3	(Lot B)
2	
1 x	(Lot A)

A. \$1,000.00 (cost) divided by 4 (zones) = \$250.00 "Per Zone Maintenance Cost."

B.

Zone Allocation			
Zone 1	Zone 2	Zone 3	Zone 4
Lot A			
Lot B	Lot B	Lot B	
Lot C	Lot C	Lot C	Lot C

C. Zone 1: \$250.00 divided by 3 = \$ 83.33
 Zone 2: \$250.00 divided by 2 = \$125.00
 Zone 3: \$250.00 divided by 2 = \$125.00
 Zone 4: \$250.00 divided by 1 = \$250.00

D.

Lot A	Lot B	Lot C
\$ 83.33	\$ 83.33 (Zone 1 cost)	\$ 83.33 (Zone 1 cost)
	\$125.00 (Zone 2 cost)	\$125.00 (Zone 2 cost)
	\$125.00 (Zone 3 cost)	\$125.00 (Zone 3 cost)
		\$250.00 (Zone 4 cost)
\$83.33 Total	\$333.33 Total	\$583.33 Total

(i) Each Easement Lot Owner shall be responsible for paying his Pro Rata Share of Costs of each Easement Maintenance item. Such amount shall be paid 30 days following the receipt of an invoice setting forth the work that has been performed and the cost thereof. Each Easement Lot Owner shall make payments directly to the entities performing the work providing that notice of such payments are simultaneously sent to each Easement Lot Owner.

(j) Each Adjacent Lot Owner and all Easement Lot Owners shall be solely responsible for maintaining his Lot in a manner which shall not cause any interference with the utilization of the Flag Lot Easement. Such Easement Maintenance shall include, but not be limited to, insuring that no vehicles are parked within the Flag Lot Easement, trimming trees and undertaking such other landscaping and care is reasonable to avoid any interference with the utilization of the applicable Flag Lot Easement.

(k) If an Easement Lot Owner reasonably determines that Easement Maintenance or repairs pursuant to Appendix 1(l) below are required in connection with his applicable Flag Lot Easement, the Easement Lot Owner shall notify the other Easement Lot Owners of the required Easement Maintenance or repairs and the cost thereof based upon at least two written bids for the proposed work. If the Easement Lot Owner causing the damage does not elect to undertake the "required" Easement Maintenance or repair, the Easement Lot Owner who sent the notice shall have the right, but not the obligation, to undertake the Easement Maintenance or repair described in the notice for an amount not to exceed the lowest bid for the proposed work as set forth in the applicable notice. Each Easement Lot Owner shall have the rights and remedies set forth in Appendix 1 with respect to such Easement Maintenance or repair and the Easement Lot Owner undertaking the Easement Maintenance or repairs shall have all of the collection rights and remedies which are provided in these Covenants, except as specifically limited by this Appendix 1.

(l) The parties hereby acknowledge that utilization of the Easement Improvements during home construction, in connection with repairs or the installation of any utilities, will cause extraordinary wear and tear on the Easement Improvements. As such, and notwithstanding any

other provision contained herein, each Easement Lot Owner shall be obligated to pay all costs associated with fully repairing the Easement Improvements within the applicable Flag Lot Easements upon completion of the construction of improvements on the Easement Lots. In addition, any damage to the Easement Improvements caused by any Easement Lot Owner or his guest, invitee or agent shall be repaired at the sole cost and expense of the applicable Easement Lot Owner. If the Easement Lot Owner fails to make the repairs required by this Appendix 1(l) within 90 days following completion of construction or the occurrence of damage, whichever is applicable, each Easement Lot Owner shall have the rights and remedies set forth in this Agreement, including but not limited to, Arbitration. Repairs required pursuant to the terms of this Appendix 1(l) shall not constitute Easement Maintenance for purposes of this Agreement such that the cost thereof shall not be shared by all applicable Easement Lot Owners.

Arbitration

(m) If any Easement Lot Owner reasonably determines that another Easement Lot Owner is in violation of a term or condition of this Appendix 1 of these Covenants, the Easement Lot Owner who is not in violation of this Agreement shall have the right to institute an arbitration concerning the particular issue following 10 days prior written notice to the Easement Lot Owner who is alleged to be in default. Such notice shall state the intent to arbitrate and describe the issue to be arbitrated.

(n) All Easement Lot Owners, by acceptance of title to an Adjacent Lot or the Flag Lot, shall be deemed to have consented to participate in arbitration proceedings related to the Flag Lot Easement. The arbitration shall be conducted pursuant to the Uniform Arbitration Act (C.R.S. §13-22-201, et seq.). All arbitrations conducted pursuant to this Appendix 1 of these Covenants shall be instituted with the Judicial Arbitration Group ("JAG") in Colorado Springs, Colorado, or, if JAG is no longer operating with its, with its successor organization or a similar group acceptable to the parties to the action. Failure of an Easement Lot Owner to participate in the arbitration process concerning an issue related to the Flag Lot Easement, which arbitration is commenced within the applicable time period, shall enable the initiating party to file a lien against the non-participating Easement Lot Owner for the amount specified in the arbitration request. The lien described above may be foreclosed in the manner provided in Colorado for foreclosing mortgages.

(o) The initiating Easement Lot Owner shall be obligated to pay all costs associated with the arbitration process, including but not limited to the cost of the arbitrator's fees and any accommodations required in connection with the arbitration process, and specifically excluding attorneys' fees incurred by the Easement Lot Owner alleged to be in violation of this Agreement. The prevailing party in any arbitration shall, however, be entitled to recover from the losing party all costs incurred by the prevailing party in such action, including reasonable attorneys' fees and costs to be fixed by the arbitrator. Notwithstanding the provisions of this Appendix 1, the parties hereby acknowledge that arbitration shall be the sole course of action available to any Easement

Maintenance issues. Arbitration of Easement Maintenance issues shall also only be available if requested in the manner and time period provided in Appendix 1(m) above.

Liens

(p) If any Easement Lot Owner is in breach of its obligation to pay its (i) Pro Rata Share of Cost Maintenance and such costs are not arbitrated pursuant to Appendix 1 in a timely manner, or (ii) amounts which are determined to be owing by an arbitrator or court of law, the Easement Lot Owners to whom the funds are owing shall be entitled to record a lien against the Easement Lot in question following delivery to the owners thereof, at least 30 days prior to recording such a lien, of a notice of intent to file a lien pursuant to the terms of this Appendix 1(p). The lien shall be for an amount equal to the funds outstanding plus interest thereon at the rate of 12 percent per annum from the date such amount was originally due and owing (the "Lien Amount"). The party to whom the funds are owing shall be entitled to bring an action at law for recovery of the Lien Amount plus costs of collection against the Easement Lot Owner personally obligated to pay the amounts at issue. In addition, the Easement Lot Owners to whom the funds are owing may bring an action to foreclose the lien against the Easement Lot of such obligation, including the cost of preparing and filing the complaint in such action, and the judgment in any such action shall include interest as above provided and reasonable attorneys' fees to be fixed by the court, together with the cost of the action. The foregoing specified rights and remedies shall not limit the right of any Easement Lot Owner to enforce these provisions as otherwise may be provided by law or equity.

Right to Enforce Flag Lot Easement Rights

(q) The Flag Lot Easement established pursuant to this Appendix 1 are for the benefit of the respective Easement Lot Owners, jointly and severally, who use the Flag Lot in question for ingress and egress or utility purposes, and may be enforced, except as expressly limited in Appendix 1, by action for damages, suit for injunction, mandatory and prohibitive, and other relief, and by other appropriate legal remedy, instituted by one or more Easement Lot Owner or any combination of them. All costs, including reasonable attorneys' fees, incurred by the Easement Lot Owner in connection with any successful enforcement proceeding initiated by an Easement Lot Owner shall be paid by the party determined to have violated this Agreement.

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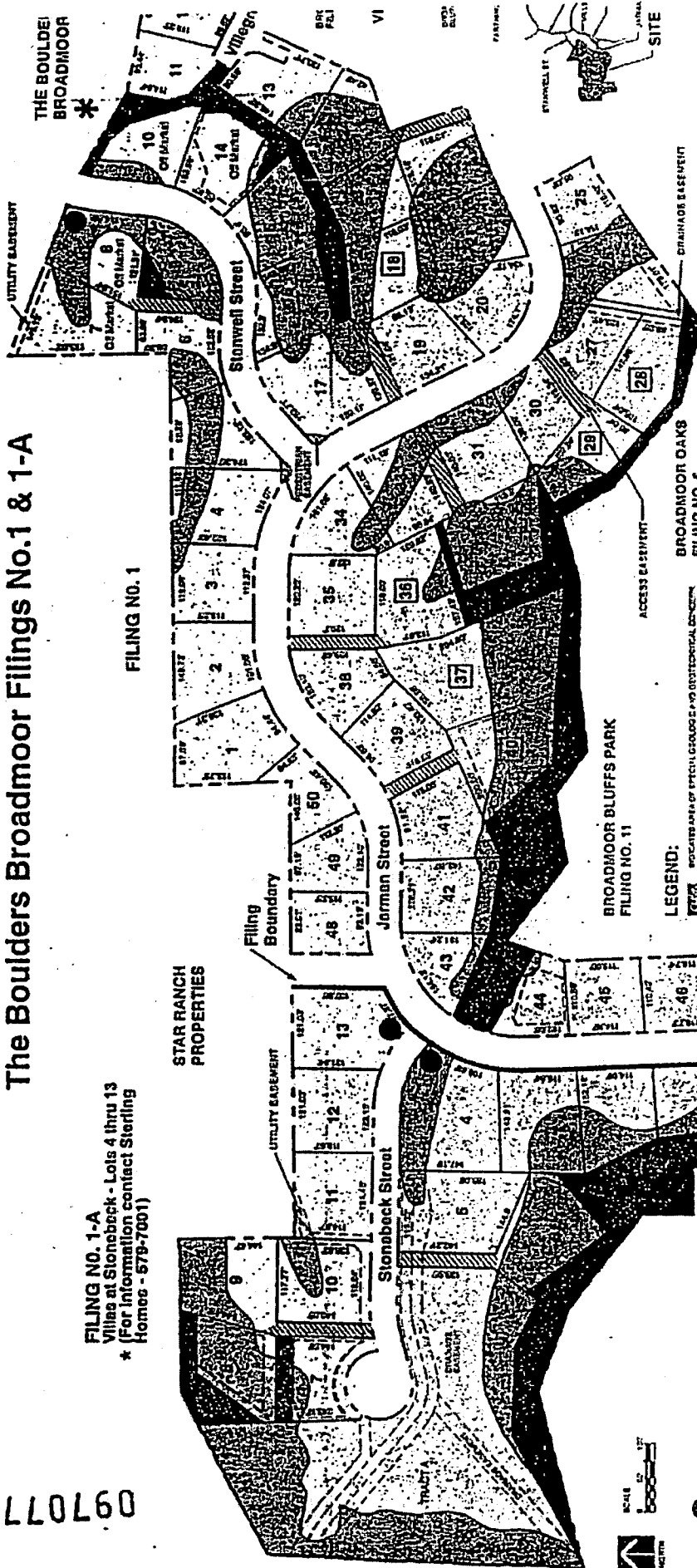
EXHIBIT A

[Describe and attach maps locating each Sign Easement]

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The Boulders Broadmoor Filings No.1 & 1-A

FILING NO. 1-A
Villas at Stonebeck - Lots 4 thru 13
* (For information contact Sterling
Homes - 579-7001)



Indicates sign easement location

PRICE LIST

Filing No. 1-A				Filing No. 1			
Lot	Price	Sq./ft.		Lot	Price	Sq./ft.	
1	\$115,000	47,532		1	\$53,000	16,855	
2	\$98,000	21,654		2	\$82,000	16,132	
3	\$32,000	17,977		3	\$32,000	13,594	
4		23,143		4	\$32,000	16,003	
5		19,155		5	\$32,000	14,100	
6		39,196		6	\$74,500	11,691	
7		14,684		7	\$74,500	17,050	
8		10,741		8	\$74,500	17,454	
9		19,474		9	\$74,500	10,222	
10		16,265		10	\$74,500	11,353	
11		14,352		11	\$70,000	12,474	
12		14,757		12	\$70,000	11,833	
				13	\$71,500	14,832	
				14	\$71,500	16,387	
				15	\$70,000	17,033	
				16	\$94,500	17,852	
				17	\$94,000	21,697	

Prices subject to change
without notice.

NOTE:

- * TRACT AND RESERVED FOR FUTURE DEVELOPMENT
- * ACCESS FOR LOT 11 IS ANTICIPATED FROM LOT 12
- * ACCESS FOR LOT 20 IS ANTICIPATED FROM LOT 11

