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**DECLARATION OF COVENANTS AND RESTRICTIONS
FOR CANTERBURY PARK HOMEOWNERS ASSOCIATION**



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**DECLARATION OF COVENANTS AND RESTRICTIONS
FOR CANTERBURY PARK HOMEOWNERS ASSOCIATION**

This Declaration ("Declaration") is made as of the date of execution as indicated below by The Writer Corporation, a Colorado corporation, ("Declarant").

Canterbury Park is a subassociation of the Castle Pines North Community, a master planned community created by a Declaration of Covenants, Conditions, and Restrictions recorded in Book 544 at Page 588 on October 22, 1984, in the office of the Clerk and Recorder for the County of Douglas (the "Master Declaration"). The Canterbury Park and the property encumbered by this Declaration is also subject to the provisions of the Master Declaration.

DECLARATION

NOW, THEREFORE, Declarant hereby declares that the Property is a planned community within the meaning of the Act and shall be owned, held, conveyed, encumbered, leased, improved, used, occupied and enjoyed subject to the following covenants, conditions, restrictions, and equitable servitudes for the sole purpose of collecting assessments for maintenance responsibilities for the Dwelling Units and the Common Area. This Declaration touches and concerns the Property and shall (i) run with the land and all parts thereof at law and as an equitable servitude; (ii) bind all Persons having or acquiring any interest in the Property or any part thereof; (iii) inure to the benefit of and be binding upon every part of the Property and every interest therein; and (iv) inure to the benefit of, be binding upon, and be enforceable by Declarant, its successors in interest; each Owner, their grantees, heirs and assigns and successors in interest.

ARTICLE 1

DEFINITIONS

1.1 Definitions. Unless the context otherwise specifies or requires, the following words and phrases when used in this Declaration shall have the meanings specified below.

1.1.1 "Act" means the Colorado Common Interest Ownership Act codified at Colorado Revised Statutes ("C.R.S.") §§ 38-33.3-101 et seq., as amended.

1.1.2 "Additional Lands" means the real property described on Exhibit B attached hereto and incorporated herein by this reference together with undescribed additional real property not to exceed 10% of the total area of the Property; provided, however, that in no event may the Declarant increase the number of Units beyond the number stated in section 1.1.41 below.

1.1.3 "Articles" means the articles of incorporation of the Canterbury Park Homeowners Association, a Colorado nonprofit corporation, which have been or will be filed in the office of the Secretary of State of the State of Colorado, as the same may from time to time be amended.

1.1.4 "Assessments" means the Regular Assessments and the Special Assessments.

1.1.5 "Association" means the Canterbury Park Homeowners Association, a Colorado non-profit corporation as described in Article 4 of this Declaration, and its successors.

1.1.6 "Association Property" means all real and personal property now or hereafter owned by, or leased to, the Association.

1.1.7 "Beneficiary" means a mortgagee under a mortgage or a beneficiary under a deed of trust.

1.1.8 "Board" means the Board of Directors of the Association.

1.1.9 "Bylaws" means the Bylaws of the Association which may be adopted by the Board, as such Bylaws may be amended from time to time.

1.1.10 "Common Area" means any portion of the Property together with all improvements thereon (other than Units) owned by the Association for the primary benefit of all Members and the Property as a whole including, without limitation, landscaped areas adjacent to public rights-of-ways, landscaped areas within island and/or median areas associated with public rights-of-ways, entrance areas, postal facilities, parking areas, trails, parks, gardens, Recreation Areas and other personal and real property now or hereafter owned or controlled by the Association. Common Areas are subject to the terms, limitations, rules and regulations provided in this Declaration and those Rules established by Board from time to time.

1.1.11 "Compliance Expenditures" shall have the meaning provided in section 4.6.

1.1.12 "Declarant" means The Writer Corporation. The term "Declarant" shall also include one or more successors in interest which have been designated in writing (which writing shall be recorded in the Records) by the then-existing Declarant and who is acting in concert with the then-existing Declarant under a plan for the ownership and development of the Property.

1.1.13 "Declaration" (sometimes referred to herein as "the Declaration" or "this Declaration") means this instrument as it may be amended from time to time.

1.1.14 "Declaration of Annexation" means that instrument defined in section 2.2.1 of this Declaration.

1.1.15 "Developer" means a Person, other than the Declarant, that purchases or owns a portion of the Property for purposes of subdivision, development, and/or resale.

1.1.16 "Development Rights" means the rights or combination of rights hereby reserved by the Declarant to (i) add real estate to the Property and make subject to this Declaration any Additional Lands; (ii) create Units and/or Common Areas within the Property; (iii) further

subdivide Units or convert Units into Common Areas; and (iv) withdraw real estate from the common interest community.

1.1.17 "Dwelling Unit" means one or more rooms of a lawfully habitable residential structure physically arranged so as to create an independent housekeeping establishment for occupancy by one single family with separate toilets and facilities for cooking and sleeping.

1.1.18 "First Mortgage" means any unpaid and outstanding mortgage, deed of trust or other security instrument encumbering a Unit or a portion thereof recorded in the Records having priority of record over all other recorded liens except those liens made superior by statute (such as, for example, general ad valorem tax liens and special assessments, mechanic's liens and the Master Association's and the Association's lien for Assessments). The phrase "First Mortgage" shall also include a leasehold mortgage or deed of trust; provided that the leasehold estate encumbered by the leasehold mortgage or deed of trust is for a term of not less than twenty (20) years and the leasehold mortgage or deed of trust encumbers an entire Unit.

1.1.19 "First Mortgagee" means any Person named as a mortgagee or beneficiary under any First Mortgage, or any successor to the interest of any such Person under such First Mortgage."

1.1.20 "General Common Allocation" means with respect to each Unit, the percentage number obtained by dividing the vote or votes allocated to a Unit by the total number of votes allocated to all Units within the Property existing from time to time as specified by section 4.2.1. The General Common Allocation is intended to provide for and allocate among all Unit Owners 100% of the voting rights existing within Canterbury Park from time to time and provide a means of allocating among all Unit Owners 100% of the costs and expenses of Canterbury Park Homeowners Association. Addition or withdrawal of Units from the Property shall require recalculation and adjustment of the General Common Allocation as provided in this Declaration.

1.1.21 "Improvement" means every structure and all appurtenances thereto of every type and kind including, but not limited to, buildings, outbuildings, fixtures, utilities, patios, tennis courts, swimming pools, garages, mailboxes, roads, driveways, parking areas, fences, screening walls, retaining walls, stairs, decks, landscaping, windbreaks, plantings, planted trees and shrubs, poles, signs, or equipment, poles, pumps, wells, tanks, reservoirs, pipes, lines, meters, towers and other facilities used in connection with water, sewer, gas, electricity, solar energy, telephone, regular or cable television, or other utilities.

1.1.22 "Map" means the subdivision plat of Castle Pines North Filing No. 23 recorded in the Records on the 22nd day of September 1998, at Reception No. 9875171.

1.1.23 "Master Declaration" means the Declaration of Covenants, Conditions, Restrictions and Easements for Castle Pines North Recorded on October 22, 1984, in Book 544 at Page 588.

1.1.24 "Member" means any Person who is a member of the Association pursuant to the Declaration.

1.1.25 "Notice and Hearing" shall mean written notice and public hearing before the Board or a tribunal as may be defined in the Bylaws, appointed by the Board, in the manner provided in the Bylaws.

1.1.26 "Owner" means a Person or Persons (including Declarant or any Developer) owning a fee simple interest in a Unit from time to time. Such term shall include a contract vendee under an installment land sales contract, but shall not include (i) the vendor under such a contract; or (ii) a Person holding an interest in a Unit merely as security for the performance of an obligation (unless and until such a security holder becomes an owner in fee simple of a Unit).

1.1.27 "Period of Declarant Control" means that period commencing upon recordation of this Declaration and terminating at the later of: (i) 60 days after conveyance of 75% of the Units that may be created to Owners other than the Declarant as provided by section 2.1; (ii) two years after the last conveyance of a Unit by the Declarant in the ordinary course of business; or (iii) two years after any right to add new Units to the Declaration was last exercised. Notwithstanding the foregoing, the Declarant may voluntarily: (i) terminate the Period of Declarant Control in a Recorded writing, which election shall be in the sole discretion of the Declarant; and/or (ii) surrender the right to appoint and remove any officer(s) and member(s) 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 the Board, as described in a recorded instrument executed by the Declarant, be approved by the Declarant before they become effective.

1.1.28 "Person" means a natural individual or any other entity with the legal right to hold title to real property.

1.1.29 "Property" means initially all of the real property described on Exhibit A, attached hereto and incorporated herein by this reference, along with any and all Improvements now in place or hereafter constructed thereon. The Property also includes Additional Lands as defined in section 1.1.2 which later become annexed and subjected to this Declaration by Declarant.

1.1.30 "Property Maintenance Fund" means the fund created for the receipts and disbursements of the Association.

1.1.31 "Records" means the official real property records of the **County of Douglas**; "to Record" means to file for recording in the Records; and "of Record" and "Recorded" means having been recorded in the Records.

1.1.32 "Regular Assessments" means those Assessments levied by the Association pursuant to section 4.10.

1.1.33 "Related User" means any member of the common household group of an Owner who resides with such Owner; guests and invitees of an Owner; employees of an Owner; and occupants, tenants and contract purchasers residing in a Unit who claim by, through or under an Owner.

1.1.34 "Reimbursement Assessment" shall mean a charge against a particular Owner and the Unit owned by the Owner for reimbursing the Association for expenditures and other costs of the Association in curing any violation, directly attributable to the Owner, of the Declaration or the Rule and Regulations, pursuant to section 4.16.13 hereof, together with late charges and interest as provided in this Declaration.

1.1.35 "Restrictions" means all terms and provisions contained in (i) this Declaration as amended from time to time; (ii) the Rules in effect from time to time; (iii) the Articles and Bylaws of the Association in effect from time to time; (iv) the Supplemental Declaration; and (v) the Master Declaration.

1.1.36 "Rules" or "Rules and Regulations" means the rules and regulations adopted by the Board pursuant to section 4.16.12, as they may be amended from time to time, including rules or regulations, however denominated, which are adopted for the regulation and management of the Property.

1.1.37 "Security Interest" means an interest in real estate or personal property created by contract or conveyance which secures payment or performance of an obligation. The term includes a lien created by a mortgage, deed of trust, trust deed, security deed, contract for deed, land sales contract, lease intended as security, assignment of lease or rents intended as security, pledge or an ownership interest in an association, and any other consensual lien or title retention contract intended as security for an obligation.

1.1.38 "Special Declarant Rights" means the rights hereby reserved for the benefit of Declarant to perform the acts specified in parts 2 and 3 of the Act and section 7.7 of this Declaration and to exercise specifically the following rights: to complete Improvements on the Property; to exercise any Development Right; to maintain model homes, sales offices, management and construction offices (trailers), signs advertising and marketing on the Property in such numbers and such sizes and at such locations as Declarant determines; to use easements throughout the Common Areas for the purposes of making Improvements within the Property; to merge or consolidate a common interest community of the same form of ownership; and to appoint or remove any officer of the Association or any member of the Board.

1.1.39 "Special Assessments" means those Assessments levied by the Association pursuant to section 4.11.

1.1.40 "Supplemental Declaration" means the Supplemental Declaration of Covenants and Restrictions Recorded March 13, 1985, in Book 565 at Page 258.

1.1.41 "Unit" means and refers to any physical portion of the Property which is legally designated and intended for separate and individual ownership by an Owner and the boundaries of which are described in or determined from this Declaration and its exhibits, as it may be amended, with the exception of the Common Area(s), and public streets, but including all appurtenances and Improvements now or hereafter located within the Unit. The term "Unit" is intended to be synonymous with the term "unit" as defined in the Act. The total number of Units which the Declarant reserves the right to create upon the Property shall not exceed 225 Units unless such number is amended as provided in this Declaration.

ARTICLE 2

DEVELOPMENT OF PROPERTY ANNEXATION

2.1 Development by Declarant. Declarant intends to develop or to permit, through others, the development of some or all of the Property and, at Declarant's option, to designate areas as Common Areas, or for other purposes for the benefit of the developed areas and Units of the Property. It is contemplated that the Property, or parcels or subareas within the Property, will be developed as a unified planned development in which the development of, and restrictions upon each portion thereof, will benefit each other and the whole thereof. All lands, Improvements, and uses in each area so developed shall be subject to the Master Declaration and this Declaration. Each Unit shall also be made subject to the Subsidiary Declaration.

2.2 Annexation. Additional property may be annexed to the Property and subjected to the Declaration from time to time with the consent of 67% of the votes in the Association and, during the Period of Declarant Control, with the consent of the Declarant. Notwithstanding the foregoing, up to and including 20 years from the date of recording of this Declaration, the Declarant may annex into the Property any portion of, or all of, the Additional Lands without the consent of the Association, the individual Owners (or any percentage thereof) and without the consent of any First Mortgagees, Insurers or Guarantors. Each such annexation shall be effected by Recording a Declaration of Annexation in the Records. Notwithstanding anything contained in this Declaration to the contrary, no property shall be annexed into Canterbury Park unless such annexed property is within the property described in Exhibit A or Exhibit B of this Declaration.

2.2.1 Upon the Recording of a Declaration of Annexation, the Restrictions shall apply to the added land in the same manner as if it had been originally subject to this Declaration; and thereafter, the rights, privileges, duties and liabilities of the Persons subject to this Declaration shall be the same with respect to the added land as with respect to the lands originally covered by this Declaration. The Declaration of Annexation must comply with applicable provisions of C.R.S. §§ 38-33.3-209 and 38-33.3-210 and must contain (i) a reference to this Declaration, which reference shall state the date of Recordation and the recording information related to this Declaration; (ii) a statement that the provisions of this Declaration shall apply to the added land as set forth herein; (iii) an adequate legal description of the added land; (iv) an amendment to the Map or, if such an amendment is not necessary, a new certification of the Map in accordance with C.R.S. § 38-33.3-209; and (v) during the Period of Declarant Control, Declarant's written consent.

2.2.2 All provisions of this Declaration including, but not limited to, those provisions regarding obligations to pay Assessments to the Association and any right to cast votes as Members of the Association, shall apply to annexed property (including, but not limited to, all Units contained therein) immediately upon Recording a Declaration of Annexation with respect thereto in accordance with this section. Prior to transferring ownership of the first subdivided lot or any other discrete portion of any property annexed to the Property, Declarant shall convey any Common Area contained in such annexed property to the Association.

2.2.3 If the Declarant exercises its right to annex into the Property any Additional Lands within the time period set forth in this section, the Declarant alone is liable for all expenses in connection with such annexed property for so long as Declarant owns such property. Any income or proceeds from the annexed property inures to Declarant for so long as Declarant owns the annexed property. If Declarant fails to pay all expenses in connection with such real estate during this time, the Association may pay such expenses, and such expenses shall be assessed as a common expense against the annexed property, and the Association may enforce the assessment pursuant to C.R.S. § 38-33.3-316 by treating such real estate as if it were a Unit.

2.3 Conveyance and Acceptance of Common Areas. Declarant expressly reserves the right in the course of development of the Property and the development of any Additional Lands to convey to the Association, and the Association shall accept the conveyance of, certain areas such as, but not limited to, open spaces, ridges and drainage ways which for any reason are not intended to be developed and/or other property or facilities which are deemed by Declarant to be most suitable as Common Areas of the Association or the Master Association. Prior to transferring ownership of Common Areas from the Declarant to a Developer or Owner, the Declarant shall either convey or provide for the later conveyance of all such property to the Association. Subject to C.R.S. § 38-33.3-312, the Association reserves the right to convey all or any portion of the Common Area to any governmental or quasi-governmental entity including any metropolitan or special district.

2.4 Further Subdivision of Units. The Declarant expressly reserves the right to subdivide any existing Unit(s) owned and controlled by the Declarant into two or more Units as permitted by C.R.S. § 38-33.3-213. Such subdivision of any Unit(s) by the Declarant may be effected by an amendment to this Declaration which is executed by the Board without the approval of any Unit Owners as permitted by C.R.S. §§ 38-33.3-217(1) and 38-33.3-213. Nothing herein shall be construed to prevent or preclude any other subdivision of a Unit as may be permitted by C.R.S. § 38-33.3-213.

ARTICLE 3

PARTY WALLS

3.1 Party Walls. Party Wall means the entire common wall, from front to rear, located on the common boundaries separating a Dwelling Unit, all or a portion of which is used for support of or fire wall protection between adjoining Dwelling Units, the foundations underlying the common walls, and the portions of the roofs over the common walls. To the extent not inconsistent with this Declaration and to the extent that costs of replacement or repair are not recovered through insurance

proceeds, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply to the Party Walls. The Association and each Owner of a Dwelling Unit abutting a Party Wall shall have a perpetual easement in and to the Party Walls and abutting Dwelling Units for horizontal and lateral support of the Owner's Dwelling Unit, and for any purpose reasonably necessary for the maintenance, repair, inspection and reasonable use of the Party Walls. Except as specifically provided in section 4.16.3 of this Declaration, in the event of damage to or destruction of all or any part of a Party Wall due to any cause, if and to the extent that the replacement and repair is not performed by the Association at its cost and if costs of replacement or repair are not recovered through insurance proceeds, the Owners of the Dwelling Units abutting such Party Wall and each of them shall jointly repair or rebuild the Party Wall and contribute equally to the cost of restoration, without prejudice, however, to the right of any such Owner, under any rules of law regarding liability for negligent or willful acts or omissions, to require a larger contribution from the other due to the negligence of any Owner or Related User who causes damages to or destruction of a Party Wall, including contribution of the entire cost of repair or reconstruction of the damage so caused. If no insurance proceeds are available to a Owner who is solely responsible for damage to a Party Wall, such Owner shall bear the entire cost of restoration and shall commence within 48 hours to repair or reconstruct the damaged Party Wall to its original condition and shall diligently prosecute and all such repairs and reconstruction to completion. If such Owner shall fail to do so, then the Owner of the Dwelling Unit abutting the damaged wall may do so at the sole cost and expense of the responsible Owner. Each affected Owner shall have the right to the full use of the Party Wall or portion of the Party Wall so repaired and rebuilt. The right of any Owner to contribution from any other Owner under this Section shall be appurtenant to the land and shall pass to such Owner's successors in title. Any disputes with respect to a Party Wall or costs and expenses to be borne by a Owner with respect to a Party Wall shall be resolved by arbitration in accordance with the rules of the American Arbitration Association.

ARTICLE 4

ASSOCIATION

4.1 Organization. The Association may exercise all powers identified in part 3 of Article 33.3, Title 38, C.R.S., subject to the provisions of this Article. The Association shall be organized no later than the date that the first Unit is conveyed to a purchaser other than Declarant. The Association shall be a non-profit Colorado corporation created for the purpose, charged with the duties, and invested with the powers prescribed by law, the Act, and set forth in the Articles, Bylaws, Rules, and in this Declaration.

4.2 Membership and Voting.

4.2.1 Generally. Every Owner (including Declarant) shall be a Member of the Association and shall remain a Member for so long as that Person continues to be an Owner of a Unit. The Association shall have only one class of Members. As Members of the Association, the Owner(s) of a Unit shall be entitled to cast the total vote for the Owner(s) Unit in accordance with a General Common Allocation specified in this section. The vote attributable to each Unit is a percentage of the outstanding votes held by all Owners of all Units within the Property from time

to time. The total of all votes outstanding at any given time shall equal 100% with the exception of minor variations due to the rounding of fractions or percentages. The General Common Allocation for each Unit shall be determined by the following formula: One vote for each Unit.

Each Owner's membership in the Association shall be appurtenant to and may not be separated from ownership of the Unit to which the membership is attributable. Vote(s) allocated to any Unit must be cast as a block and without dividing or fractionalizing such vote or votes. Except as expressly provided in this Article, no other voting rights are created by this Declaration.

4.2.2 Proxies. Votes allocated to a Unit may be cast pursuant to a written proxy duly executed by an Owner. If a Unit is owned by more than one Person, each such co-Owner of the Unit may vote or register a protest to the casting of votes by the other co-Owners of the Unit through a duly executed proxy. An Owner may not revoke a proxy given pursuant to this section except by actual notice of revocation to the person presiding over a meeting of the Association. A proxy is void if it is not dated or purports to be revocable without notice. A proxy terminates eleven (11) months after its date, unless it provides otherwise. Two or more Owners may appoint a single delegate to hold and exercise proxies for all such Owners.

4.3 Board of Directors. The affairs of the Association shall be governed by a "Board of Directors" (sometimes referred to as the "Board") which may, by resolution, delegate any portion of its authority to an executive committee, an officer, executive manager, managing agent, or Person. The qualifications and number of directors, the term of office of directors, the manner in which directors shall be elected and the manner in which directors shall be replaced upon removal or resignation shall be as set forth in the Bylaws; provided, however, that the Bylaws shall contain the following provisions:

4.3.1 Subject to this section 4.3, during the Period of Declarant Control, Declarant may appoint and remove the officers and members of the Board.

4.3.2 Not later than 60 days after conveyance to Owners other than Declarant of 25% of the total number of Units that Declarant reserves the right to create upon the Property (as stated in section 1.1.41), at least one member and not less than 25% of the members of the Board must be elected by Owners other than the Declarant. Not later than 60 days after conveyance to Owners other than Declarant of 50% of the total number of Units that Declarant reserves the right to create upon the Property, not less than 33.3% of the members of the Board must be elected by Owners other than Declarant.

4.3.3 Upon the termination of the 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 officers for the Association. The Board members and officers shall take office upon election.

4.3.4 In all elections of the members of the Board in which Owners other than Declarant are eligible to vote, all Owners other than Declarant shall be authorized to cast votes pursuant to section 4.2 hereof, for each Board position being voted upon.

4.3.5 Notwithstanding any provision of this Declaration or Bylaws to the contrary, the Owners, by a vote of sixty-seven percent (67%) 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.

4.3.6 Within sixty (60) days after the Owners other than the Declarant elect a majority of the members of the Board, the Declarant shall deliver to the Association all property of the Owners and of the Association held by or controlled by the Declarant including, without limitation, the following items:

4.3.6.1 The original or a certified copy of the recorded Declaration as amended, the Association's Articles of Incorporation, Bylaws, minute books, other books and records, and any Rules and Regulations which may have been promulgated;

4.3.6.2 An accounting for Association funds and financial statements, from the date the Association received funds and ending on the date the Period of Declarant Control ends. The financial statements shall be audited by an independent certified public accountant and shall be accompanied by the accountant's letter, expressing either the opinion that the financial statement presents fairly the financial position of the Association in conformity with generally accepted accounting principles or a disclaimer of the accountant's ability to attest to the fairness of the presentation of the financial information in conformity with generally accepted accounting principles and the reasons therefor. The expense of the audit shall not be paid for, or charged to, the Association.

4.3.6.3 The Association funds or control thereof;

4.3.6.4 All of the Declarant's tangible personal property that has been represented by the Declarant to be the property of the Association or all of the Declarant's tangible personal property that is necessary for, and has been used exclusively in, the operation and enjoyment of the Common Areas, and inventories of these properties;

4.3.6.5 A copy, for the nonexclusive use by the Association, of any Plans and Specifications used in the construction of the Improvements in the Common Area;

4.3.6.6 All insurance policies then in force, in which the Owners, the Association, or its directors and officers are named as insured persons;

4.3.6.7 Copies of any certificates of occupancy that may have been issued with respect to any Improvements located on any portion of the Common Area;

4.3.6.8 Any other permits issued by governmental bodies applicable to Association Property and which are currently in force or which were issued within one (1) year prior to the date on which Owners other than the Declarant took control of the Association;

4.3.6.9 Written warranties of any contractors, subcontractors, suppliers, and manufactures that are still effective and which relate to Association Property;

4.3.6.10 A roster of Owners and First Mortgagees and their addresses and telephone numbers, if known, as shown on the Declarant's records;

4.3.6.11 Employment contracts in which the Association is a contracting party;

4.3.6.12 Any service contract in which the Association is a contracting party or in which the Association or the Owners have any obligation to pay a fee to the persons performing the services; and

4.3.6.13 Originals or certified copies of any documentation assigning rights held by the Declarant which are necessary or appropriate, in the sole opinion of the Declarant, to be held and exercised by the Association, including but not limited to the assignment of rights created by or arising from deed or contract.

4.4 Officers. The Board will select the officers of the Association, which officers may also serve as members of the Board.

4.5 Articles and Bylaws. The purposes and powers of the Association and the rights and obligations with respect to Memberships may be amplified by provisions of the Articles and Bylaws of the Association. Such Articles and Bylaws may include any reasonable provisions with respect to corporate matters including provisions with respect to notices, record dates and quorums for meetings of directors and Members, but no such provisions may be inconsistent with any provision of this Declaration.

4.6 Assessments, Fines and Compliance Expenditures. Each Owner of a Unit shall be obligated to pay and shall pay to the Association, at least annually or when otherwise due and payable, (i) Assessments; (ii) reasonable and uniformly applied fines imposed by the Association for violation of the Restrictions and any Rules adopted by the Association; and (iii) any "Compliance Expenditures" (as defined below). Each Assessment, fine, and Compliance Expenditure shall be a separate, distinct and personal debt and obligation of the Owner against whose Unit the same is assessed. All Assessments, fines, and Compliance Expenditures shall be payable in full without offset for any reason whatsoever. The obligation of each Owner to pay Assessments, fines, or Compliance Expenditures shall be entirely independent of any obligation of the Association to such Owner or of Declarant or any other Owner to such Owner. No Owner may be exempt from liability for payment of any Assessment, fine, or Compliance Expenditure by waiver of the use or enjoyment of any of the Common Areas or by abandonment of the Unit against which the Assessment, fine, or Compliance Expenditure is made. Any Assessment or fine that is not paid within fifteen (15) days after the same becomes due shall be deemed delinquent. If an Assessment or fine is delinquent, the Association may recover all of the following (collectively, the "Compliance Expenditures") in addition to the delinquent Assessment or fine:

4.6.1 Reasonable costs incurred in collecting the delinquent Assessment or fine including, without limitation, reasonable attorneys' fees and court costs; and

4.6.2 Interest on the delinquent Assessment or fine and the cost of collection described in section 4.6.1 at an annual percentage rate equal to 18% per annum commencing 15 days after the Assessment became due.

4.7 Meetings. The meetings of the Association shall be held at least once each year. Special meetings of the Association may be called by the President, by a majority of the Board, or by Owners having twenty percent (20%) of the total number of votes in the Association. Not less than ten (10) nor more than fifty (50) days in advance of any meeting, the Secretary or other officer specified in the Bylaws shall cause notice to be hand-delivered or sent prepaid by United States first class mail to the mailing address of each Unit or to any other mailing address designated in writing by the Owner. The notice of any meeting must state the time and place of the meeting and the items on the agenda, including the general nature of any proposed amendment to the Declaration or Bylaws, any budget changes, and any proposal to remove an officer or member of the Board.

4.8 Determination of Budgets. The total amount required to be raised by Assessments shall be determined by the Board of Directors of the Association at least once a year and shall be based upon an annual budget to be approved by the Board and adopted by the Association annually showing, in reasonable detail, the various matters proposed to be covered by the budget, the estimated costs and expenses of the Association, an amount deemed necessary or desirable as a contingency reserve and the total amount required to be raised by Assessments to cover such estimated costs and expenses and contingency reserve. The budget shall cover all costs and expenses expected to be incurred by the Association in performing its functions, or in providing services required or permitted under this Declaration. The budget may be revised as necessary from time to time. Assessments may be raised or lowered by the Board as required to meet such revised budget. Without limiting the generality of the foregoing, it is expressly understood that the budget (and, accordingly, the Assessments) shall be subject to modification due to the annexation of property to the Property in accordance with this Declaration. Within thirty days after adoption of any proposed budget for the Association, the Board shall mail, by ordinary prepaid first-class mail, or otherwise deliver a summary of the budget to all the Owners and shall set a date for a meeting of the Owners to consider ratification of the budget not less than fourteen (14) or more than sixty (60) days after mailing or other delivery of the summary. Unless at that meeting the Owners vote to reject the budget, the budget is ratified, whether or not a quorum is present; provided that such vote of the owners to reject the budget shall require: (1) a vote of seventy-five percent (75%) of all Owners during any Period of Declarant Control; or (2) following the period of Declarant Control, a vote of fifty percent (50%) of all Owners. In the event that the proposed budget is rejected by such vote of the Owners, the periodic budget last ratified by the Owners shall be continued until such time as the Owners ratify a subsequent budget proposed by the Board in the same manner as provided by this section.

4.9 Purpose of Assessments. The Assessments levied by the Association shall be used exclusively for maintenance responsibilities for the Dwelling Units and the Common Areas and related administrative costs, including payment for insurance and tax expenses.

4.10 Amount of Regular Assessments. A Regular Assessment is defined for purposes of this section as that sum which must be levied in the manner and against each individual Unit in order to raise the total amount for which the levy in question is being made. Subject to the provisions of this section, each individual Regular Assessment and, accordingly, each Unit shall be assessed in accordance with the General Common Allocation (as such allocation is determined by the Board from time to time in accordance with the formula described in section 4.2.1. The Association may levy a Regular Assessment against each Unit effective upon creation of such Unit as provided by this Declaration. Until the Association levies a Regular Assessment, the Declarant shall pay all expenses of the Association. Declarant may, at its election and discretion, subsidize or assist in the payment of costs and expenses of the Association; provided that the Declarant shall not have any obligation whatsoever to subsidize or otherwise contribute to a maintenance fund or other contingency reserve to be used to cover future costs and expenses. After any Regular Assessment has been made by the Association, Regular Assessments shall be made no less frequently than annually and shall be based on a budget adopted no less frequently than annually by the Association. Where the obligation to pay a Regular Assessment first arises after the commencement of the year or other period for which the Regular Assessment was levied, the Regular Assessment shall be prorated, as of the date when said obligation first arose, in proportion to the amount of the assessment year or other period remaining after said date.

4.11 Special Assessments. The Association may levy, from time to time, one or more Special Assessments for the purpose of defraying in whole or in part the cost of any construction, restoration, unexpected repair or replacement of a capital improvement or for carrying out the other responsibilities of the Association in accordance with this Declaration. Each Special Assessment shall be allocated among the Owners of Units in accordance with the provisions of this Declaration. Each Owner shall pay all Special Assessments assessed against such Owner's Unit. The due date for payment of any Special Assessment shall be fixed by the Board.

4.12 Reimbursement Assessments. The Board may, subject to the provisions hereof, levy an Assessment against any Member if the willful or negligent failure of the Member or a Related User claiming through the Member to comply with this Declaration, the Articles, the Bylaws, or the Rules shall have resulted in the expenditure of funds by the Association to cause such compliance including but not limited to, court costs and attorneys' fees. Such Assessment shall be known as a Reimbursement Assessment and shall be levied only after Notice of Hearing. The amount of the Reimbursement Assessment shall be due and payable to the Association thirty days after notice to the Member of the decision of the Board that the Reimbursement Assessment is owing.

4.13 Other Matters Relating to Assessments. Subject to the foregoing provisions, the Board shall have the power and authority to determine all matters in connection with Assessments including the power and authority to determine where, when, and how Assessments shall be paid to the Association. If any common expense is caused by the misconduct of any Owner, the Association may assess that expense exclusively against such Owner's Unit and any such assessment shall be deemed a Regular Assessment for purposes of this Declaration.

4.14 Lien for Assessments, Fines and Compliance Expenditures. Subject to and in accordance with C.R.S. § 38-33.3-316, the Association shall have a lien against each Unit to secure

payment of any Assessment, fine, Compliance Expenditure or other amount due and owing to the Association with respect to the Owner of that Unit. The lien may be foreclosed in the manner for foreclosure of mortgages in the State of Colorado. Upon written request, the Association shall send to an Owner or its designee (including any prospective mortgagees, purchasers, tenants, or lessees), or to a First Mortgagee or its designee, a written statement setting forth the amount of unpaid Assessments currently levied against such Owner's Unit. Such statement shall be delivered personally or by certified mail, first-class postage pre-paid, return receipt to the Association's registered agent. The statement shall be sent within fourteen (14) calendar days after receipt of the request and shall be binding on the Association, the Board and every Owner. If such statement is not sent to the inquiring party, delivered personally or by certified mail, first-class postage pre-paid, return receipt requested, then the Association shall have no right to assert a lien upon the Unit for unpaid Assessments or fines which were due as of the date of the request. The Association shall have the right, but not the obligation, to prepare and record in the Records a "Notice of Lien" which shall set forth: (i) the amount of any Assessment, fine, Compliance Expenditure or other amount due and owing to the Association; (ii) the date such amount was due and payable and from which interest accrues; (iii) all costs and expenses including reasonable attorney fees incurred in collecting the unpaid amount to the date of recording of such Notice of Lien; (iv) the Unit affected by the lien; and (v) the name or names, last known to the Association, of the Owner or Owners of the Unit. Notwithstanding anything to the contrary contained herein, all properties dedicated to, and accepted by, a local public agency, public authority, municipal corporation, governmental or quasi-governmental entity, and the Common Area(s) shall be exempt from the lien for Assessment, fine, Compliance Expenditure, or other amount owing to the Association.

4.15 Lien Priority. A lien recorded in accordance with this Declaration shall be prior to all other liens and encumbrances on a Unit except: (i) liens and encumbrances recorded before the recordation of this Declaration; (ii) a lien on a First Mortgage which was recorded before the date on which the Assessment, fine, Compliance Expenditure or other amount due and owing to the Association sought to be enforced became delinquent; (iii) and liens for real estate taxes and other governmental assessments or charges against the Unit. Notwithstanding the foregoing, the lien for Assessment, fine, Compliance Expenditure or other amount due and owing to the Association is also prior to the lien of a First Mortgage to the extent of an amount equal to the Assessments based on a periodic budget adopted by the Association pursuant to section 4.8 which would have become due, in the absence of any acceleration, during the six (6) months immediately preceding institution by either the Association or any party holding a lien senior to any part of the Association lien created under this Declaration or an action or a nonjudicial foreclosure either to enforce or extinguish such lien.

4.16 Duties and Powers of the Association. Subject to and in accordance with the Declaration, the Association shall have all of the rights and powers conferred upon it by law, the Act, this Declaration, the Articles, and the Bylaws. Without limiting the generality of the foregoing, the Association shall have the following powers and shall perform each of the following duties for the benefit of the Members of the Association:

4.16.1 Duty to Accept Property and Facilities Transferred by Declarant. The Association shall accept the title to any Common Area, including any Improvements thereon, and

personal property or equipment transferred to the Association by Declarant, together with the responsibility to perform any and all of the functions set forth in this Declaration in connection therewith, provided that such property and functions are not inconsistent with the terms of this Declaration. Real property interests transferred by Declarant to the Association are planned to consist only of easements or fee simple title to Common Area within the boundaries of Canterbury Park. Except as otherwise specifically approved by resolution of the Board of Directors of the Association, no Common Area transferred to the Association by Declarant and no personal property transferred to the Association shall impose upon the Association any obligation to make monetary payments to Declarant nor any affiliate of Declarant, including, but not limited to, any purchase price, rent, charge or fee. The interest in property transferred to the Association by Declarant shall not impose any unreasonable or special burden on the Association other than the duties set forth in this Declaration.

4.16.2 Duty to Manage and Care for Common Area; Landscaping, Fences and Parking Areas. Upon commencement of Assessments and following the installation of landscaping, fences, parking areas, or other Improvements on the Units and Common Area by Declarant, the Association shall manage, operate, care for, maintain, repair and replace all such landscaping, fences, parking areas, and any Improvements installed on the Common Area.

4.16.3 Duty to Maintain Exterior of Dwelling Units. Upon commencement of Regular Assessments and following construction of Dwelling Units, the Association, shall maintain, repair, paint, replace and otherwise care for all exterior portions of the Dwelling Units, including roofs; gutters; down spouts; sidewalks; private driveways; lawns, shrubs, trees and other landscaping.

4.16.4 Duty to Provide for Delivery of Water and Sanitary Sewer Service to Residential Sites. Upon commencement of Regular Assessments and following the construction of Dwelling Units, the Association shall maintain, repair and replace the water and sanitary sewer service lines, flow meters, and other facilities incidental to provision of water and sanitary sewer service to each Unit from the meter pit for such Unit to the Dwelling Unit constructed thereon. Further, the Association shall pay all assessments, costs, fees, expenses, and other amounts incidental to provision of water and sewer service to each Unit. All such amounts payable by the Association shall constitute common expenses of the Association and shall be paid by the Owners to the Association as Assessments. To the extent the Association levies Regular Assessments against Owners to pay for such water and sanitary sewer service, the Association may, in the discretion of its Board from time to time, have the Owners of each Unit pay equally for such water and sanitary sewer service, or may read each flow meter for each Unit to determine the quantity of water and sanitary sewer service used by such Unit and allocate the costs for such service to the Owners of the Unit, or may allocate the costs and expenses for such usage equally against each Unit (and the Owners thereof) to which service is provided by the same master meter. However, in no case shall any Unit pay for water and sanitary sewer service unless and until such water and sanitary sewer service is provided to the Dwelling Unit located on such Unit. Notwithstanding the foregoing provisions of this Section, the Association shall have no duty to provide or pay for water and sanitary sewer service to any of the Units which have separate meter(s) which provides water and sanitary sewer service only to such Unit.

4.16.5 Duty to Maintain Casualty Insurance on the Common Area and Dwelling Units. The Association shall obtain and keep in full force and effect at all times, to the extent reasonably obtainable, casualty, fire and extended coverage insurance with respect to all Dwelling Units, including all fixtures, and the Common Area and all insurable real property owned by the Association, including coverage for vandalism and malicious mischief and, if available and if deemed appropriate, coverage for flood, earthquake and war risk. Casualty, fire and extended coverage insurance with respect to insurable property shall, to the extent reasonably obtainable, be for the full insurable value based on current replacement cost.

4.16.6 Duty to Maintain Liability Insurance. The Association shall obtain and keep in full force and effect at all times, to the extent reasonably obtainable, broad form comprehensive liability insurance coverage covering the public liability of the Association for bodily injury and property damage, which shall, to the extent reasonably obtainable, have limits of not less than Five Hundred Thousand Dollars (\$500,000) per person and One Million Dollars (\$1,000,000) per occurrence. Such coverage shall, if the Association owns or operates motor vehicles, include public liability for bodily injury and property damage arising as a result of such ownership.

4.16.7 General Provisions Respecting Insurance. Insurance obtained by the Association may contain such deductible provisions as good business practice may dictate. Insurance obtained by the Association shall, to the extent reasonably possible without undue cost, contain a waiver of rights of subrogation as against the Association, each Member and any Person claiming by, through or under such Member and as against any officer, director, agent or employee of any of the foregoing, and shall cover each Member without each Member being specifically named therein. Insurance obtained by the Association shall, to the extent reasonably possible, and provided Declarant reimburses the Association for any additional premium payable on account thereof, name Declarant as an additional insured and shall contain a waiver of rights of subrogation as against Declarant. Insurance policies and insurance coverage shall be reviewed at least annually by the Board of Directors of the Association to ascertain whether coverage under the policies is sufficient in light of the possible or potential liabilities of the Association. Casualty, fire and extended coverage insurance may be provided under blanket policies covering the insurable Improvements and property of Declarant.

4.16.8 Fidelity Bonds Required. The Association shall obtain and keep in force at all times a fidelity bond or bonds for every Person handling funds of the Association including, but not limited to, employees of any manager. Each such bond shall name the Association as obligee and shall not be for less than the estimated maximum of funds, including reserve funds, in the custody of the Association or the manager, as the case may be, at any given time during the term of each bond. However, in no event may the aggregate amount of such bonds be less than a sum equal to two (2) months' aggregate Regular Assessments plus reserve funds.

4.16.9 Other Insurance and Bonds. The Association shall obtain such other insurance as may be required by law, including workers' compensation insurance, and shall have the power to obtain such other insurance and such fidelity, indemnity or other bonds as the Association shall deem necessary or desirable from time to time.

4.16.10 Duty as to Budget. The Association shall prepare, and submit to the Owners, an annual Budget as elsewhere provided in this Declaration.

4.16.11 Duty to Levy and Collect Assessments. The Association shall levy and collect Assessments as elsewhere provided in this Declaration.

4.16.12 Power to Adopt Rules and Regulations. The Association may adopt, amend, repeal and enforce rules and regulations as may be deemed necessary or desirable with respect to the interpretation and implementation of this Declaration, the operation of the Association, and the use of the Common Area and Units, and including the right to adopt regulations dealing with vehicular use and parking on the Common Area streets and driveways. Any such rules and regulations shall be reasonable and uniformly applied. Such rules and regulations shall be effective only upon adoption by resolution of the Board of the Association. Notice of the adoption, amendment or repeal of any rule or regulation shall be given in writing to each Member at the address for notices to Members as elsewhere provided in this Declaration or the Bylaws of the Association, and copies of the currently effective rule and regulations shall be made available to each Member upon request and payment of the reasonable expenses of copying the same. Each Member shall comply with such rules and regulations and shall see that Related Users comply with such rules and regulations. Such rules and regulations shall have the same force and effect as if they were set forth in and were part of this Declaration. In the event of conflict between the rules and regulations and the provisions of this Declaration, the provisions of this Declaration shall prevail.

4.16.13 Power to Enforce Declaration and Rules and Regulations. The Association shall have the power to enforce this Declaration and its Rules and Regulations, and shall take such action as the Board of the Association deems necessary or desirable to cause such compliance by each Member and each Related User. Without limiting the generality of the foregoing, the Association shall have the power to enforce the provisions of this Declaration and of Rules and Regulations of the Association by any one or more of the following means: (a) by entry upon any property within Canterbury Park after Notice and Hearing (unless a bona fide emergency exists) without liability to the Owner thereof, for the purpose of enforcement or of causing compliance with this Declaration or the Rules and Regulations of the Association; (b) by commencing and maintaining actions and suits to restrain and enjoin any breach or threatened breach of this Declaration or of the Rules and Regulations of the Association, by mandatory injunction or otherwise; (c) by commencing and maintaining actions and suits to recover damages for breach of any provisions of this Declaration or of the Rules and Regulations of the Association; (d) by suspension, after Notice and Hearing, of the voting rights of a Member during and for up to sixty (60) days following any breach by such Member or a Related User of such Member, of this Declaration or such Rules and Regulations, unless the breach is a continuing breach, in which case such suspension may continue for as long as sixty (60) days after cessation of such breach; (e) by levying and collecting, after Notice and Hearing, a Reimbursement Assessment against any Member for breach of this Declaration or such Rules and Regulations by such Member or a Related User of such Member, and (f) by levying and collecting, after Notice and Hearing, reasonable and uniformly applied fines and penalties, established in advance in the Rules and Regulations of the Association, from any Member for breach of or failure to comply with this Declaration or such Rules and Regulations by such Member or a Related User of such Member.

4.16.14 Power to Employ Managers. The Association shall have the power to retain and pay for the services of a manager(s) to undertake any of the management or functions for which the Association has the responsibility under this Declaration to the extent deemed advisable from time to time by the Board of the Association, and may delegate any of its duties, powers or functions to any such manager. Any agreement for professional management of the Association's business or other contract providing for the services of the Declarant shall have a maximum term of three (3) years, and any such agreement shall provide for termination by either party thereto, with or without cause and without payment of a termination fee, upon not more than ninety (90) days' prior written notice; provided, however, that any such management agreement(s) entered into by the Association with a manager or managing agent prior to termination of the Period of Declarant Control shall be subject to review and approval by FHA or VA if, at the time such agreement is entered into, FHA has insurance or VA has a guarantee(s) on one or more First Mortgage on any Unit, and shall terminate absolutely, in any event, no later than thirty (30) days after termination of the Period of Declarant Control.

4.16.15 Power to Engage Employees, Agents and Consultants. The Association shall have the power to hire and discharge employees and agents and to retain and pay for legal and accounting services as may be necessary or desirable in connection with the performance of any duties or exercise of any powers of the Association.

4.16.16 Rosters. To create and maintain a current roster of all known Owners and First Mortgagees, together with their mailing addresses and telephone numbers as reported to or known by the Association, and to provide copies of such roster to the Master Association.

4.17 Non-Liability of Officials. To the fullest extent permitted by law, neither Declarant, the Board, any other committee of the Association nor any member thereof, nor any officers, directors, partners, or employees of the Declarant or of the Association or any other Person shall be liable, except for wanton and willful acts or omissions, for any damage, loss or prejudice suffered or claimed on account of any decision, approval or disapproval of plans or specifications (whether or not defective), course of action, act, inaction, omission, error, negligence, or the like made in good faith and which Declarant, the Board, or such committees or officers reasonably believed to be within the scope of their respective duties, subject to C.R.S. § 38-33.3-303(2).

4.18 Indemnification. To the fullest extent permitted by law, Declarant, and every director, officer, committee member, partner and shareholder of the Association, and every director, officer, employee, agent and contractor of the Declarant (to the extent a claim may be brought by reason of Declarant's appointment, removal, or control over members of the Board, or its control over the Association or any committee thereof) shall be and is hereby indemnified by the Association. Every other person serving as an employee or direct agent of the Association, or otherwise acting on behalf of, or at the request of, the Association may, in the discretion of the Board, be indemnified by the Association. Any such indemnification shall be limited to all expenses and liabilities (including, without limitation, all attorneys' fees and court costs) reasonably incurred by or imposed upon such person in connection with any proceeding to which he may be a party or in which he may become involved, by reason of having appointed, removed, controlled, or failed to control members of the Board, or controlled, or failed to control the Association, or incurred in any

settlement thereof, whether or not he is a director, officer or member of a committee or serving in such other specified capacity at the time such expenses are incurred.

4.19 Non-Liability for Certain Changes and Amendments. Neither the Declarant, the Association, nor their successors or assigns shall be liable to, or subject to injunction by, any Member or Owner or to one another in the event that any change in zoning of the Property is sought or obtained, or in the event that any subdivision map amendment or change in density shall be sought and obtained.

4.20 Audit. The Association shall provide a financial statement (which may or may not be audited) for the immediately preceding fiscal year, free of charge to the party so requesting, to any first Mortgagee of a Unit, or any insurer or guarantor of such a First Mortgage, within a reasonable time after written request therefor by any such party.

4.21 Association Books and Records. The Association shall make available to Owners, First Mortgagees, and insurers or guarantors of any such First Mortgage, current copies of this Declaration, the Articles, Bylaws, Rules and regulations, books, records, and financial statements of the Association. "Available" shall mean available for inspection, upon request, during normal weekday business hours or under other reasonable circumstances. The Association may set a reasonable charge for reproduction of any document requested by any Person.

4.22 Termination of Contracts and Leases of Declarant. The following contracts and leases, if entered into before the Board elected by the Owners pursuant to section 4.3.3 takes office, may be terminated without penalty by the Board of the Association, at any time after the Board elected by the Owners pursuant to section 4.3.3 takes office, upon not less than ninety (90) days' notice to the other party:

4.22.1 Any management contract, employment contract, or lease of recreational or parking areas or facilities;

4.22.2 Any other contract or lease between the Association and Declarant or an affiliate of Declarant; or

4.22.3 Any contract or lease that is not bona fide or was unconscionable to the Owners at the time entered into under the circumstances then prevailing.

This section does not apply to any lease the termination of which would terminate the common interest community created by this Declaration or reduce its size, unless the real estate subject to that lease was included in the common interest community for the purpose of avoiding the right of the Association to terminate a lease under this section or a proprietary lease.

4.23 Surplus Funds. Any surplus funds of the Association remaining after payment of, or provision for, common expenses, costs, obligations and any prepayment of or provision for reserves shall not be credited to the Owners but shall, instead, be added to any reserve accounts maintained by the Association.

ARTICLE 5

EASEMENTS

5.1 Maintenance Easement. An easement is hereby granted to the Declarant and the Association, its officers, agents, employees and assigns upon, across, over, in, and under the Common Area and a right to make such use of the Common Area as may be necessary or appropriate to perform the duties and functions which it is obligated to and permitted to perform pursuant to this Declaration.

5.2 Utilities Easement. A blanket easement is hereby created upon, across, over, and under the Common Area for public utilities and the installation, replacement, repair, and maintenance of utilities including, but not limited to, public water, sewer, gas, telephones, electricity and cable television systems, if any. By virtue of this blanket easement, it shall be expressly permissible to erect and maintain the necessary public facilities, equipment and appurtenances on the Property and to affix, repair, and maintain water and sewer pipes, gas, electric, telephone, and television wires, circuits, conduits and meters. In the event any public utility or quasi-utility company furnishing a service covered by the general easement created herein requests a specific easement by separate recordable document, Declarant reserves and is hereby given the right and authority to grant such easement upon, across, over, or under any part or all of the Common Area without restricting or nullifying the terms hereof; provided, however, that such right and authority shall cease and terminate upon conveyance by Declarant of the last Unit within the Property to the first Owner thereof (other than Declarant). The easement provided for in this section shall in no way affect, avoid, extinguish, or modify any other recorded easement(s) on the Property.

5.3 Rights of Declarant Incident to Construction. An easement is hereby retained by and granted to Declarant, its successors and assigns, for access, ingress, and egress over, in, upon, under, and across the Common Area including, but not limited to, the right to store materials thereon and to make such other use thereof as may be reasonably necessary or incidental to Declarant's construction on the Property.

5.4 Declarant's Easements. Declarant shall have and hereby reserves the right to grant or create temporary or permanent easements for access, utilities, drainage, water and any other purposes incident, associated, or related to development, maintenance, lease, improvement, and/or sale of the Units and for the exercise of its Special Declarant Rights located in, on, under, over and across the Common Area during the Period of Declarant Control, provided that such easements do not create a permanent, unreasonable interference with the rights of the Owners. Upon termination of the Period of Declarant Control, an easement is hereby granted to the Association for purposes permitted by this Declaration.

5.5 Easements Over Residential Sites for Maintenance of Common Area. Declarant hereby creates and reserves for the benefit of the Association, its successors and assigns, easements over Units as may be necessary or appropriate for the Association to perform duties and functions which it is obligated or permitted to perform under this Declaration, including without limitation, maintenance and repair of the exterior portions of the Dwelling Units, landscaping of Units,

installation, maintenance, operation, repair, and replacement of water lines and facilities appurtenant thereto and for access, ingress, and egress necessary for such installation, maintenance, operation, repair and replacement.

5.6 Private Driveways and Easements. Canterbury Park is platted as Castle Pines North Filing No. 23, as the same may be amended or supplemented from time to time. Each Owner shall have a non-exclusive easement in and over the private streets and driveways, located on the Common Area, for ingress and egress by vehicle and other means to and from each Owner's garage and Dwelling Unit. The shared portions of the private driveways may be marked as fire lanes by the Association, and no vehicles shall be parked on such part of the driveways at any time.

5.7 Easement for Encroachments. To the extent that any Dwelling Unit or Common Area encroach on any other Dwelling Unit or Common Area, a valid easement for the encroachment exists. However, such easement does not relieve an Owner of liability in case of willful misconduct.

5.8 Drainage Easement. Declarant hereby reserves, for itself and the Association, easements for drainage or drainage facilities across that portion of each Unit which is not part of the Dwelling Unit ("Drainage Area"). No Improvements shall be placed or permitted to remain on a Drainage Area nor shall any change in grading be permitted to exist which may change the direction of flow or obstruct or retard the flow of water through the Drainage Area. Declarant reserves to itself and to the Association the right to enter in and upon the Drainage Area and at any time to construct, repair, replace or change drainage structures or to perform such grading, drainage or corrective work as Declarant or the Association may deem necessary or desirable in their sole discretion from time to time. However, the rights contained in the preceding sentence do not carry with them any obligation on the part of the Declarant or the Association to perform or pay for any such construction, repair, replacement, change or work.

5.9 Easements Deemed Created. All conveyances of portions of the Property hereafter made, whether by Declarant or otherwise, shall be construed to grant and reserve the easements contained in this Article 5, even though no specific reference to such easements or to this Article 5 appears in the instrument of such conveyance.

ARTICLE 6

AMENDMENT

6.1 Amendment of Declaration by Declarant. Until the first Unit subject to this Declaration has been conveyed by Declarant by deed recorded in the Records, any of the provisions or Restrictions contained in this Declaration may be amended or terminated by Declarant having recorded a written instrument executed by Declarant, setting forth such amendment or termination.

6.2 Amendment. Subject to the provisions of sections 6.1 and 6.3 and C.R.S. §38-33.3-217, any amendment to this Declaration that would terminate the Declaration shall require the affirmative vote or written consent of the Members to whom at least sixty-seven percent (67%) of the votes in the Association are allocated and, during the Period of Declarant Control, the written

approval of Declarant. Further, any termination of this Declaration and the common interest community created hereby, must be in accordance with C.R.S. §38-33.3-218. Except as provided in the foregoing, and subject to section 6.2.1 hereof and C.R.S. §§ 38-33.3-217 and 218, this Declaration may be amended by the affirmative vote or written consent of the Members to whom at least sixty-seven percent (67%) of the votes in the Association are allocated and, during the Period of Declarant Control, with the written approval of Declarant.

6.2.1 An amendment to this Declaration shall be effective only upon the occurrence of all of the following events:

6.2.1.1 The amendment shall have been reduced to a writing, which writing shall have been approved (by an affirmative vote or written consent) by the applicable required percentage of Members and, if applicable, Declarant and the First Mortgagees;

6.2.1.2 A written certificate, executed and acknowledged by the president or any vice president of the Association, shall be attached to the written amendment which shall state that such amendment was approved by the applicable required percentage of Members, Declarant and by First Mortgagees, if any, who are required to approve such amendment pursuant to section 6.2; and

6.2.1.3 The approved written amendment and the certificate shall be Recorded in the Records.

6.2.2 It will be a presumption subsequent to the Recording of an amendment to this Declaration pursuant to section 6.2.1.3 that all votes and consents required to pass the same pursuant to this Declaration were duly obtained (at a duly-called meeting of the Association, in the case of votes). Such presumption may be rebutted by an action commenced within one year from the date the amendment is Recorded; in the absence of any such action, such presumption shall thereafter become conclusive.

6.2.3 Except to the extent expressly permitted or required by the Act and/or this Declaration, no amendment made to this Declaration may create or increase Special Declarant Rights, increase the total number of Units stated by section 1.1.41, or change the boundaries of any Unit or the allocation interests of a Unit, or the uses to which any Unit is restricted, in the absence of unanimous consent of the Unit Owners.

6.3 First Mortgagee Approval. Except to the extent otherwise provided herein, the prior written consent of at least a majority (i.e. more than 50%) of the total number of votes entitled to be cast by First Mortgagees identified in the roster of the Association required by section 4.16.16 must be obtained to add or amend any provisions of this Declaration, the Articles, or Bylaws of the Association, which establish, provide for, govern, or regulate voting allocation. Except to the extent otherwise provided herein, the prior written consent of at least sixty-seven percent (67%) of the total number of First Mortgagees identified in the roster of the Association required by section 4.16.16 must be obtained to add or amend any provisions of this Declaration, the Articles, or Bylaws of the Association, which establish, provide for, govern, or regulate: (i) any provisions which are for the

express benefit of First Mortgagees; or (ii) any action to terminate this Declaration. Nothing contained in this section may operate to (a) deny or delegate control over the general administrative affairs of the Association by the Owners or the Board; or (b) prevent the Association or the Board from commencing, intervening in, or settling any solicitation or proceeding; or (c) prevent any insurance trustee or the Association from receiving and distributing any insurance proceeds pursuant to C.R.S. §38-33.3-313. The vote attributed to and to be cast by a First Mortgagee shall be based upon the percentage number obtained by dividing the vote or votes allocated to the Unit encumbered by the First Mortgage held by the First Mortgagee by the total number of votes allocated to all First Mortgagees. Where a First Mortgagee fails to respond to a request for mortgagee consent within the time specified in the request for consent, the First Mortgagee's failure to respond shall be deemed consent to such amendment.

6.4 Notice of Action. Upon written request to the Association, identifying the name and address of the First Mortgagee or insuror or guarantor of the First Mortgage and the residence address of the Unit which is subject to such First Mortgage, each such First Mortgagee of a Unit, or insuror or guarantor of such a First Mortgage, shall be entitled to timely written notice of:

6.4.1 Any condemnation or casualty loss which affects a material portion of the Property or any Unit subject to a First Mortgage held, insured, or guaranteed by such First Mortgagee, insuror, or guarantor of a First Mortgage;

6.4.2 Any delinquency in the payment of Assessments or charges owed to the Association by the Owner of the Unit subject to a First Mortgage held, insured, or guaranteed by such First Mortgagee, insuror, or guarantor, or any default by such Owner in any obligation under the Declaration, Articles or Bylaws of which the Board has actual knowledge, when such delinquency and/or default remains uncured for a period of sixty (60) days;

6.4.3 Any lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association; and

6.4.4 Any proposed action which would require the consent of a specified percentage of First Mortgagees as provided in this Article 6.

6.5 Expenses. Subject to C.R.S. § 38-33.3-217, all expenses associated with preparing and recording an amendment to this Declaration shall be the sole responsibility of the Association; provided, however, that if the particular amendment is required as a result of the Declarant's exercise of its Special Declarant Rights, then all such expenses shall be the sole responsibility of Declarant and if the particular amendment is required as a result of a certain Owner's request to relocate boundaries between Units or to subdivide Units, then all such expenses shall be the sole responsibility of the requesting Owner.

ARTICLE 7

MISCELLANEOUS

7.1 Term of Declaration. Unless amended as herein provided, all provisions and Restrictions contained in this Declaration shall be effective until December 31, 2015, and, thereafter, shall be automatically extended for successive periods of ten (10) years each unless terminated.

7.2 Notices. Any notice permitted or required to be given by the Restrictions shall be in writing and may be delivered personally or by mail. If delivery is made by mail, it shall be deemed to have been delivered on the third day (other than a Sunday or a legal holiday) after a copy of such notice has been deposited in the United States mail, postage prepaid, addressed to the Person at the address given by such Person to the Association for the purposes of service of notices, or to the residence of such Person if no address has been given to the Association. Such address may be changed from time to time by notice given by such Person to the Association.

7.3 Severability. In the event that any word, phrase, sentence, section, or portion of this Declaration shall become illegal, null or void or against public policy, for any reason, or shall be held by any court of competent jurisdiction to be illegal, null or void or against public policy, the remaining portions of this Declaration shall not be affected thereby and shall remain in force and effect to the fullest extent permissible by law.

7.4 Condemnation.

7.4.1 In the event proceedings are initiated by any government or agency thereof, seeking to take by eminent domain the Common Area, any part thereof or any interest therein, with a value (including loss of value to the balance of the Common Area and Improvements thereon), as reasonably determined by the Association in excess of Ten Thousand Dollars (\$10,000), the Association shall give prompt notice thereof, including a description of the part of or interest in the Common Area or improvement thereon sought to be so condemned, to all First Mortgagees, all Members, and to the Declarant. The Association shall have full power and authority to defend in said proceedings, and to represent the Owners in any negotiations, settlements, and agreements with a condemning authority for acquisition of the Common Area or part thereof, but the Association shall not enter into any such proceedings, settlement, or agreements, pursuant to which the Common Area or any part thereof or any interest therein, or any improvement thereon or any part thereof or interest therein, is relinquished, without giving all First Mortgagees, all Members, and Declarant at least 15 days' prior written notice thereof.

7.4.2 In the event, following such proceedings, there is such a taking in condemnation or by eminent domain of a part of all of the Common Area, the award made for such taking, if such award is sufficient to repair and restore the Common Area, shall be applied by the Association to such repair and restoration. If such award is insufficient to repair and restore the Common Area, or if the full amount of such award is not expended to repair or restore the Common Area, the Association shall disburse the net proceeds of such award to the Owners, the Owner of each Unit receiving an amount based upon the General Common Allocation, provided that the

Association shall first pay out of the share of each Owner the amount of any unpaid liens or encumbrances on his or her Unit in the order of the priority of such liens or encumbrances. No provision of this Declaration or of any other document relating to the Property shall be deemed to give an Owner or any other party priority over the rights of a First Mortgagee pursuant to a First Mortgage in the case of a distribution to an owner of insurance proceeds or condemnation award for losses to or taking of Units, Common Area, or any combination thereof.

7.4.3 If a Unit is acquired by eminent domain or part of a Unit is acquired by eminent domain leaving the Unit Owner with a remnant which may not practically or lawfully be used for any purpose permitted by this Declaration, the award must include compensation to the Owner for that Unit and its allocated interests whether or not any Common Areas are acquired. Upon acquisition, unless the decree otherwise provides, that Unit's allocated interests are automatically reallocated to the remaining Units in proportion to the respective allocated interests of those Units before the taking. Any remnant of a Unit remaining after part of a Unit is taken under this section is thereafter a Common Area.

7.4.4 Except as provided in section 7.4.3, if part of a Unit is acquired by eminent domain, the award must compensate the Owner for the reduction in value of the Unit and its interest in the Common Areas, whether or not any Common Areas are acquired.

7.4.5 If part of the Common Area is acquired by eminent domain, that portion of any award attributable to the Common Area taken must be paid to the Association. For the purposes of acquisition of a part of the Common Area service of process on the Association shall constitute sufficient notice to all Owners, and service of process on each individual Owner shall not be necessary.

7.4.6 The court decree shall be recorded in every county in which any portion of the Property is located.

7.4.7 The reallocations of allocated interests pursuant to this section 7.4 shall be confirmed by an amendment to the Declaration prepared, executed, and recorded by the Association, in accordance with Article 6 hereof.

7.5 Governing Law. This Declaration shall be governed by, and construed under, the laws of the State of Colorado in existence as of the date of Recording of this Declaration in the Records.

7.6 Exhibits. All exhibits and riders attached hereto shall be deemed incorporated herein by this reference unless stated otherwise.

7.7 Development Rights and Special Declarant Rights. The Declarant expressly reserves the right to exercise and enforce the Development Rights and the other Special Declarant Rights for twenty (20) years or the maximum time limit allowed by law, whichever period is shorter, unless sooner terminated by a Recorded instrument signed by the Declarant. The Declarant shall exercise such Development Rights and Special Declarant Rights in accordance with the provisions of the Act

including, without limitation, C.R.S. § 38-33.3-210. Declarant may exercise any Development Right or Special Declarant Right with respect to all or any portion of the Property or the Additional Lands at any time. No assurances are provided as to the order in which Declarant may subject any portion of the Property or the Additional Lands to the exercise of any Development Right. If any Development Right is exercised with respect to any portion of the Property or the Additional Lands, such Development Right may, but is not required to, be exercised in all or in any other portion of the remainder of the Property or Additional Lands.

7.8 Colorado Common Interest Ownership Act. This Declaration shall be subject to all mandatory requirements of the Colorado Common Interest Ownership Act as codified at C.R.S. § 38-33.3-101 et seq., as amended ("CCIOA"). In the event of any conflict between any term or provision of this Declaration and any mandatory provision of CCIOA, the mandatory provisions of CCIOA shall control in all instances. In the event of any conflict between any term or provision of this Declaration and any permissive or non-mandatory provision of CCIOA, the provisions of this Declaration shall control in all instances.

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IN WITNESS WHEREOF, Declarant has executed this Declaration as of this 26th day
of May, 1999.

DECLARANT:

THE WRITER CORPORATION

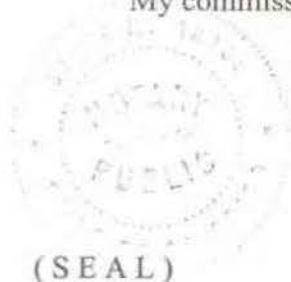
By: *Daniel J. Dickless*
Title: COO
Date: May 26, 1999

STATE OF COLORADO)
COUNTY OF Arapahoe) ss.

The foregoing instrument was acknowledged before me this 26 day of May,
1999, by Daniel J. Dickless as Chief Operating Officer, of
The Writer Corporation.

Witness my hand and official seal.

My commission expires: Aug. 28, 2002



Liane M. Price
Notary Public

EXHIBIT A

Legal Description of the Property

Lots 66, 67, 68 and 69, Block 1, Castle Pines North Filing No. 23,
County of Douglas, State of Colorado

EXHIBIT B

Legal Description of Additional Lands

The following shall constitute Additional lands:

All of the real property set forth on the Plat for Castle Pines North, Filing No. 23, except for Lots 66, 67, 68 and 69, Block 1, County of Douglas, State of Colorado; and Blocks 1 and 3, and Tracts A, B, C, D, E and F, and Forde Ct. and Exeter Drive as these Streets abut Blocks 1 and 3, all in Castle Pines North Filing No. 5, County of Douglas, State of Colorado.