

30 pgs 151.00

A9072533
5/03/99 15:06:44
PG: 0001-030
151.00 DOC FEE: 0.00
DONETTA DAVIDSON
ARAPAHOE COUNTY

AMENDED AND RESTATED
DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS
OF
THE SHORES

2/30

TABLE OF CONTENTS

ARTICLE 1 DEFINITIONS	2
Section 1.1 <u>Articles</u>	2
Section 1.2 <u>Assessments</u>	2
Section 1.3 <u>Association</u>	2
Section 1.4 <u>Board of Directors</u>	2
Section 1.5 <u>Bylaws</u>	2
Section 1.6 <u>Common Expenses</u>	2
Section 1.7 <u>Common Area</u>	2
Section 1.8 <u>First Mortgage</u>	3
Section 1.9 <u>First Mortgagee</u>	3
Section 1.10 <u>Governing Documents</u>	3
Section 1.11 <u>Lot</u>	3
Section 1.12 <u>Member</u>	3
Section 1.13 <u>Mortgage</u>	3
Section 1.14 <u>Mortgagee</u>	3
Section 1.15 <u>Owner</u>	3
Section 1.16 <u>Plat</u>	3
Section 1.17 <u>Property</u>	3
Section 1.18 <u>Special Assessment</u>	4
Section 1.19 <u>The Shores</u>	4
ARTICLE 2 DIVISION OF REAL PROPERTY	4
Section 2.1 <u>Division of Real Property</u>	4
Section 2.2 <u>Description of Lots</u>	4
ARTICLE 3 MEMBERSHIP AND VOTING RIGHTS;	
ASSOCIATION OPERATIONS	5
Section 3.1 <u>The Association</u>	5
Section 3.2 <u>Transfer of Membership</u>	5
Section 3.3 <u>Compliance with Governing Documents</u>	5
Section 3.4 <u>Books and Records</u>	5
Section 3.5 <u>Manager</u>	5
Section 3.6 <u>Implied Rights and Obligations</u>	5
Section 3.7 <u>Voting</u>	6
Section 3.8 <u>Non-Liability of Officials</u>	6
ARTICLE 4 PROPERTY RIGHTS	6
Section 4.1 <u>Owners' Easements of Enjoyment</u>	6
Section 4.2 <u>Delegation of Use</u>	7
Section 4.3 <u>Parking Rights</u>	7

ARTICLE 5 COVENANT FOR COMMON EXPENSE ASSESSMENTS	7
Section 5.1 <u>Creation of Association Lien and Personal Obligation to Pay Common Expense Assessments.</u>	7
Section 5.2 <u>Purpose of Assessments.</u>	7
Section 5.3 <u>Apportionment of Common Expenses.</u>	7
Section 5.4 <u>Annual Assessment/Commencement of Common Expense Assessments.</u>	8
Section 5.5 <u>Special Assessments</u>	8
Section 5.6 <u>Meeting for Special Assessments</u>	8
Section 5.7 <u>Application of Payments</u>	8
Section 5.8 <u>Default Assessments</u>	9
Section 5.9 <u>Effect of Nonpayment of Assessments.</u>	9
Section 5.10 <u>Owner's Negligence or Misconduct</u>	9
Section 5.11 <u>Successor's Liability for Assessment</u>	10
Section 5.12 <u>Lien Priority.</u>	10
Section 5.13 <u>Statement of Status of Assessment Payment</u>	10
ARTICLE 6 PARTY WALLS	11
Section 6.1 <u>General Rules of Law to Apply</u>	11
Section 6.2 <u>Sharing of Repair and Maintenance</u>	11
Section 6.3 <u>Destruction by Fire or Other Casualty</u>	11
Section 6.4 <u>Weatherproofing</u>	11
Section 6.5 <u>Right to Contribution Runs with Land</u>	11
Section 6.6 <u>Arbitration</u>	11
ARTICLE 7 ARCHITECTURAL APPROVAL/DESIGN REVIEW	12
Section 7.1 <u>Required Approvals of Exterior Improvements and Changes.</u>	12
Section 7.2 <u>Design Criteria</u>	12
Section 7.3 <u>Establishment of the Architectural Compliance Committee.</u>	12
Section 7.4 <u>Design Guidelines</u>	12
Section 7.5 <u>Reply and Communication.</u>	13
Section 7.6 <u>Prosecution of Work After Approval</u>	13
Section 7.7 <u>Variances.</u>	13
Section 7.8 <u>Waivers.</u>	13
Section 7.9 <u>Liability.</u>	13
ARTICLE 8 MAINTENANCE	14
Section 8.1 <u>Association Responsibility</u>	14
Section 8.2 <u>Owner's Responsibility</u>	14
Section 8.3 <u>Negligence</u>	15
ARTICLE 9 USE RESTRICTIONS	15
Section 9.1 <u>Authority</u>	15
Section 9.2 <u>Initial Restrictions</u>	15

4/30

Section 9.3	<u>Animals</u>	16
Section 9.4	<u>Signs</u>	16
Section 9.5	<u>Common Areas</u>	16
Section 9.6	<u>Antenna</u>	16
Section 9.7	<u>Unsightly Objects</u>	17
Section 9.8	<u>Vehicles</u>	17
Section 9.9	<u>Nuisances</u>	17
Section 9.10	<u>Garage Doors</u>	17
ARTICLE 10 EASEMENTS		17
Section 10.1	<u>Construction Easement</u>	17
Section 10.2	<u>Blanket Easement</u>	17
ARTICLE 11 COVENANT VIOLATION AND ENFORCEMENT		18
Section 11.1	<u>Who May Enforce</u>	18
Section 11.2	<u>Notice of Violation</u>	18
Section 11.3	<u>Violation of Covenants Creates Liens</u>	18
Section 11.4	<u>Covenant Enforcement - Remedies</u>	18
Section 11.5	<u>Limitations on this Article</u>	19
Section 11.6	<u>Covenant Enforcement — Temporary or Permanent Restraining Orders</u>	19
ARTICLE 12 INSURANCE		19
Section 12.1	<u>Comprehensive General Liability and Property Damage Insurance</u>	19
Section 12.2	<u>Fire and Hazard Insurance</u>	19
Section 12.3	<u>Directors and Officers Insurance</u>	20
Section 12.4	<u>Other Insurance</u>	20
Section 12.5	<u>Insurance Obtained by Owners</u>	20
Section 12.6	<u>Claims</u>	20
ARTICLE 13 ASSOCIATION AS ATTORNEY-IN-FACT		21
ARTICLE 14 DAMAGE OR DESTRUCTION		21
Section 14.1	<u>The Role of the Board of Directors</u>	21
Section 14.2	<u>Estimate of Damages or Destruction</u>	22
Section 14.3	<u>Repair and Reconstruction</u>	22
Section 14.4	<u>Funds for Repair and Reconstruction</u>	22
Section 14.5	<u>Disbursement of Funds for Repair and Reconstruction</u>	22
Section 14.6	<u>Decision Not to Rebuild Common Area</u>	23
ARTICLE 15 CONDEMNATION		23
Section 15.1	<u>Rights of Owners</u>	23
Section 15.2	<u>Partial Condemnation; Distribution of Award; Reconstruction</u>	23
Section 15.3	<u>Complete Condemnation</u>	24

5/30

ARTICLE 16 MISCELLANEOUS AND GENERAL PROVISIONS	24
Section 16.1 <u>Gender and Grammar</u>	24
Section 16.2 <u>Severability</u>	24
Section 16.3 <u>Amendment of Declaration by Lot Owners</u>	24
Section 16.4 <u>Revocation</u>	24

6/30

**AMENDED AND RESTATED
DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS
OF
THE SHORES**

THIS AMENDED AND RESTATED DECLARATION is made on the date hereinafter set forth by THE SHORES HOMEOWNERS ASSOCIATION I, INC. (the "Association").

RECITALS

A. The Parker Yale Development Company, as "Declarant" and as owner of certain real property, executed that certain Declaration of Covenants, Conditions and Restrictions recorded in the real property records of Arapahoe County on November 18, 1971, at Reception No. 1259577, as amended (the "Original Declaration").

B. The Original Declaration imposed upon the real property described in the Original Declaration and all property thereafter annexed, certain terms, provisions, covenants, conditions, restrictions, easements, reservations, uses, limitations and obligations, which run with and are binding upon said real property.

C. By virtue of the Original Declaration, a Common Interest Community was created upon the real estate and certain covenants, conditions, restrictions, easements, reservations, and rights-of-way set forth therein for the purpose of protecting the value and desirability of said property and for the purpose of furthering a plan for the improvement, sale and townhome ownership of said property, to the end that a harmonious and attractive development of said property were and should continue to be accomplished and the health, comfort, safety, convenience and general welfare of the Owners of such Common Interest Community promoted and safeguarded.

D. The Owners and Association desire to amend and restate all provisions of the Original Declaration by virtue of this Amended and Restated Condominium Declaration (the "Declaration"), and intends upon the recording of this Declaration that all prior recorded amendments and instruments creating covenants, conditions, restrictions, and reservations on the real property shall be superseded by this Declaration.

E. The real property subject to the terms and conditions of this Amended and Restated Declaration shall be that property described in Section 1.17 hereof.

NOW THEREFORE, the Original Declaration is amended and restated as follows:

7/30

ARTICLE 1 DEFINITIONS

The following words, where used in this Declaration, or in any supplemental or amended declaration, unless inconsistent with the context of this Declaration, shall have the following meanings:

Section 1.1 Articles means the Articles of Incorporation for The Shores Homeowners Association I, Inc. currently on file with the Colorado Secretary of State, and any amendments which may be made to those Articles from time to time.

Section 1.2 Assessments means the Annual, Special, and Default Assessments levied pursuant to Article 9 below.

Section 1.3 Association shall mean and refer to THE SHORES HOMEOWNERS ASSOCIATION I, INC., its successors and assigns.

Section 1.4 Board of Directors means the governing body of the Association elected to perform the obligations of the Association relative to the operation, maintenance, and management of the Property and all improvements on the Property.

Section 1.5 Bylaws means the Bylaws adopted by the Association, as amended from time to time.

Section 1.6 Common Expenses means (i) all expenses expressly declared to be common expenses by this Declaration, any Supplemental Declaration, or the Bylaws of the Association; (ii) all other expenses of administering, servicing, conserving, managing, maintaining, repairing, or replacing the Common Area or any other items for which the Association is responsible for maintaining; (iii) insurance premiums for the insurance carried under Article 12; and (iv) all expenses lawfully determined to be common expenses by the Board of Directors of the Association.

Section 1.7 Common Area shall mean all real property owned by the Association for the common use and enjoyment of the Owners. The Common Area owned by the Association is described as follows:

THE SHORES FILING NO. 1, except Lots 1 through 38 inclusive in Block 1;

THE SHORES FILING NO. 2, except Lots 1 through 49 inclusive in Block 1;

THE SHORES FILING NO. 3, except Lots 1 through 52, inclusive, in Block 1;

8/30

THE SHORES FILING NO. 4, except Lots 1 through 67, inclusive,
in Block 1;

THE SHORES FILING NO. 5, except Lots 1 through 114, inclusive,
in Block 1.

Section 1.8 First Mortgage means any Mortgage which is not subject to any lien or encumbrance except liens for taxes or other liens which are given priority by statute.

Section 1.9 First Mortgagee means any person or entity named as a mortgagee or beneficiary in any first Mortgage, or any successor to the interest of any such person under such First Mortgage.

Section 1.10 Governing Documents means this Declaration, the Articles of Incorporation, the Bylaws of the Association, and any procedures, rules, regulations, or policies adopted under such documents by the Association.

Section 1.11 Lot shall mean and refer to any plot of land shown upon any recorded subdivision map of the Property with the exception of the Common Area.

Section 1.12 Member shall mean and refer to every person or entity who holds membership in the Association.

Section 1.13 Mortgage shall mean any mortgage, deed of trust, or other document pledging any Lot or interest therein as security for payment of a debt or obligation.

Section 1.14 Mortgagee means any person or entity named as a mortgagee or beneficiary in any Mortgage, or any successor to the interest of any such person under such Mortgage.

Section 1.15 Owner shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Property, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 1.16 Plat means the subdivision plat of The Shores depicting the Property subject to this Declaration and recorded in the records of the Clerk and Recorder of Arapahoe County, Colorado, as such may be amended from time to time.

Section 1.17 Property shall mean and refer to that certain real property described as follows:

THE SHORES, FILING NOS. 1-5, County of Arapahoe, State of
Colorado.

9/30

Section 1.18 Special Assessment means an assessment levied pursuant to Article 5 on an irregular basis.

Section 1.19 The Shores shall mean the planned community created by this Declaration, consisting of the Property and any improvements constructed on the Property.

Section 1.20 Townhome or Townhouse shall mean the residence constructed on a Lot.

ARTICLE 2 DIVISION OF REAL PROPERTY

Section 2.1 Division of Real Property. The Property is hereby divided into 322 lots, designated as Lots 1 through 40, Filing No. 1; Lots 1 through 49, Filing No. 2, Lots 1 through 52, Filing No. 3, Lots 1 through 67, Filing No. 4, and Lots 1 through 114, Filing No. 5, together with all improvements thereon and all easements and rights located thereon or appurtenant thereto as provided herein, and the Common Area. There are 318 townhomes constructed on the Property.

Section 2.2 Description of Lots.

(a) Each Lot shall be inseparable and may be leased, devised or encumbered only as a residence.

(b) Title to a Lot may be held individually or in any form of concurrent ownership recognized in Colorado. In case of any such concurrent ownership, each co-owner shall be jointly and severally liable for performance and observance of all the duties and responsibilities of an Owner with respect to the Lot in which he owns an interest. For all purposes herein, there shall be deemed to be only one Owner, for each Lot. The parties, if more than one, having the ownership of a Lot shall agree among themselves how to share the rights and obligations of such ownership, but all such parties shall be jointly and severally liable for performance and observance of all of the duties and obligations of an Owner hereunder with respect to the Lot in which they own an interest.

(c) Any contract of sale, deed, lease, Mortgage, will or other instrument affecting a Lot may describe it by its Lot number, Block number, County of Arapahoe, State of Colorado according to the Plat thereof and the Amended and Restated Declaration recorded in the records of the Clerk and Recorder of Arapahoe County, Colorado.

(d) Each Lot shall be considered a separate parcel of real property and shall be separately assessed and taxed.

(e) No Owner of a Lot shall bring any action for partition or division of the Common Area.

10/30

**ARTICLE 3
MEMBERSHIP AND VOTING RIGHTS;
ASSOCIATION OPERATIONS**

Section 3.1 The Association. Every Owner of a Lot shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot.

Section 3.2 Transfer of Membership. An Owner shall not transfer, pledge, or alienate his membership in the Association in any way, except upon the sale or encumbrance of his Lot and then only to the purchaser of his Lot.

Section 3.3 Compliance with Governing Documents. Each Owner shall abide by and benefit from each provision, covenant, condition, restriction and easement contained in the Governing Documents. The obligations, burdens, and benefits of membership in the Association concern the land and shall be covenants running with each Owner's Lot for the benefit of all other Lots.

Section 3.4 Books and Records. The Association shall make available for inspection and copying, upon request, during normal business hours or under other reasonable circumstances, to Owners and to Mortgagees, current copies of the Governing Documents and the books, records, and financial statements of the Association prepared pursuant to the Bylaws. The Association may charge a reasonable fee for copying such materials.

Section 3.5 Manager. The Association may employ or contract for the services of a Manager to whom the Board may delegate certain powers, functions, or duties of the Association, as provided in the Bylaws of the Association. The employment shall be by written contract having a term of no more than three years and shall be subject to cancellation by the Association on thirty (30) days' notice, with or without cause, and without a cancellation fee. The Manager shall not have the authority to make expenditures except upon prior approval and direction by the Board. The Board shall not be liable for any omission or improper exercise by a Manager of any duty, power, or function so delegated by written instrument executed by or on behalf of the Board.

Section 3.6 Implied Rights and Obligations. The Association may exercise any right or privilege expressly granted to the Association in the Governing Documents, and every other right or privilege reasonably implied from the existence of any right or privilege given to the Association under the Governing Documents or reasonably necessary to effect any such right or privilege. The Association shall perform all of the duties and obligations expressly imposed upon it by the Governing Documents, and every other duty or obligation implied by the express provisions of the Governing Documents or necessary to reasonably satisfy any such duty or obligation.

11/30

Section 3.7 Voting. Each Lot shall be allocated one vote. When more than one person holds an interest in any Lot, all such persons shall become members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot.

Section 3.8 Non-Liability of Officials. To the fullest extent permitted by law, the Board of Directors, the Architectural Compliance Committee, or any other committees or any members thereof shall not be liable to any Owner or any other person 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 the Board of Directors, or such committees or officers reasonably believed to be within the scope of their respective duties.

ARTICLE 4 PROPERTY RIGHTS

Section 4.1 Owners' Easements of Enjoyment. Every Owner shall have a right and easement of enjoyment in and to the Common Area and such easement shall be appurtenant to and shall pass with the title to every assessed Lot, subject to the following provisions:

- (a) the right of the Association to limit the number of guests of members;
- (b) the right of the Association to charge reasonable admission and other fees for the use of any recreational facility situated upon the Common Area;
- (c) the right of the Association, in accordance with its Articles and Bylaws, to borrow money for the purpose of improving the Common Area and facilities and to mortgage the Common Area for that purpose, the rights of such mortgage shall be subordinate to the rights of the homeowners;
- (d) the right of the Association to suspend the voting rights and right to use of the recreational facilities by a member for any period during which any assessment against his Lot remains unpaid, and for any infraction of its published rules and regulations;
- (e) the right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless an instrument signed by two-thirds (2/3) of the members agreeing to such dedication or transfer has been recorded; and
- (f) the right of the individual Owners to the exclusive use of the parking spaces as provided in this Article.

12/30

Section 4.2 Delegation of Use. Any member may delegate in accordance with the Bylaws, his right of enjoyment to the Common Area and facilities to the members of his family, his tenants, or contract purchasers who reside on the Property.

Section 4.3 Parking Rights. Ownership of each Lot shall entitle the Owner or Owners thereof to the exclusive use of two automobile parking spaces, which shall be appurtenant to said Lot, together with the right of ingress and egress in and upon said parking areas, as may be further defined and regulated by the Rules and Regulations of the Association. Further, prior to any liquidation or dissolution of the Association, the Association shall convey to the Owner of each Lot, the land consisting of the parking spaces then being used by such Lot Owner under the terms of this Declaration.

ARTICLE 5 COVENANT FOR COMMON EXPENSE ASSESSMENTS

Section 5.1 Creation of Association Lien and Personal Obligation to Pay Common Expense Assessments. Each Lot shall be deemed to covenant and agree, and each Owner, by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to covenant and agree to pay to the Association annual Common Expense Assessments, and such other assessments as imposed by the Association. Such assessments, including fees, charges, late charges, attorney fees, fines and interest charged by the Association shall be the personal obligation of the Owner of such Lot at the time when the assessment or other charges became or fell due. The Association annual Common Expense Assessments and such other assessments as imposed by the Association, including fees, charges, late charges, attorney fees, fines and interest charged by the Association, shall be a charge on each Lot and shall be a continuing lien upon the Lot against which each such assessment or charge is made. If any Assessment is payable in installments, the full amount of the assessment is a lien from the time the first installment becomes due. No Owner may become exempt from liability for payment of the Common Expense Assessments by waiver of the use or enjoyment of the Common Area or by abandonment of the Lot against which the Common Expense Assessments are made. All Assessments shall be payable in the amounts specified in the levy thereof, and no offsets or reduction thereof shall be permitted by any reason.

Section 5.2 Purpose of Assessments. The assessments levied by the Association through its Board of Directors shall be used exclusively for the purposes of promoting the health, safety, and welfare of the residents and guests of The Shores and the members of the Association.

Section 5.3 Apportionment of Common Expenses. Except as provided in this Declaration, all Common Expense Assessments shall be assessed against all Lots equally.

Section 5.4 Annual Assessment/Commencement of Common Expense Assessments. The Common Expense Assessment may be made on an annual basis against all Lots and shall be based upon the Association's advance budget of the cash requirements needed by it to provide for the

13/20

administration and performance of its duties during such assessment year, but not more than ten percent (10%) above the prior year's assessment unless sixty-seven (67%) of the membership votes in favor of a larger increase. Common Expense Assessments shall be due and payable in monthly installments, in advance, unless otherwise determined by the Board of Directors. The omission or failure of the Board of Directors to levy the Assessment for any period shall not be deemed a waiver, modification or a release of the Owners from their obligation to pay.

Section 5.5 Special Assessments. In addition to the Annual Assessments authorized by this Article, the Association may levy in any fiscal year one or more Special Assessments, payable over such a period as the Association may determine, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of improvements within the Common Area or any area which the Association maintains, or for any other expense incurred or to be incurred as provided in this Declaration. This Section shall not be construed as an independent source of authority for the Association to incur expense, but shall be construed to prescribe the manner of assessing expenses authorized by other sections of this Declaration, and in acting under this Section, the Association shall make specific references to this Section. Any amounts assessed pursuant to this Section shall be assessed to Owners in the same proportion as provided for Annual Assessments in Section 5.3. The Association shall not levy a Special Assessment without the affirmative vote of two-thirds of the Owners present at a meeting called pursuant to Section 5.6. Notice in writing of the amount of any Special Assessment approved by Owners and the time for payment of the Special Assessments shall be given promptly to the Owners, and no payment shall be due less than thirty (30) days after such notice shall have been given.

Section 5.6 Meeting for Special Assessments. A special meeting shall be held for the approval of any Special Assessment as set forth in Section 5.5. Notice of such meeting shall be in compliance with the Bylaws of the Association. The quorum at such meeting shall be fifty-one percent (51%) of the Owners entitled to vote. In the event a quorum is not obtained at any special meeting called pursuant to this Section, the meeting may be adjourned and rescheduled within sixty (60) days, at which time the quorum shall be reduced by fifty percent (50%).

Section 5.7 Application of Payments. Any monies received in payment of assessments shall be applied in the following order:

- (a) Legal fees;
- (b) Fines;
- (c) Late charges;
- (d) Interest;
- (e) Delinquent special assessments;
- (f) Special assessments;
- (g) Delinquent assessments; and
- (h) Current assessments.

14/30

Section 5.8 Default Assessments. All monetary fines assessed against an Owner pursuant to the Governing Documents, or any expense of the Association which is the obligation of an Owner or which is incurred by the Association on behalf of the Owner pursuant to the Governing Documents shall be a Default Assessment and shall become a lien against such Owner's Lot which may be foreclosed or otherwise collected as provided in this Declaration. Notice of the amount and due date of such Default Assessment shall be sent to the Owner subject to such Assessment at least thirty (30) days prior to the due date.

Section 5.9 Effect of Nonpayment of Assessments. Any assessment, charge or fee provided for in this Declaration, or any monthly or other installment thereof, which is not fully paid within thirty (30) days after the due date thereof, or as established by the Board of Directors, shall bear interest at the rate of interest as determined by the Board of Directors on a per annum basis from the due date, and the Association may assess a reasonable late charge thereon as determined by the Board of Directors. Failure to make payment within thirty (30) days of the due date thereof shall cause the total amount of such Owner's Assessment for the remainder of that fiscal year to become immediately due and payable at the option of the Board. Further, the Association may suspend the voting rights of the Owner during any period of delinquency and may bring an action at law or in equity, or both, against any Owner personally obligated to pay such overdue assessments, charges or fees, or monthly or other installments thereof, and may also proceed to foreclose its lien against such Owner's Lot. An action at law or in equity by the Association against a Owner to recover a money judgment for unpaid assessments, charges or fees, or quarterly or other installments thereof, may be commenced and pursued by the Association without foreclosing, or in any way waiving, the Association's lien therefor. Foreclosure or attempted foreclosure by the Association of its lien shall not be deemed to estop or otherwise preclude the Association from thereafter again foreclosing or attempting to foreclose its lien for any subsequent assessment, charges or fees, or quarterly or other installments thereof, which are not fully paid when due. The Association shall have the power and right to bid on or purchase any Lot at foreclosure or other legal sale, and to acquire and hold, lease, mortgage, vote the Association votes appurtenant to ownership thereof, convey or otherwise deal with the same. If a foreclosure action is filed to foreclose any Assessment lien, and a Owner abandons or leaves vacant his or her Lot, the Board may take possession and rent said Lot or apply for the appointment of a receiver for the Lot without prior notice to the Owner. The rights of the Association shall be expressly subordinate to the rights of any holder of a first lien Security Interest as set forth in its deed of trust or mortgage (including any assignment of rents), to the extent permitted under the Act.

Section 5.10 Owner's Negligence or Misconduct. In the event that the need for maintenance, repair, or replacement of the Common Area, or any portion thereof or of a party wall, is caused through or by the negligent or willful act or omission or misconduct of an Owner, or the Owner's agents, employees, guests, customers, or invitees, then the expenses, costs, and fees incurred by the Association or another Owner for such maintenance, repair, or replacement shall be a personal obligation of such negligent or wrongful Owner, and if not repaid to the Association or other Owner within seven (7) days after notice of such expenses, costs, and fees, then the failure to so repay shall be a default by the Owner under the provisions of this Declaration, such expenses, costs, and fees

15/30

shall automatically become a default assessment determined and levied against such Lot, and the Association or other Owner may proceed in accordance with the applicable provisions of this Article.

Section 5.11 Successor's Liability for Assessment. In addition to the personal obligation of each Owner to pay all Assessments and the Association's perpetual lien for such Assessments, all successors to the fee simple title of a Lot, shall be jointly and severally liable with the prior Owner or Owners thereof for any and all unpaid Assessments, interest, late charges, costs, expenses, and attorney fees against such Lot without prejudice to any such successor's right to recover from any prior Owner any amounts paid by such successor. This liability of a successor shall not be personal and shall terminate upon termination of such successor's fee simple interest in the Lot. In addition, such successor shall be entitled to rely on the statement of status of Assessments by or on behalf of the Association under this Article.

Section 5.12 Lien Priority. The lien of the Association under this Section is prior to all other liens and encumbrances on a Lot except: (1) liens and encumbrances recorded before the recordation of the Declaration; (2) a first lien Security Interest on the Lot (except as allowed by the Act with regard to the limited lien priority allowed to the Association); and (3) liens for Real Estate taxes and other governmental assessments or charges against the Lot. This Section does not affect the priority of mechanics' or materialmen's liens. The lien of the Association under this Article is not subject to the provision of any homestead exemption as allowed under state or federal law. Sale or transfer of any Lot shall not affect the lien for said assessments or charges except that sale or transfer of any Lot pursuant to foreclosure of any first lien Security Interest, or any proceeding in lieu thereof, including deed in lieu of foreclosure, or cancellation or forfeiture shall only extinguish the lien of assessment charges as provided by applicable state law. No such sale, transfer, foreclosure, or any proceeding in lieu thereof, including deed in lieu of foreclosure, nor cancellation or forfeiture shall relieve any Lot from continuing liability for any assessment charges thereafter becoming due, nor from the lien thereof.

Section 5.13 Statement of Status of Assessment Payment. Upon payment of a reasonable fee set from time to time by the Board of Directors and upon the written request of any Owner, Mortgagee, prospective Mortgagee, or prospective purchaser of a Lot, the Board of Directors of the Association shall issue a written statement setting forth the amount of the unpaid Assessments, if any, with respect to such Lot. Unless such statement shall be issued (which shall include posting in the United States Mail) within thirty (30) days, all unpaid Assessments which become due prior to the date of making such request shall be subordinate to the lien of a Mortgagee which acquired its interest in the Lot subsequent to requesting such statement. If the request is made by a prospective purchaser, both the lien for the unpaid Assessment and the personal obligations of the purchaser shall be released automatically if the statement is not furnished within the thirty (30) day period provided for above, and if after that period an additional written request is made by such purchaser and is not complied with within ten (10) days and the purchaser subsequently acquires the Lot.

10/30

ARTICLE 6 PARTY WALLS

Section 6.1 General Rules of Law to Apply. Each wall which is built as a part of the original construction of a townhouse upon the Property and placed between two separate living units intended for use and occupancy as a residence by a single family shall constitute a party wall and to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

Section 6.2 Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a party wall shall be shared by the Owners who make use of the wall in equal proportions.

Section 6.3 Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, then, to the extent that such damage is not covered by insurance and repaired out of the proceeds of same, any Owner who has used the wall may restore it, and if the other Owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in equal proportions without prejudice, however, to the right of any such Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

Section 6.4 Weatherproofing. Notwithstanding any other provision of this Article, to the extent that such damage is not covered and paid by the insurance provided for herein, an Owner who by his negligent or willful act causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

Section 6.5 Right to Contribution Runs with Land. The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

Section 6.6 Arbitration. In the event of any dispute arising concerning a party wall, or under the provisions of this Article, each party shall choose one arbitrator, and such arbitrators shall choose one additional arbitrator, and the decision shall be by a majority of all the arbitrators. Should any party refuse to appoint an arbitrator within ten (10) days after written request therefor, the Board of Directors of the Association shall select an arbitrator for the refusing party.

ARTICLE 7 ARCHITECTURAL APPROVAL/DESIGN REVIEW

Section 7.1 Required Approvals of Exterior Improvements and Changes. No building, fence, or other exterior improvement shall be erected, placed or altered, including painting, on any Lot unless complete plans and specifications shall have been first submitted to and approved in

17/30

writing by the Architectural Compliance Committee. The Committee may require that applications of Owners and their plans and specifications show exterior design, height, materials, color, location of the structure or addition to the structure, plotted horizontally and vertically, location and size of driveways, general plan of landscaping, fencing, walls, windbreaks and grading plan, as well as such other materials and information as may be required by the Committee.

Section 7.2 Design Criteria. The Architectural Compliance Committee shall exercise in its sole discretion and reasonable judgment to the end that all attachments, improvements, construction and alterations shall comply with the requirements set forth herein. The approval or consent of the Architectural Compliance Committee on matters properly coming before it shall not be unreasonably withheld, and actions taken shall not be arbitrary or capricious; decisions shall be conclusive and binding on all interested parties. Approval shall be based upon, but not limited to, conformity and harmony of exterior appearance of structures with neighboring structures, effective location and use of Improvements on nearby Property, preservation of aesthetic beauty, and conformity with the specifications and purposes generally set out in this Declaration. The Architectural Compliance Committee may condition its approval of any proposed Improvements upon the making of such changes therein as the Committee may deem appropriate. In reviewing any matter, the Committee shall not be responsible for passing on safety, whether structural or otherwise, or conformance with building codes or other governmental laws or regulations, or shall its approval of Improvement, be deemed approval of such matters. Upon its review of such plans, specifications and submittals, the Architectural Compliance Committee may require that the applicant(s) reimburse the committee for actual expense incurred by it in its review and approval process.

Section 7.3 Establishment of the Architectural Compliance Committee. An Architectural Compliance Committee shall be appointed by the Board of Directors. The Committee shall meet from time to time as is necessary to perform its duties. In the event an Architectural Compliance Committee is not established, the Board of Directors shall perform all duties of the Architectural Compliance Committee as provided in this Article and the governing documents of the Association.

Section 7.4 Design Guidelines. The Association shall have the power to make, establish and promulgate guidelines, or rules and regulations, relevant to the function of the Architectural Compliance Committee, including, but not limited to, minimum design standards, minimum landscaping standards, procedures and fines or penalties for violation of the provisions of this Article.

Section 7.5 Reply and Communication. The Architectural Compliance Committee shall reply to all submittal of plans made in accordance herewith in writing within forty-five (45) days after receipt. In the event the Committee fails to approve or disapprove a request within forty-five (45) days or no notice of intention to commence legal action challenging the Improvement is made within forty-five (45) days, the approval of the Architectural Compliance Committee is deemed given. All communications and submittals shall be addressed to the Architectural Compliance Committee at such address as the chairman of the Committee shall hereafter designate in writing addressed and mailed to the Owners.

18/30

Section 7.6 Prosecution of Work After Approval. After approval, proposed Improvements shall be accomplished as promptly and diligently as reasonably possible and in complete conformity with the description thereof, any materials submitted to or approved by the Committee, and any conditions imposed by the Architectural Compliance Committee. Failure to diligently prosecute and complete any proposed Improvements within a reasonable time, and in any event within one (1) year after the date of Architectural Control Committee approval of the application, or to complete the Improvements in accordance with the description and materials furnished to, and the terms, conditions, and requirements imposed by, the Committee, shall constitute a violation of this Article and the approval of such proposed Improvements previously granted by the Committee shall thereupon be null and void.

Section 7.7 Variances. With the written approval of the Board, the Architectural Compliance Committee may grant reasonable variances or adjustments from any conditions and restrictions imposed by this Declaration in order to overcome practical difficulties and unnecessary hardships arising by reason of the application of the conditions and restrictions contained in this Declaration or in a development guide. Such variances or adjustments shall be granted only when the granting thereof shall not be materially detrimental or injurious to the other Property or Common Area nor deviate substantially from the general intent and purpose of this Declaration. In the event that the request for a variance is disapproved by the Architectural Compliance Committee, the applicant shall have the right of appeal to the Board of Directors.

Section 7.8 Waivers. The approval or consent of the Architectural Compliance Committee, or appointed representative thereof, to any application for design approval shall not be deemed to constitute a waiver of any right to hold or deny approval or consent by the Committee as to any application or other matters subsequently or additionally submitted for approval or consent.

Section 7.9 Liability. Neither the Architectural Compliance Committee nor any member thereof nor the Board of Directors nor any member thereof shall be liable to the Association or to any Owner or to any other person for any loss, damage or injury arising out of or in any way connected with the performance of the Architectural Compliance Committee's or the Board of Directors' respective duties under this Declaration unless due to the willful misconduct or bad faith of the Architectural Compliance Committee or its member or the Board of Directors or its member, as the case may be. The Architectural Compliance Committee, subject to the direction of the Board, shall review and approve or disapprove all plans and specifications submitted to it for any proposed improvement, including the construction, alteration or addition thereof or thereto, solely on the basis of aesthetic considerations and the overall benefit or detriment which would result to the surrounding residential area and the Property generally. The Architectural Compliance Committee shall take into consideration the aesthetic aspects of the architectural designs, placement of buildings, landscaping, color schemes, exterior finishes and materials and similar features, but shall not be responsible for reviewing, nor shall its approval of any plans or specifications be deemed approval thereof from the standpoint of structural safety, engineering soundness, or conformance with building, zoning or other codes.

19/30

ARTICLE 8 MAINTENANCE

Section 8.1 Association Responsibility. In addition to maintenance upon the Common Area, which includes but is not limited to, main water shut off valves, exterior spigots at the ends of the buildings, streets, curbs, common area light fixtures, perimeter fencing, retaining walls, ponds, streams, and postal unit structures, the Association shall provide exterior maintenance upon each Lot as follows: (a) painting, repair, replacement and maintenance of roofs, gutters, downspouts as well as the exterior building surfaces, including the exterior of garage doors and the structural components of the perimeter walls, but not including the drywall, wallboard, paneling, gypsum board, plaster and lathe or any other material comprising the interior of the perimeter walls; (b) landscaping of the Lots surrounding the perimeter of the Townhomes, including, but not limited to, lawns, trees and shrubs; (c) trash removal; (d) snow removal on streets and driveways; (e) structural supports of all decks; and (f) exterior sump pumps. Such exterior maintenance shall not include glass surfaces or patios. The Association shall have the sole discretion to determine the time and manner in which such maintenance shall be performed as well as the color or type of materials used to maintain the Townhomes.

Section 8.2 Owner's Responsibility. Each owner of a Lot shall be responsible for all necessary maintenance, repair and replacement of the Townhome and other Improvements on said Lot, except as specifically provided in this Declaration, including, but not limited to:

(a) any patio shall be the sole responsibility of the individual Owner of the Lot appurtenant thereto;

(b) All utilities, fixtures and equipment installed on a Lot, commencing at a point where the utility lines, pipes, wires, conduits or systems enter the Lot and service only said Lot; or in the case of electricity, at the point where the electric lines, wires or conduits enter the electrical box serving only said Lot, shall be maintained and kept in repair by the Owner thereof;

(c) Garage doors, entry doors, windows, window frames, screens, window wells and their covers, exterior water spigots within patio areas, exterior townhome lighting, all fencing on a Lot, patios, decks (except as provided for in Article 8.1(e)), garage floors, individual postal units, address indication numbers, and all foundation, porch, patio, and entrance concrete.

(d) Any sump pumps installed within the interior of any home constructed on any Lot.

Section 8.3 Negligence. In the event that the need for maintenance or repair is caused through the willful or negligent act of the Owner, his family, or guests, or invitees the cost of such maintenance or repairs shall be added to and become a part of the assessment to which such Lot is subject.

20/30

ARTICLE 9 USE RESTRICTIONS

Section 9.1 Authority. The Board shall have the authority to issue and amend restrictions on use and occupancy of the Lots in addition to those contained in this Declaration, so long as the restrictions do not contradict the provisions of this Declaration. All provisions of the Governing Documents shall apply to Owners and their guests, tenants, invitees and licensees. Existing Owners and their successors and assigns, by acceptance of a deed to their Lot, acknowledge that they have been given notice, and that:

- (a) The ability of Owners to use their Lots may be limited by the provisions in the Governing Documents.
- (b) The Board may add, delete, modify, create exceptions to, or amend use guidelines and restrictions, or Rules and Regulations, in accordance with this Declaration and established legal principles.
- (c) The Board may, from time to time, adopt definitions of undefined words, phrases and terms used in this Declaration and other Governing Documents.
- (d) The Board may establish penalties for the infraction of all regulations and Owners will be responsible for fines assessed against their tenants, guests and invitees for violations of the restrictions.
- (e) All penalties imposed are collectible as Assessments pursuant to Article 5.
- (f) The occupancy of a Lot within The Shores may be affected by this provision and that the Rules may change from time to time.

Section 9.2 Initial Restrictions. The following activities are prohibited within the Community unless expressly authorized (and in such cases, subject to such conditions as may be imposed) by the Board:

- (a) Single Family. Each Lot shall be occupied only by a single family and Owners thereof, its servants and guests, and only as a residence, and for no other purpose. "Single family," for the purpose of this Declaration, shall be defined as an individual or two or more persons related by blood, marriage or adoption, or a group of unrelated persons living as a single housekeeping unit or pursuant to the Codes of the City of Aurora.
- (b) Restrictions Regarding Leasing of Lots. The Board may establish Rules and Regulations to simplify lease and rental procedures. Every Owner who leases a Lot shall notify the Association with the rental occupant information as may be further defined in the Rules and Regulations of the Association.

21/30

(c) Construction. All Lots shall be subject to applicable governmental zoning and use ordinances and rules and regulations of the Association. All buildings or structures erected upon said property shall be of new construction and no buildings or structures shall be moved from other locations onto said property and no subsequent building or structures other than Townhouse buildings, being single family Townhouses joined together by a common exterior, roof and foundation, shall be constructed. No structures of a temporary character, trailer, basements, tent, shack, garage, barn or other outbuilding shall be used on any portion of said Property at any time as a residence either temporarily or permanently.

Section 9.3 Animals. No animals, livestock or poultry of any kind shall be raised, bred or kept on any of said Lots, except that dogs, cats or other household pets may be kept provided that they are kept pursuant to the Rules and Regulations of the Association.

Section 9.4 Signs. No advertising signs (except one of not more than five (5) square feet "for rent" or "for sale" sign per Lot), billboards, unsightly objects, or nuisances shall be erected, placed or permitted to remain on said Property, nor shall said Property be used in any way or for any purpose which may endanger the health or unreasonably disturb the Owner of any Lot or any resident thereof.

Section 9.5 Common Areas. No planting or gardening shall be done, and no fences, hedges or walls shall be erected or maintained upon the Common Area except such as are installed in accordance with the initial construction of the buildings, located thereon or as approved by the Association's Board of Directors or the Architectural Compliance Committee. Except for the right to ingress and egress, the Owners of Lots are hereby prohibited and restricted from using any of the Common Area outside the Lot building lines, except as may be allowed by the Association's Board of Directors.

Section 9.6 Antenna. Placement or installation of antennae, satellite dishes and other devices designed for the reception of radio, television, or other airborne signals ("facilities") within the Property are subject to the Association's general regulatory authority pursuant to the Governing Documents and applicable federal law. With respect to facilities other than those for the reception of over the air video signals, the Association has the absolute authority to specify the location, appearance, size, color, and other conditions of such facilities to reduce visibility from other portions of the Property or outside the Property and to ensure compatibility with the Community. Prior to the installation of any type of facilities described in this Section, the Owner shall contact the Board or its designee, and except as restricted by federal law, all such placement shall be subject to the Rules and Regulations of the Association.

Section 9.7 Unsightly Objects. No unsightly objects or materials as set forth in the Rules and Regulations shall be allowed to be placed or to remain upon the Property. The Association shall have the right to enter upon said lands or remove such refuse piles and other unsightly objects or materials at the expense of the Owner and such entry shall not be deemed a trespass upon due notice to the Owner and failure of the Owner to comply.

22/30

Section 9.8 Vehicles. All vehicles must be parked and stored in compliance with the Association Rules and Regulations.

Section 9.9 Nuisances. No noxious or offensive activity shall be carried on upon any Lot, nor shall anything be done thereon which may be, or may become, an annoyance or nuisance to the neighborhood. No oil drilling, water drilling, oil development operations, oil refining, quarrying or mining operations of any kind shall be permitted upon or in any Lot, nor shall oil wells, tanks, tunnels, mineral excavations or shafts be permitted upon or in any Lot. No derricks or other structure designed for use in boring for oil, water or natural gas shall be erected, maintained or permitted upon any Lot.

Section 9.10 Garage Doors. The use and operation of garage doors shall be regulated in accordance with the Rules and Regulations of the Association.

ARTICLE 10 EASEMENTS

Section 10.1 Construction Easement. Each Townhouse and the property included in the Common Area shall be subject to an easement for encroachments created by the original construction, settling and overhangs. A valid easement for said encroachments and for the maintenance of same, so long as it stands, shall and does exist. In the event the multi-family structure containing two or more Townhouses is partially or totally destroyed, and then rebuilt, the owners of the Townhouses so affected agree that minor encroachments of parts of the adjacent Townhouse or Common Areas due to construction shall be permitted and that a valid easement for said encroachment and the maintenance thereof shall exist.

Section 10.2 Blanket Easement. There is hereby created a blanket easement upon, across, over and under all of the Common Area for ingress, egress, installation, replacing, repairing and maintaining all utilities, including but not limited to water, sewers, gas, telephones and electricity, and a master television, antenna system. By virtue of this easement, it shall be expressly permissible for the providing electrical and/or telephone company to erect and maintain the necessary poles and other necessary equipment on said property and to affix and maintain electrical and/or telephone wires, circuits and conduits on, above, across and under the roofs and exterior walls of said Townhouses. An easement is further granted to all police, fire protection, ambulance and all similar persons to enter upon the streets and Common Area in the performance of their duties. Further, an easement is hereby granted to the Association, its officers, agents, employees, and to any management company selected by the Association to enter in or to cross over the Common Area and any Townhouse to perform the duties of maintenance and repair of the Townhouses or Common Area provided for herein. Notwithstanding anything to the contrary contained in this paragraph, no sewers, electrical lines, water lines, or other utilities may be installed or relocated on the Common Area, except as approved by the Board of Directors. Should any utility furnishing a service covered by the general easement herein provided request a specific easement by separate recordable document, the Board of Directors shall have the right to grant such easement on said Common Area

23/30

without conflicting with the terms hereof. The easements provided for in this Article 10 shall in no way affect any other recorded easement on said premises.

ARTICLE 11 COVENANT VIOLATION AND ENFORCEMENT

Section 11.1 Who May Enforce. Enforcement of this Declaration shall be by the Association or by an Owner by any proceeding at law or in equity against any person or persons violating or attempting to violate any provision of this Declaration, either to restrain violation and/or to recover damages, and such Owner's Lot to enforce any lien created by this Declaration. The omission or failure of the Association or any Owner to enforce any provision of this Declaration shall in no event be deemed a waiver of the right to do so thereafter.

Section 11.2 Notice of Violation. In the event of a failure or refusal to comply strictly with any provision of this Declaration, a notice shall be mailed by the Association, its agent or the Architectural Compliance Committee to such violator setting forth the nature of the violation. Such notice shall also state the action required by the Owner to cure the violation, the time required for such action and the nature of the action contemplated by the Association if the violation is not cured by the Owner. Any action taken by the Association to correct such violation shall be at the sole cost and expense of such Owner (including any attorney fees incurred in conjunction therewith), and the Association shall charge and assess, as provided in Article 9, such Owner for the full cost thereof.

Section 11.3 Violation of Covenants Creates Liens. A violation of this Declaration shall create a lien against an Owner's Lot. The Association may elect to prepare and record a Notice of Lien with respect to each such Notice of Violation.

Section 11.4 Covenant Enforcement - Remedies. The remedies provided in the Governing Documents for the enforcement of this Declaration are cumulative and the selection of less than all methods of enforcement shall not constitute an election of remedies so as to preclude other methods of enforcement subsequently or simultaneously.

Section 11.5 Limitations on this Article. Nothing in this Article is intended to limit or contravene, nor shall any provision thereof be construed to limit or contravene, any appropriate provision of the Governing Documents.

Section 11.6 Covenant Enforcement — Temporary or Permanent Restraining Orders. In the event of the recording of a Notice of Violation, the Association may, in addition to other remedies, commence an action for an injunction and for damages and for the issuance of a temporary or permanent restraining order. By acceptance of a conveyance as an Owner, said Owner waives any further notice of application to court for a temporary or permanent restraining order and waives the requirement of the posting of any bond as a condition thereof. The rules of court and statutes of the State of Colorado are expressly waived in the foregoing particulars. The within waiver shall extend

24/30

to all persons or entities deriving any interest in said land by or through said Owner, including lienors and encumbrances.

ARTICLE 12 INSURANCE

Section 12.1 Comprehensive General Liability and Property Damage Insurance. Comprehensive general liability and property damage insurance shall be purchased by the Board of Directors and shall be maintained in force at all times, the premiums thereon to be paid by the Association as a Common Expense. The insurance shall be carried with reputable companies authorized to do business in the State of Colorado in such amounts as the Board of Directors may determine. The policy or policies shall name as insured all the Owners and the Association. The policy or policies shall insure against loss arising from perils in the Common Area and that portion of the Townhome not reserved for an Owner's exclusive use or occupancy, and shall include contractual coverage to protect against such liabilities as may arise under the contractual exposures of the Association or the Board of Directors.

Section 12.2 Fire and Hazard Insurance. Fire and other hazard insurance for the Common Area and the Townhomes and any improvements located thereon shall be purchased by the Board of Directors and shall thereafter be maintained in force at all times, the premiums thereon to be paid by the Association as a Common Expense. Policies shall provide for a standard noncontributory mortgagee clause in favor of each First Mortgagee whether or not named therein, and shall provide that the policy cannot be cancelled by either the insured or the insurance company until after ten (10) days' prior written notice to each Owner and each First Mortgagee. The policies shall also provide that the interest of each First Mortgagee in the insurance shall not be invalidated by any action or neglect of the Board of Directors, Owners or their tenants or agents. The policies shall further provide for waiver by the insurer of any policy provisions which would render the mortgagee clause invalid by reason of failure of the Mortgagee to notify the insurer of any hazardous use or vacancy with respect to the Property and any requirement that the Mortgagee pay the premium thereon. The policy or policies shall insure against loss from perils therein covered to all of the improvements in the Common Area and the Townhomes, except such as may be separately insured. Such policy or policies shall contain extended coverage, vandalism and malicious mischief endorsements. The improvements to be insured under this clause shall be continually insured to value, and the policy or policies shall contain replacement cost insurance. If reasonably available, the policy or policies shall contain a stipulated amount clause, or determinable cash adjustment clause, or similar clause to permit a cash settlement covering specified value in the event of destruction and a decision not to rebuild. The policy or policies shall name as insured all of the Owners and the Association. The policy or policies shall also cover all personal property owned by the Association and shall further contain a waiver of subrogation rights by the carrier as to negligent Owners.

Section 12.3 Directors and Officers Insurance. The Association shall obtain directors and officers liability insurance in an amount of not less than One Million Dollars (\$1,000,000.00).

25/30

Section 12.4 Other Insurance. The Board of Directors may purchase and maintain in force as a Common Expense, debris removal insurance, fidelity bonds, and other insurance or bonds that it deems necessary. The Board of Directors shall purchase and maintain Workmen's Compensation Insurance to the extent that the same shall be required by law.

Section 12.5 Insurance Obtained by Owners. Each Owner shall be responsible for maintaining all insurance which covers his Lot, including all areas for which the Owner has a maintenance responsibility pursuant to Article 8 herein, except for the Townhomes, as well as loss or damage to personal property in his Townhome and upon his Lot and liability for injury, death or damage occurring inside his Townhome or upon his Lot. Such personal property shall include, but is not limited to, all furnishing, fixtures, appliances and equipment within a Townhome. Any such policy shall contain waivers of subrogation and shall be so written that the liability of the carriers issuing insurance obtained by the Association shall not be affected or diminished thereby.

Section 12.6 Claims. Whether the Board, in its discretion, chooses to submit a claim under the Association's insurance policy or not, the payment of the deductible amount for claims which the Association is responsible for insuring, shall be as follows:

(a) The Association shall pay or absorb said deductible for any work, repairs or reconstruction for damage incurred to Common Area or an area for which the Association has a maintenance responsibility or the Party Wall, or for damage to Common Area or any area which the Association maintains that originates in the Common Area or an area that the Association maintains or originates from natural causes, unless said damage is caused by the negligent or willful act or omission of an Owner, his family, guests, or invitees, in which case the Association shall seek reimbursement in compliance with and under Article 8.3 herein.

(b) The Owner shall pay or absorb said deductible for any work, repairs, reconstruction or replacement for damage incurred to the Common Area or any area that the Association maintains, as follows:

(i) The Owner of the Lot where the cause of the damage originates shall have primary responsibility, either directly or through his/her insurance company, for handling and paying for, any work, repairs, reconstruction or replacement, up to the Association's deductible amount. The Association shall advise the Owners of the deductible on a yearly basis and shall not change the deductible without prior notice to the Owners.

(ii) The Owner of any Lot that is damaged by a problem that originated in another Lot shall have secondary responsibility, either directly or through his/her insurance company, for handling and paying for, any work, repairs, reconstruction or replacement up to the Association's deductible amount.

26/30

(iii) The Association shall have the sole discretion to determine the responsibility for the deductible and allocate the responsibility to one or more parties in amounts determined by the Association.

(c) If a Lot is damaged, then the Owner of that Lot shall have primary responsibility, either directly or through his insurance company, for handling and paying for, any work, repairs, reconstruction or replacement.

ARTICLE 13 ASSOCIATION AS ATTORNEY-IN-FACT

Each Owner hereby irrevocably appoints the Association as the Owner's true and lawful attorney-in-fact for the purposes of dealing with any improvements covered by insurance written in the name of the Association pursuant to Article 12 upon their damage or destruction as provided in this Declaration, or a complete or partial taking as provided in this Declaration. Acceptance by a grantee of a deed or other instrument of conveyance conveying any portion of the Property shall constitute appointment of the Association as the grantee's attorney-in-fact, and the Association shall have full authorization, right, and power to make, execute, and deliver any contract, assignment, deed, waiver, or other instrument with respect to the interest of any Owner which may be necessary to exercise the powers granted to the Association as attorney-in-fact. Furthermore, if so requested, an Owner shall execute a separate instrument specifically setting forth this appointment.

ARTICLE 14 DAMAGE OR DESTRUCTION

Section 14.1 The Role of the Board of Directors. Except as provided in Section 14.6., in the event of damage to or destruction of all or part of any Townhome, Common Area, improvement, or other property covered by insurance written in the name of the Association under this Declaration, the Board of Directors shall arrange for and supervise the prompt repair and restoration of the damaged property (the property insured by the Association pursuant to Article 12 is sometimes referred to as the "Association-Insured Property").

Section 14.2 Estimate of Damages or Destruction. As soon as practicable after an event causing damage to or destruction of any part of the Association-Insured Property, the Board of Directors shall, unless such damage or destruction shall be minor, obtain an estimate or estimates that it deems reliable and complete of the costs of repair and reconstruction. "Repair and reconstruction" as used in this Declaration shall mean restoring the damaged or destroyed improvements to substantially the same condition in which they existed prior to the damage or destruction. Such costs may also include professional fees and premiums for such bonds as the Board of Directors determines to be necessary.

Section 14.3 Repair and Reconstruction. As soon as practical after the damage occurs and any required estimates have been obtained, the Association shall diligently pursue to complete the

repair and reconstruction of the damaged or destroyed Association-Insured Property. As attorney-in-fact for the Owners, the Association may take any and all necessary or appropriate action to effect repair and reconstruction of any damage to the Association-Insured Property, and no consent or other action by any Owner shall be necessary. Assessments of the Association shall not be abated during the period of insurance adjustments and repair and reconstruction.

Section 14.4 Funds for Repair and Reconstruction. The proceeds received by the Association from any hazard insurance carried by the Association shall be used for the purpose of repair, replacement, and reconstruction of the Association-Insured Property. If the proceeds of the Association's insurance are insufficient to pay the estimated or actual cost of such repair, replacement, or reconstruction, or if upon completion of such work the insurance proceeds for the payment of such work are insufficient, the Association may, pursuant to Article 5, Section 5.5, levy, assess, and collect in advance from the Owners, without the necessity of a special vote of the Owners, a Special Assessment sufficient to provide funds to pay such estimated or actual costs of repair and reconstruction. However, if the aggregate of any Special Assessment for expense relating to the Common Area exceeds the greater of (i) 10% of the gross annual budget for the Association for that year or (ii) \$10,000.00, then the Special Assessment shall be subject to the approval of seventy-five percent (75%) of the votes of the Members who are subject to the Special Assessment and who attend a meeting for the purpose of approval of such Special Assessment. In addition, the Special Assessment shall be subject to the approval of First Mortgagees whose liens collectively encumber seventy-five percent (75%) of the Lots. Further levies may be made in like manner if the amounts collected prove insufficient to complete the repair, replacement, or reconstruction.

Section 14.5 Disbursement of Funds for Repair and Reconstruction. The insurance proceeds held by the Association and the amounts received from the Special Assessments provided for above, constitute a fund for the payment of the costs of repair and reconstruction after casualty. It shall be deemed that the first money disbursed in payment for the costs of repair and reconstruction shall be made from insurance proceeds, and the balance from the Special Assessments. If there is a balance remaining after payment of all costs of such repair and reconstruction, such balance shall be distributed to the Owners in proportion to the contributions each Owner made as Special Assessments, then in equal shares per Lot, first to the Mortgagees and then to the Owners, as their interests appear.

Section 14.6 Decision Not to Rebuild Common Area. If seventy-five percent (75%) of the votes of the Members and First Mortgagees whose liens collectively encumber at least seventy-five percent (75%) of the Lots agree in writing not to repair and reconstruct improvements within the Common Area and if no alternative improvements are authorized, then and in that event the damaged property shall be restored to its natural state and maintained as an undeveloped portion of the Common Area by the Association in a neat and attractive condition. Any remaining insurance proceeds shall be distributed in equal share per Lot, first to the Mortgagees and then to the Owners, as their interests appear.

28/30

ARTICLE 15 CONDEMNATION

Section 15.1 Rights of Owners. Whenever all or any part of the Common Area shall be taken by any authority having power of condemnation or eminent domain or whenever all or any part of the Common Area are conveyed in lieu of a taking under threat of condemnation by the Board of Directors acting as attorney-in-fact for all Owners under instructions from any authority having the power of condemnation or eminent domain, each Owner shall be entitled to notice of the taking or conveying. The Association shall act as attorney-in-fact for all Owners in the proceedings incident to the condemnation proceeding, unless otherwise prohibited by law.

Section 15.2 Partial Condemnation; Distribution of Award; Reconstruction. The award made for such taking shall be payable to the Association as trustee for those Owners for whom use of the Common Area was conveyed, and the award shall be disbursed as follows:

If the taking involves a portion of the Common Area on which improvements have been constructed, then, unless within sixty (60) days after such taking seventy-five percent (75%) of the votes of the Members and First Mortgagees whose liens collectively encumber at least seventy-five percent (75%) of the Lots, otherwise agree, the Association shall restore or replace such improvements so taken on the remaining land included in the Common Area to the extent lands are available for such restoration or replacement in accordance with plans approved by the Board of Directors. If such improvements are to be repaired or restored, the provisions in this Declaration regarding the disbursement of funds in respect to casualty damage or destruction which is to be repaired shall apply. If the taking does not involve any improvements on the Common Area, or if there is a decision made not to repair or restore, or if there are net funds remaining after any such restoration or replacement is completed, then such award or net funds shall be distributed in equal shares per Lot among the Owners, first to the Mortgagees and then to the Owners, as their interests appear.

Section 15.3 Complete Condemnation. If all of the Property is taken, condemned, sold, or otherwise disposed of in lieu of or in avoidance of condemnation, then the regime created by this Declaration shall terminate, and the portion of the condemnation award attributable to the Common Area shall be distributed as provided in this Declaration.

ARTICLE 16 MISCELLANEOUS AND GENERAL PROVISIONS

Section 16.1 Gender and Grammar. The singular wherever used herein shall be construed to mean the plural when applicable and the necessary grammatical changes required to make the provisions hereof apply either to corporations or individuals, men or women, shall in all cases be assumed as though in each case fully expressed.

29/30

Section 16.2 Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

Section 16.3 Amendment of Declaration by Lot Owners. Except as otherwise provided in this Declaration, any provision, covenant, condition, restriction or equitable servitude contained in this Declaration may be amended or repealed at any time and from time to time upon approval of at least sixty-seven percent (67%) of the membership of the Association. Said votes may be obtained in any method allowed by the Governing Documents of the Association. The amendment or repeal shall be effective upon the recordation in the office of the Clerk and Recorder of the County of Arapahoe, of a certificate, setting forth the amendment in full and certifying that the amendment has been approved as set forth above, and containing the written consent and approval of the Association.

Section 16.4 Revocation. This Declaration shall not be revoked unless approved in writing by Owners holding eighty percent (80%) or more of the total vote hereunder. Such revocation shall be effective when duly recorded; provided, however, that any revocation must comply with the Statutes of Colorado and the resolutions and Ordinances of the City of Aurora, Colorado, or of any successor governmental entity having jurisdiction over the Property.

The undersigned, being the president and the Secretary of The Shores Homeowners Association I, Inc., hereby certify that the Association has obtained written approval of this Amended and Restated Declaration from at least seventy-five percent (75%) of the Owners within The Shores, as evidenced by written instruments filed with the records of the Association.

THE SHORES HOMEOWNERS ASSOCIATION
I, INC., a Colorado nonprofit corporation

By: Mary Lou Lane
President

ATTEST:

By: [Signature]
Secretary

STATE OF COLORADO)
) ss.
COUNTY OF DENVER)

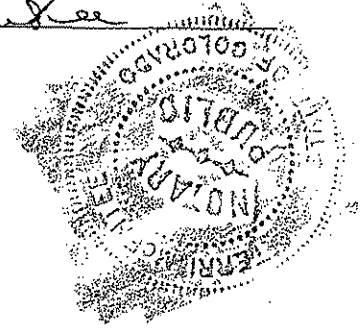
The foregoing was acknowledged before me this 15TH day of APRIL, 1999, by MARY LOU LANE, as President of The Shores Homeowners Association I, Inc., a Colorado nonprofit corporation.

30/30(

Witness my hand and official seal.

My commission expires: 10-25-00

[Signature]
Notary Public



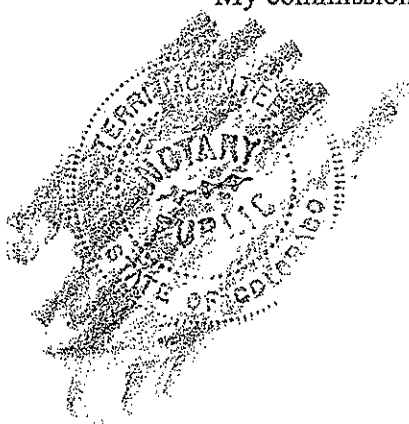
STATE OF COLORADO)
) ss.
COUNTY OF DENVER)

The foregoing was acknowledged before me this 15th day of APRIL, 1999, by IRA SCHREIBER, as Secretary of The Shores Homeowners Association I, Inc., a Colorado nonprofit corporation.

Witness my hand and official seal.

My commission expires: 10-25-00

[Signature]
Notary Public



Skyline Real Estate Services
1780 South Bellaire St., Suite 490
Denver, Colorado 80222

16
Arapahoe County Clerk & Recorder, Nancy A. Doty
Reception #: B5159867
Receipt #: 5258805
Pages Recorded: 3
Recording Fee: \$16.00
Date Recorded: 10/24/2005 4:28:19 PM

**FIRST AMENDMENT
TO THE
AMENDED AND RESTATED DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS OF THE SHORES**

THIS AMENDMENT is made this 20th day of October 2005.

RECITALS

A. The Amended and Restated Declaration of Covenants, Conditions and Restrictions of The Shores were recorded in the real property records of Arapahoe County on May 3, 1999, at Reception Number A9072533 (the "Covenants").

B. Pursuant to Section 16.3 of the Covenants, amendments to the Covenants require approval of sixty-seven percent (67%) of the membership of the Association.

C. It is the intent of the Board of Directors to amend sections 12.2 and 12.5 with respect to Insurance.

D. The undersigned, being the President of the Board of Directors of the Association, hereby certifies that a majority (67%) of the membership, have approved this Amendment as required by Section 16.3 of the Covenants.

1. Amendments. The Covenants are hereby amended, pursuant to the amendment provision contained in Section 16.3 as follows:

Section 12.2 Fire and Hazard Insurance. Fire and other hazard insurance for the Common Area and the Townhomes and any improvements located thereon shall be purchased by the Association and shall; thereafter be maintained in force at all times, the premiums thereon to be paid by the Association as a Common expense. Policies shall provide for a standard noncontributory mortgagee clause in favor of each First Mortgagee whether or not named there in, and shall provide that the policy cannot be cancelled by either the insured or the insurance company until after ten (10) days' written notice to each owner and each First Mortgagee. The policies shall also provide that the interest of each First Mortgagee in the insurance shall not be invalidated by any action or neglect of the Board of Directors, Owners or their tenants or agents. The policies shall further provide for waiver by the insurer of any policy provisions which would render the mortgagee clause invalid by reason of failure of the Mortgagee to notify the insurer of any hazardous use or vacancy with respect to the Property and any requirement that the Mortgagee pay the premium thereon. The policy or policies shall insure against loss from perils therein covered to all of the improvements in the Common Area and the Townhomes. Such policy or policies shall contain extended coverage, vandalism and malicious mischief endorsements. The improvements to be insured under the clause shall be continually insured to value, and the policy or policies shall contain replacement cost insurance. If reasonably available, the policy or policies shall contain a stipulated amount clause, or determinable cash adjustment clause, or similar clause to permit a cash settlement covering specified value in the event of destruction and a decision not to rebuild. The policy or policies shall name as insured all of the Owners and the Association. The policy or policies shall also cover all personal property owned by the Association and shall further contain a waiver of subrogation rights by the carrier as to negligent Owners.

RECEIVED IN THIS CONDITION

Section 12.5 Insurance Obtained by Owners. Each Owner shall be responsible for maintaining all insurance which covers damage to personal property in his Townhome and upon his Lot, excluding the townhome and liability for injury, death or damage occurring inside his Townhome or upon his Lot. Such personal property shall include all furnishings, appliances and other items of personalty within a Townhome. Any such policy shall contain waivers of subrogation and shall be so written that the liability of the carriers issuing insurance obtained by the Association shall not be affected or diminish thereby. Owner is not responsible for insurance on any building or real property.

2. No Other Amendments. Except as amended by the terms of this Amendment and previous Amendments, the Covenants shall remain in full force and effect.

IN WITNESS WHEREOF, this Amendment is executed by the undersigned.

THE SHORES HOMEOWNERS ASSOCIATION I, INC.,
A Colorado nonprofit corporation

By: Mary Lou Lane
Mary Lou Lane, President

**RESOLUTION OF THE
SHORES HOMEOWNERS ASSOCIATION I, INC.**

E. **SUBJECT:** Adoption of First Amendment to the Amended and Restated Declaration of Covenants, Conditions and Restrictions of The Shores; Insurance Requirements as stated in Sections 12.2 and 12.5 of the Amended Covenants.

AUTHORITY: The Amended and Restated Declaration of Covenants, Conditions and Restrictions for The Shores Homeowners Assn. I, Inc., Arapahoe County, Colorado; Amended and Restated Declaration of Covenants, Conditions and Restrictions of the Shores and Colorado law.

EFFECTIVE

DATE: October 20, 2005

RESOLUTIONS:

1. Covenant Amendment

The Association hereby adopts and incorporates the First Amendment to the Amended and Restated Declaration of Covenants, Conditions and Restrictions of the Shores.

**BOARD OF
DIRECTORS'**

CERTIFICATION: The undersigned, being the President of the Board of Directors of the Shores Homeowners Association I, Inc., a Colorado non-profit corporation, certify that the foregoing Resolution was adopted by the Board of Directors of the Association, at a duly called and held meeting of the Board of Directors on October 20, 2005, after obtaining a minimum approval of (67%) of the membership and in witness thereof, the undersigned has subscribed his/her name.

THE SHORES HOMEOWNERS ASSOCIATION I, INC.

By: Mary Lou Lane
Mary Lou Lane, President

(

(

(