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AMENDED AND RESTATED

COMMUNITY CHARTER

FOR

HYLAND VILLAGE

Upon recording, please return to:

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929 Pearl Street, Suite 300

Denver

Indexing Note: Please index in grantee's index under "Hyland Village" and "Hyland Village Association" and in grantor's index under "McStain Enterprises, Inc."

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AMENDED AND RESTATED COMMUNITY CHARTER FOR HYLAND VILLAGE ASSOCIATION

7

PREAMBLE

This Amended and Restated Community Charter ("Charter") establishes a governance structure and a flexible system of standards and procedures for the development, expansion, administration, maintenance, and preservation of Hyland Village, a residential planned community. Hyland Village is located in the City of Westminster, Colorado, and will include various types of residential homes and related recreational amenities. An integral part of the development plan for Hyland Village is the formation of the Hyland Village Association, a nonprofit corporation ("Association"), to own, operate, and/or maintain various common areas and community improvements and to administer and enforce this Charter and the other Governing Documents referenced in this Charter. This Charter supersedes and replaces in its entirety the original Community Charter for Hyland Village recorded in the real property records of Jefferson County, Colorado on September 22, 2008 at Reception No. 2008088612.

MISSION

The mission of this Charter and the Association is to promote the long term value of the Hyland Village Community and promote harmony and social interaction for the greater good of its residents.

All those involved in the Community (including the Founder, Board Members, Owners, and those involved in the management of the Community) are expected to further this mission by:

- *Treating each other with respect and integrity.*
- *Being in a sustainable partnership with the natural environment.*
- *Being a good neighbor within the broader community.*
- *Maintaining and improving the common area over time in conjunction with the desires of the residents.*
- *Communicating and sustaining the vision for the Community.*
- *Allowing innovation and evolution to meet the changing needs of the residents of the Community in the context of the original vision of the Founder.*
- *Building community by promoting social interaction.*
- *Being fiscally responsible.*
- *Being organized and communicating in a clear, friendly, and positive manner.*
- *Enabling ongoing education for board members, residents, and others involved in the management and operation of the Community.*
- *Encouraging involvement of all residents in community affairs.*
- *Embracing an ongoing relationship between the Founder, the Association, the Owners, and the broader community on community issues.*

DECLARATION

McStain Enterprises, Inc., a Colorado corporation (with its successors and assigns, the "**Founder**"), as the owner of the property described on Exhibit "A," declares that the property described on Exhibit "A" and any additional property made subject to this Charter by supplement or amendment, shall constitute the "**Community**" referred to in this Charter. This Charter shall encumber the title to such property, shall govern the development and use of such property, and shall be binding upon the Founder and the future owners of any portion of such property, their respective heirs, successors, successors-in-title, and assigns, and any other person or entity that now or hereafter holds any legal, equitable, or beneficial interest in any portion of such property. This Charter shall also be binding upon the Association, its successors and assigns.

This Charter is prepared pursuant to the Colorado Common Interest Ownership Act, C.R.S. §38-33.3-101, *et seq.* (the "**Act**"), and the common interest community established by this document is a planned community as defined in the Act

PART ONE: INTRODUCTION TO THE COMMUNITY

To accomplish great things, we must not only act, but also dream; not only plan, but also believe.

Anatole France

Chapter 1

Governing Documents

A community is guided and governed by certain principles that each owner and resident, by choosing to own property or reside in the community, agrees to uphold. Those principles are set forth in the community's governing documents, which bind the community together, give it structure, and provide guidance to all who participate in its growth and evolution.

1.1. Scope and Applicability

The Community is governed by various documents. These documents are referred to in this Charter as the "**Governing Documents**," and include this Charter and the other documents described in Table 1.1, as they may be amended.

All owners and occupants, as well as their tenants, guests, and invitees, are required to comply with the Governing Documents.

1.2. Additional Covenants

Any property within the Community may be made subject to additional covenants as provided in Section 15.2. If the provisions of any such additional covenants are more restrictive than the provisions of this Charter, the more restrictive provisions control. The Association shall have standing and the power to enforce any such additional covenants.

GOVERNING DOCUMENTS	
Hyland Village Plats:	The Hyland Village Subdivision Plat recorded on November 2, 2007 at Reception No. 2007123402, and any other recorded plats or amendments or supplements thereto affecting any of the Property now or hereafter included in the Community
Community Charter: (recorded with the County Clerk and Recorder)	This Community Charter for Hyland Village, which creates obligations that are binding upon the Association and all present and future owners of property in the Community
Supplement: (recorded with the County Clerk and Recorder)	A recorded supplement to this Charter, which submits additional property to this Charter, creates easements over such property, imposes additional obligations or restrictions on property described in the Supplement, designates service areas as described in Chapter 3, or any of the foregoing
Articles of Incorporation or Articles: (filed with Secretary of State)	The Articles of Incorporation of the Hyland Village Association, as they may be amended, which establish the Association as a non-profit corporation under Colorado law
By-Laws: (Board adopts)	The By-Laws of the Hyland Village Association, adopted by its Board of Directors, as they may be amended, which govern the Association's internal affairs, such as voting, elections, meetings, etc.
Design and Environmental Guidelines: initial set attached as Exhibit "E")	The guidelines of the Association concerning the approval of improvements and landscaping within the Community which may vary among uses or locations within the Community, as they may be amended pursuant of Chapter 5,
Rules and Regulations: (initial set attached as Exhibit "C")	The rules and regulations of the Association adopted pursuant to Chapter 7, which regulate use of property, activities, and conduct within the Community
Board Resolutions: (Board adopts)	The resolutions which the Association's Board of Directors adopts to establish rules, guidelines, policies, and procedures for internal governance and Association activities and to regulate the operation and use of the property which the Association owns or controls

Table 1.1

The Community is also subject to any applicable federal, state, and local laws and by the various documents identified in the following Table.

//

COMMUNITY DOCUMENTS AND APPLICABLE LAWS	
Colorado Laws:	All applicable state and local laws and regulations, including the Colorado Common Interest Ownership Act, Senate Bills 05-100 and 06-089, the Colorado Nonprofit Corporation Act, and the Westminster Municipal Code
Subdivision Plats	The subdivision plats recorded from time to time that create and describe lots or parcels within the Community not having horizontal boundaries and that may describe and dedicate various streets, utility easements, common areas and other aspects of the Community
Condominium Maps	Any condominium maps recorded from time to time that describe units within the Community having horizontal boundaries within the Community
Cost Sharing Agreements	Written agreements between the Association and the owners of commercial property adjacent to the Community that set forth agreements to share the costs of jointly used streets, drainage improvements or other shared property.

1.3. Conflicts and Ambiguities

If there are conflicts between any of the Governing Documents and applicable federal, state, or local laws, the applicable laws shall control. If there are conflicts between or among any of the Governing Documents, then the Charter, the Articles, and the By-Laws (in that order) shall control. If there is a conflict between the Governing Documents and any additional covenants recorded on any property within the Community (or the rules or policies adopted pursuant to any such additional covenants), the Governing Documents shall control.

The Governing Documents use diagrams, tables, and keynotes to illustrate concepts and assist the reader. If there is a conflict between any diagram and the text of the Governing Documents, the text shall control.

Space has been set aside throughout this Charter to allow the reader to make notes. Any such notes are not part of this Charter and have no legal or binding effect.

If any court determines that any provision of this Charter is invalid, or invalid as applied in a particular instance, such determination shall not affect the validity of other provisions or applications of such provision in other instances.

The Board may, by resolution, resolve any ambiguities in the Governing Documents, and any reasonable interpretation of an ambiguous provision shall be determinative.

1.4. Definitions

Certain terms are defined in this Charter. These terms shall have the meaning described in the paragraph where they first appear in bold print. An index to defined terms is found following the table of contents to this Charter.

1.5. Interpretation of Certain References

Consent or Approval. All references in the Governing Documents to "consent" or "approval" shall refer to permission or approval that, unless otherwise expressly qualified in the specific provision, may be granted or withheld in the discretion of the Person whose consent or approval is required.

Governing Documents

Discretion and Determination. All references in the Governing Documents to "**discretion**" or to the right to "**determine**" any matter shall mean the sole and absolute power or right to decide or act. Unless otherwise expressly limited in the Governing Documents or by law, any one authorized in the Governing Documents to exercise its discretion or make a determination may do so without regard to the reasonableness of, and without the necessity of justifying, the decision, determination, action, or inaction.

Person. References in the Governing Documents to a "**Person**" or "**Persons**" shall refer to an individual, a corporation, a partnership, a limited liability company, or any other legal entity.

Recording. All references in the Governing Documents to a "**recorded**" legal instrument, or to "**recordation**" or the "**recording**" of a legal instrument, shall refer to an instrument filed or recorded, or the filing or recording of a legal instrument, in the official records of Jefferson County, Colorado, or such other place designated as the official location for filing documents affecting title to real estate in Jefferson County in order to make them a matter of public record.

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Chapter 2

Community Administration

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Vibrant communities depend upon community standards and the stakeholders within the Community working together to achieve the vision and goals for the community. The Founder, the Association, the owners, and others have a role in the functioning of the community and in helping to fulfill that vision. This chapter identifies these stakeholders and describes their roles in administering the community. It also establishes a Community Council to promote social interaction within the Community.

2.1. The Founder

The Founder of the Community is McStain Enterprises, Inc. The Founder has established the vision for the Community and, through the Governing Documents, has set forth the founding principles that will guide the Community. The Founder plays an integral part in the Community during the "**Development and Sale Period**," which is the period of time during which the Founder owns real property in the Community or has an unexpired option to expand the Community pursuant to Chapter 15.

The Founder also reserves the right during the "**Founder Transition Period**," to appoint a majority of the members of the Association's board of directors ("**Board**") and to retain a non-voting, advisory seat on the Board for a period of 10 years following the end of the Founder Transition Period, as described in the By-Laws.

The Founder Transition Period begins on the date of the Association's incorporation and terminates upon the first of the following to occur:

(i) 60 days after the conveyance of 75% of the maximum number of Lots (as defined in Section 15.1) that may be created and subjected to this Charter to Persons other than a "Declarant" (as defined in the Act);

(ii) two years after the last conveyance of a Lot by the Founder in the ordinary course of business;

(iii) two years after the Founder last exercised its unilateral right to submit additional property to this Charter pursuant to Section 14.1; or

(iv) when, in its discretion, the Founder voluntarily and expressly surrenders such right in a recorded instrument.

2.2. The Association

The Founder has established the Association as the primary entity responsible for administering the Community in accordance with the Governing Documents. On most matters, the Association acts through the Board. However, in some instances the Governing Documents or applicable law limits the Board's ability to act without the approval of the Association's members. Unless the Governing Documents or Colorado law specifically provide otherwise, the Board may exercise the Association's rights and powers without any action by the membership. A summary of the matters requiring an action by the membership is contained in Section 4.3.

The Association may exercise all rights and powers that the Governing Documents and Colorado law expressly grant to it, as well as any rights and powers that may reasonably be implied under the Governing Documents. It may also take any action reasonably necessary to effectuate any such right or privilege.

2.3. The Board

The Board shall serve the same role as the board of directors of a nonprofit corporation pursuant to Colorado corporate law and as the "executive board" as defined by the Act. In exercis-

Community Administration

ing the Association's rights and powers, making decisions on the Association's behalf (including, without limitation, deciding whether to file a lawsuit or take other legal action under any circumstances) and conducting the Association's affairs, Board members and the Association's officers are required to comply with, and shall be judged by, the standards set forth in this Charter and the By-Laws.

To provide board representation on the Board across the various areas within the Community, each member of the Board shall reside in a different Voting District, to the extent feasible. The By-Laws shall set forth a reasonable mechanism for the election of Board members on this basis.

The Board may institute, defend, settle, or intervene on behalf of the Association in mediation, binding or non-binding arbitration, litigation, or administrative proceedings in matters pertaining to the Area of Common Responsibility, enforcement of the Governing Documents, or any other civil claim or action. However, the Board is not legally obligated to file a lawsuit or institute any other proceeding on behalf of or in the name of the Association or its members under any circumstances and may exercise its business judgment in deciding whether to take any such action.

2.4. The Owners

Each Person that holds record title to a Lot, as defined in Chapter 3, is referred to in the Governing Documents as an "**Owner**." Each Owner is also automatically a Member of the Association. However, a Person who holds title merely as security for the performance of an obligation (such as a lender holding a mortgage or similar security instrument) is not considered an "Owner." If a Lot is sold under a recorded contract of sale and the contract specifically so states, the purchaser (rather than the holder of fee simple title) will be considered the Owner. If a Lot has more than one Owner, all Co-Owners are jointly and severally obligated to perform the

responsibilities of the Owner under the Governing Documents.

Every Owner has a responsibility to comply with the Governing Documents and uphold the community standards described in this Charter. Each Owner also has an opportunity to participate in the administration of the Community through membership in the Association and through service to the Community in various committee and leadership roles.

2.5. Special Benefit Areas

Portions of the Community may be established as special benefit areas pursuant to Section 3.2 of this Charter "**Special Benefit Areas**" whereby Residences constructed on Lots within a Special Benefit Area may receive benefits or services that the Association does not provide to all Residences within the Community and that may be charged a separate Special Benefit Area Assessment (as defined in Chapter 11) to pay for such benefits and services.

2.6 Voting Districts

Portions of the Community are hereby designated by the Founder as individual "**Voting Districts**" for the purpose of election of Voting Delegates and allocation of seats on the Board per the Bylaws. The Founder anticipates that six Voting Districts will ultimately exist as shown on Exhibit F attached hereto. Every portion of the Community shall be included in one, and only one, Voting District. The Founder may change the boundaries and/or numbers of Voting Districts from time to time during the Founder Transition Period. Following the Founder Transition Period, the boundaries and/or number of Voting Districts may be changed only upon (a) the unanimous vote of all Board members and (b) the approval of Voting Delegates representing at least 80% of the total votes in the Association.

2.7 Sub Associations. Portions of the Community may also be included in one or more sub associations, which have their own board of di-

Community Administration

rectors. No sub association may be formed during the Development and Sale Period without the Founder's prior written consent. If a sub association is formed, the Hyland Village Association shall be considered a master association pursuant to the Act with respect to the area included in the sub association. Any area included in a sub association shall continue to be subject to all of the terms and provisions of this Charter, including liability for assessments.

2.8. Community Council

A vital role of the Association is to promote social interaction among the Owners and residents of the Community in order to build and maintain a sense of community. The "**Community Council**" will spearhead this task. The Community Council shall be a committee of the Association which consists of five residents of the Community that are appointed by the Board as set forth in the By-Laws.

The Community Council's principal roles are to promote and provide social infrastructure, to facilitate the connection of residents to each other, to encourage the involvement of all residents in the community, and to promote social interaction in the Community and the larger community.

The Community Council will facilitate "**Community Enrichment Activities**". Community Enrichment Activities may consist of any or all of the following:

- Preservation of natural areas;
- Educational programs and activities;
- Community welcome events;
- Community outreach programs;
- Health and wellness activities;
- Recreational sport leagues;
- Community entertainment or events;
- Newsletters;
- Hobby clubs;
- Community Web site;

- Other community building activities approved by the Community Council.

Upon request of the Community Council, the Association may employ or otherwise contract with third parties to assist the Council in such activities.

2.9. Secured Lenders

If a Residence or Lot is made subject to a deed of trust, mortgage, or other form of security instrument ("**Deed of Trust**"), then the holder or beneficiary of that Deed of Trust ("**Secured Lender**") also has an interest in the administration of the Community. The Governing Documents contain various provisions for the protection of Secured Lenders, including those set forth in Chapter 14.

2.10. Management Company

The Board is authorized to hire a management company to assist in the management of the Association, on terms and conditions and for such consideration as the Board determines is appropriate.

2.11. Builders

Some of the Residences within the Community may be designed and constructed by third party builders. The Founder may extend any of the rights it has reserved under the Governing Documents with respect to development, marketing, and sale of property in the Community to such builders as it may deem appropriate.

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Chapter 3

Community Structure and Organization

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The Community consists of parcels of property, referred to as Lots, which are intended for the exclusive use of the Owner and other occupants of a Residence which is constructed on such parcel, as well as property that is intended for common use. Lots may be assigned to Special Benefit Areas to permit the Association to provide special services and benefits to particular areas of the Community. Common areas are property owned and maintained by the Association for the use and enjoyment of more than one Owner.

3.1. Designations of Properties Comprising the Community

Lots. A "Lot" as that term is used in this Charter and the other Governing Documents is a lot, parcel, or unit identified in a recorded plat, condominium map or metes and bounds description in a Supplement which is intended for separate ownership or occupancy as an attached or detached residence, whether or not it has horizontal boundaries, and whether or not a Residence has yet been constructed. An undeveloped parcel for which a subdivision plat or condominium map has not yet been recorded shall be considered a single Lot. Following recording of a subdivision plat or condominium map on a parcel each residential lot or unit shown on such plat or map shall be considered a Lot. A Lot includes the lot or air space unit and the Residence and all other structures on the lot or within the air space unit. In the case of a building or other structure containing multiple dwellings, each dwelling which may be separately owned and conveyed shall be deemed to be a separate Lot. A Lot does not include Common Areas as defined below), or property dedicated to the public.

Residence. A "Residence" is a structure built on or within a Lot that is intended to be occupied and used primarily for residential purposes.

Common Area. Any real or personal property and facilities that the Association owns or in which it otherwise holds possessory or use rights for the common use or benefit of more than one Residence is referred to as "Common Area." Portions of the Common Areas may be identified in the Governing Documents as "Limited Common Area." Limited Common Areas are portions of the Common Area that are allocated by the Governing Documents for the exclusive use of one or more, but less than all, of the Residences.

Common Elements. Portions of the Property may be developed in the condominium form of ownership, whereby owners of a unit of air space together with undivided interests in related "Common Elements" described on the associated condominium map, such as the roof, siding and other common aspects of the condominium building. Some common elements may be designated on the condominium map as limited common elements for the exclusive use of some but not all of the condominium unit owners. Under Colorado law, the Common Elements created by a condominium map are owned in undivided interests by the owners of the air space units created by the condominium map. To the extent that the Association provides insurance, maintenance of other services to Common Elements, the units involved shall be included in a Special Benefit Area and assigned the costs of such services.

Area of Common Responsibility. All of the properties and facilities for which the Association has responsibility under the Governing Documents, or for which the Association otherwise agrees to assume responsibility, regardless of ownership, are collectively referred to in the Governing Documents as the "Area of Common Responsibility." The Area of Common Responsibility includes the Common Area, any

Community Structure and Organization

Common Elements for which the Association has maintenance responsibility, any portions of Lots or Residences constructed thereon, if any, for which the Association has maintenance responsibility, any property for which the Association has maintenance responsibility under any Cost Sharing Agreement, and property dedicated to the public, such as public rights-of-way, for which the Association provides maintenance. The Area of Common Responsibility is more specifically described in Section 6.2.

3.2. Creation of Special Benefit Areas

Lots may be grouped into Special Benefit Areas. The Lots within a Special Benefit Area may receive benefits or services that the Association does not provide to all Lots and the Residences constructed thereon within the Community and may be charged a separate Special Benefit Area Assessment (as defined in Chapter 11) to pay for such benefits and services.

The Founder may initially designate Special Benefit Areas (by name or other identifying designation) and assign Lots to a particular Special Benefit Area either in Exhibit "A" or in a Supplement. During the Development and Sale Period, the Founder may unilaterally amend this Charter or any Supplement to change Special Benefit Area boundaries.

An instrument recorded for the purpose of designating, enlarging, or otherwise revising, Special Benefit Area boundaries shall not constitute an amendment to this Charter as defined in the Act, and no consent or approval of any Person shall be required except as specifically stated in this section.

3.3 Cost Sharing Agreements. Property adjacent to the Community is expected to be developed for retail or commercial uses. The Community may share the use of certain roads, drainage facilities and other property with such commercial users. The Association may enter into cost sharing agreements setting forth the parties' respective rights and obligations for the operation

and maintenance of such shared property or facilities. Any such property for which the Association assumes maintenance responsibility shall be included in the Area of Common Responsibility.

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Chapter 4

Association Membership and Voting Rights

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The Association is a mechanism by which each Owner can participate in the governance and administration of the Community. While many powers and responsibilities are vested in the Board in order to facilitate day-to-day management and operation, the membership and voting rights vested in the Owners allow the Owners to participate in administration of the Community and influence the outcome of major decisions. To facilitate voting, Lots are grouped into Voting Districts from which Voting Delegates are elected to cast the votes of Owners within such Voting District.

4.1. Membership

Any Person holding a membership in the Association is sometimes referred to in this Charter as a "**Member**." Every Owner, including the Founder, is automatically a member of the Association. However, there shall be only one membership per Lot. Thus, if a Lot has more than one Owner, all co-Owners of the Lot share the privileges of such membership, subject to reasonable Board regulation and the restrictions on voting set forth below and in the By-Laws.

4.2. One Vote Per Lot

Each Lot shall have one vote, although the vote of all Owners are not necessarily required on all issues, as may be more fully set forth in this Charter, the Bylaws or the Governing Documents. The "allocated interest" (as that term is used in the Act) of each Lot is one divided by the total number of Lots included in the Community at the relevant time.

4.3. Matters Requiring Vote of Members

The Board is the primary entity responsible for managing the Community and generally may exercise the Association's rights and powers without a vote of the membership. However, the following requires action by the Members, voting through their Voting Delegates:

- Approval of any Special Assessment as described in Section 11.3;
- Election of the Board as described in the Bylaws;
- Initiation of certain litigation by the Association as described in Section 15.3;
- Certain changes in the Common Area as described in Chapter 16;
- Termination of and certain amendments to this Charter as described in Chapter 17;
- Veto of any Association budgets as described in Section 11.2 (e);
- Any other matters requiring a vote of the Members as set forth in the Act, or the Governing Documents.

4.4. Representative Voting

(a) **Voting Delegates.** The Founder hereby authorizes the Board to establish and utilize a representative system of voting whereby a "**Voting Delegate**" is elected by the Owners within a Voting District to cast the votes allocated to Lots in that Voting District. The Board shall determine when, if ever, a Voting Delegate and representative system of voting shall be utilized in a given Voting District. The Board may utilize a representative voting system in some but not all Voting Districts. Until such time as the Board first calls for election of a Voting Delegate for a particular Voting District, each Owner of a Lot shall be considered a "Voting Delegate" under the Governing Documents and may personally cast the vote allocated to such Owner's Lot on any issue requiring a vote of the Voting Delegates. After the election of a Voting Delegate in a particular Voting District, any provision in the Governing Documents requiring a vote of the Owners shall be deemed to require voting by the use of Voting Delegates, unless the context clearly requires otherwise.

Association Membership and Voting Rights

If a Voting Delegate is elected from a Voting District, he or she represents and is responsible for casting all votes allocated to Lots in such Voting District on any matters as to which Owners are entitled to vote under the Governing Documents. A voting Delegate may not also be member of the Board of Directors. A Voting Delegate may vote all votes it is entitled to cast in its discretion and may, but need not, poll the Owners of Lots in the Voting District which he or she represents prior to voting.

Voting Delegates are not Board members and are subordinate to the Board. The use of Voting Delegates, if so chosen by the Board, is simply a means of simplifying the voting process by Owners. A Voting Delegate's responsibility and authority does not extend to policymaking or supervising Association governance. Voting Delegates are elected to vote on matters for which Voting Delegates are permitted to vote under the Governing Documents. Voting Delegates, if elected, are however, encouraged to attend Board meetings and to communicate to the Board matters of particular concern to the Owners within the Voting District they represent.

NOTES

PART TWO: COMMUNITY STANDARDS

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A people that values its privileges above its principles soon loses both.

Dwight D. Eisenhower

Chapter 5

Architecture, Landscaping, and Aesthetic Standards

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The Community derives its unique character from a mix of compatible architectural styles and from the co-operation of all Owners in upholding minimum design, landscaping and aesthetic standards. This chapter explains how those standards are established and how they are applied and maintained through a process requiring prior approval for exterior modifications to improvements on the Lots.

5.1. General

Landscaping, structures, improvements, and other items within the Community which are visible from outside of structures ("**Improvements**") are subject to environmental guidelines and guidelines and standards for design, landscaping, and aesthetics adopted pursuant to this chapter attached as Exhibit "E" (collectively, the "**Guidelines**"). Any modifications, alterations, or additions to existing Improvements are subject to the approval procedures set forth in this chapter, except as this chapter or the Guidelines attached as Exhibit "E" may otherwise specify.

Landscaping throughout the Community is an important unifying element of the Community. Accordingly, except as set forth in the Guidelines, no Owner may alter the nature or character of any landscaping or fences in the Community's common areas, or within an Owner's own lot or parcel without obtaining pre-approval under this Chapter 5, which approval shall be in accordance with Colorado law, as applicable.

This Charter or Supplements to the Charter or the Guidelines may provide that certain actions or improvements do not require specific DRC approval. No prior approval is necessary to repaint the exterior of existing Residences using the most recently approved color scheme or to rebuild or restore any damaged structures in a manner consistent with the plans and specifications most recently approved for such structures.

Generally, no approval is required for work done to the interior of a Residence; however, modifications to the interior of screened porches, patios, and any other portions of a structure visible from outside of the structure may require prior approval per the Guidelines of the Association

Approval under this chapter is not a substitute for any approvals or reviews required by the City of Westminster or any municipality or governmental agency or entity having jurisdiction over architectural or construction matters.

Notwithstanding the above, this chapter shall not apply to the initial design and construction of a Residence by the Founder or a builder approved by the Founder, to other design and construction activities by or on behalf of the Founder, or to the Association's maintenance or repair of any portion of the Area of Common Responsibility.

5.2. Design Review Authority

(a) **Founder.** The Founder shall have exclusive authority to review and act upon all applications for review of proposed Improvements until the later of (i) the expiration of the Development and Sale Period, or (ii) such time as all Lots planned for the property described in Exhibits "A" and "B" have been improved with Residences for which a certificate of occupancy has been issued. The Founder may designate one or more persons to act on its behalf in reviewing any application. In reviewing and acting upon any request for approval, the Founder and its designee act solely in the Founder's interest and owe no duty to any other Person.

From time to time, the Founder may delegate any or all of its rights under this chapter to other Persons or committees, including the committee appointed pursuant to Section 5.2(b). Any such delegation shall be in writing, shall specify the scope of responsibilities delegated,

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and shall be subject to (i) the Founder's right to revoke such delegation at any time and reassume its prior control, and (ii) the Founder's right to veto any decision which it determines, in its discretion, to be inappropriate or inadvisable. So long as the Founder has any rights under this chapter, the jurisdiction of others shall be limited to such matters as the Founder specifically delegates.

(b) Design Review Committee. Upon the Founder's delegation of authority pursuant to Section 5.2(a), or upon expiration or termination of the Founder's rights under this chapter, the Board shall appoint a Design Review Committee ("**Design Review Committee**" or "**DRC**") to assume jurisdiction over matters within the scope of the delegated authority or this chapter, respectively. The DRC shall consist of at least three, but not more than seven, persons, who shall serve and may be removed and replaced in the Board's discretion. DRC members need not be Owners or representatives of Owners. The DRC may, but need not, include architects, engineers, or similar professionals. The Association may compensate DRC members in such manner and amount, if any, as the Board may determine appropriate.

Until expiration of the Founder's rights under this chapter, the DRC shall notify the Founder of all design review requests when received with a copy of the application, noting when the DRC will be reviewing the application and any additional information the Founder may require. The Founder will have (15) fifteen business days from receipt of the application and any other addition information the Founder may require to provide any comments or action to the DRC. Once the DRC has taken action (*i.e.*, approval, partial approval, or disapproval) on the application, the DRC shall notify the Founder in writing within three business days of the action taken under this chapter. The Founder shall have ten (10) business days after receipt of such action notice to veto any such action, in its sole discretion, by written notice to the DRC.

Unless and until such time as the Founder delegates all or a portion of its reserved rights to the DRC or the Founder's rights under this chapter terminate, the Association shall have no jurisdiction over architectural matters.

(c) Reviewer. For purposes of this chapter, the entity having jurisdiction in a particular case shall be referred to as the "**Reviewer**."

(d) Fees; Assistance. The Reviewer may establish and charge reasonable fees for its review of applications and may require that such fees be paid in advance. Such fees may also include reasonable costs incurred in having professionals review any application. The Board may include the compensation of such persons in the Association's annual operating budget.



Initially, the Founder reviews applications for proposed Improvements. Thereafter, the Board of Directors will appoint a Design Review Committee to review applications for proposed improvements. The Founder or the Design Review Committee is referred to as the "Reviewer."

5.3. Guidelines and Procedures

(a) Guidelines. The Founder may prepare the initial Guidelines, which may contain general provisions applicable to the entire Community as well as specific provisions that vary among uses or locations within the Community. The Guidelines are intended to provide guidance to Owners and contractors regarding matters of particular concern to the Reviewer. The Guidelines are not the exclusive basis for the Reviewer's decisions, and compliance with the Guidelines does not guarantee approval.

The Founder shall have sole and full authority to amend the Guidelines for so long as it has review authority under Section 5.2(a). The Founder's right to amend the Guidelines shall continue even if it delegates reviewing authority to the DRC. Upon termination or delegation of the

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Founder's right to amend, the DRC may amend the Guidelines with the Board's consent from time to time by a unanimous vote of the Board, which modification may, but need not be recorded to be effective. Such changes to Exhibit "E" shall not be deemed an amendment of this Charter for purposes of the Act, nor require a vote of the Owners.

Amendments to the Guidelines shall apply prospectively only and shall take effect thirty days after notice of their adoption is given to the Members in the manner directed by the Board. They shall not require modifications to or removal of any structures previously approved once the approved construction or modification has begun. However, any new work on such structures must comply with the Guidelines as amended. There shall be no limitation on the scope of amendments to the Guidelines, and such amendments may eliminate requirements previously imposed or otherwise make the Guidelines less restrictive.

The Reviewer shall make the Guidelines available to Owners and their contractors upon request and may charge a reasonable fee to cover costs of printing or reproduction. In the Founder's discretion, such Guidelines may be recorded, in which event the recorded version, as it may be amended from time to time, shall control in the event of any dispute as to which version of the Guidelines was in effect at any particular time.

(b) Procedures. Unless the Guidelines provide otherwise, no activities within the scope of this chapter or the Guidelines (as described in Section 5.1) may begin on any portion of the Community until a written application is submitted to and approved by the Reviewer, unless this Charter or the Guidelines provide that specific DRC approval is not required. The application must be accompanied by plans and specifications and such other information as the Reviewer or the Guidelines require.

In reviewing each application, the Reviewer may consider any factors it deems relevant, including, without limitation, harmony of the proposed external design with surrounding structures and environment. Decisions may be based on purely aesthetic considerations. Each Owner acknowledges that such determinations are purely subjective and that opinions may vary as to the desirability and/or attractiveness of particular improvements.

The Reviewer shall have the sole discretion to make final, conclusive, and binding determinations on matters of aesthetic judgment, and such determinations shall not be subject to review so long as they are made in good faith and in accordance with required procedures.

The Reviewer shall make a determination on each application after receipt of a completed application with all required information per this chapter and the Guidelines. . The Reviewer may permit or require that an application be submitted or considered in stages, in which case a final decision shall not be required until after the final, required submission. The Reviewer may (i) approve the application with or without conditions/requirements; (ii) approve a portion of the application and disapprove other portions; or (iii) disapprove the application.

The Reviewer shall notify the applicant in writing of the final determination on any application no later than 45 days after its receipt of a completed application and all required submissions; however, with respect to any DRC determination subject to the Founder's veto right under Section 5.2(b), the Reviewer shall notify the applicant of the final determination within 60 days after its receipt of the final determination and all required submissions. Notice shall be deemed given at the time the envelope containing the response is deposited in the U.S. mail. Hand delivery, facsimile, electronic mail, or similar delivery of such written notice also shall be sufficient and shall be deemed given at the time of confirmed delivery to the applicant.

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As part of any approval, the Reviewer may require that work on Improvements commence within a specified time period. If work does not commence within the required period, the approval shall expire, and the Owner must reapply for approval before commencing any activities. Once commenced, approved work shall be diligently pursued to completion. All approved work shall be completed within one year of commencement unless otherwise specified in the notice of approval or unless the Reviewer, in its discretion, grants an extension in writing.

The Reviewer may exempt certain activities from the application and approval requirements of this chapter, if such activities are undertaken in compliance with the Guidelines and the Community-Wide Standard.

(c) Appeals Process. After the Board's appointment of the DRC, an applicant may appeal any disapproval of its application to the Board, or any terms and conditions the DRC has imposed on its approval. To request an appeal, the applicant must submit to the Board, no later than 15 days after the delivery of the notification of the DRC's approval or disapproval, a copy of the original application, the notification of disapproval or approval, and a letter requesting review of the decision. The appeal request shall also describe the specific actions or terms or conditions of the DRC that are being appealed, and the grounds for such appeal. The Board may (i) affirm the DRC's decision, (ii) affirm a portion and overturn a portion of the DRC's decision, (iii) impose or delete terms and conditions or (iv) overturn the DRC's entire decision. The Board shall notify the applicant and the DRC in writing of its decision no later than 30 days after its receipt of the request for appeal with all required information. The Board's decision shall include a description of its reasons for its actions. During the appeal process the Owner shall not commence any work requiring approval hereunder.

5.4. No Waiver of Future Approvals

The people reviewing applications under this chapter will change from time to time, and opinions on aesthetic matters, as well as interpretation and application of the Guidelines, may vary accordingly. It may not always be possible to identify objectionable features until work is completed. In such cases, the Reviewer may elect not to require changes to objectionable features. However, the Reviewer may refuse to approve similar proposals in the future. Approval of applications or plans shall not constitute a waiver of the right to withhold approval as to any similar applications, plans, or other matters subsequently or additionally submitted for approval.

5.5. Variances

The Reviewer may authorize variances from compliance with any of the Guidelines and any procedures when circumstances such as topography, natural obstructions, hardship, or aesthetic or environmental considerations require or justify a variance; however, the Reviewer is not obligated to grant a variance under any circumstances. No variance shall (a) be effective unless in writing; or (b) prevent the Reviewer from denying a variance in other circumstances. A variance requires the Board of Director's written consent and during the Development and Sales Period the Founder's written consent.



When unusual circumstances exist that make it difficult to comply with a particular requirement of the Guidelines, the Owner may file a request with the Reviewer to be excused from complying with such requirement. The Reviewer has the discretion to determine when a variance is appropriate, with the written consent of the Board and the Founder during Development and Sales Period.

5.6. Limitation of Liability

This chapter establishes standards and procedures as a mechanism for maintaining and enhancing the overall aesthetics of the Community;

Architecture, Landscaping, and Aesthetic Standards

they do not create any duty to any Person. Review and approval of any application pursuant to this chapter may be based purely on aesthetic considerations. The Reviewer is not responsible for the structural integrity or soundness of approved construction or modifications, for compliance with building codes and other governmental requirements, or for ensuring that all dwellings are of comparable quality, value, size, or design, or are aesthetically pleasing or otherwise acceptable to other Owners.

The Founder, the Association, its officers, the Board, any committee, and any member of any of the foregoing, shall not be liable for (a) soil conditions, drainage, or other general site work; (b) any defects in plans revised or approved hereunder; (c) any loss or damage arising out of the action, inaction, integrity, financial condition, or quality of work of any contractor or its subcontractors, employees, or agents, whether or not the Founder has approved or featured such contractor as a builder in the Community; or (d) any injury, damages, or loss arising out of the manner or quality or other circumstances of approved construction on or modifications to any Lot or Residence. In all matters, the Association shall defend and indemnify the Board, the DRC, and the members of each, as provided in the By-Laws.

5.7. Certificate of Compliance

Any Owner may request in writing that the Reviewer issue a certificate of compliance certifying that there are no known violations of this chapter or the Guidelines. The Association shall either grant or deny such written request within 30 days after receipt and may charge a reasonable administrative fee. Issuance of such a certificate shall prevent the Association from taking enforcement action against an Owner for any condition known to the Association on the date of such certificate.

5.8 No Modifications of Grade or Drainage Swales.

Neither the Association nor any Owner may materially modify the grade of any property within the Community or any drainage swales from the grade and swales originally installed by Founder and approved by the City of Westminster in the drainage plan for the Community without the prior approval of both the Reviewer and the City of Westminster.

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Chapter 6

Maintenance, Repair, and Replacement

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One of the benefits of owning property in a planned community is the commitment among neighbors to maintain their property in a neat, attractive, and well-landscaped condition to enhance the overall beauty and aesthetic appeal of the Community. One of the benefits of the Association is to provide a means to maintain the Area of Common Responsibility so as to relieve individual Owners from such responsibilities. This chapter describes the responsibilities of the Owners, the Association, and the City of Westminster for maintenance and repair of various portions of the Community.

6.1. Community-Wide Standard

All property and improvements within the Community shall be maintained to the "**Community-Wide Standard**." The Community-Wide Standard is the highest of: (a) the standard of use, conduct, maintenance, architecture, landscaping, or aesthetic matters generally prevailing in the Community, or (b) the minimum standards described in this Charter, the Guidelines, the Rules and Regulation, and Board resolutions.

The Community-Wide Standard may contain objective elements, such as specific maintenance requirements, and subjective elements, such as matters subject to the Board's discretion. The Community-Wide Standard may or may not be set out in writing. The Founder initially shall establish such standard; however, the Community-Wide Standard may evolve as development progresses and as the Community matures.

6.2. Allocation of Maintenance Responsibilities

The responsibility for maintaining property within the Community may be allocated among and between the Owners, the Associations, the City of Westminster, the County of Jefferson and third parties in the manner set forth in Exhibit "D" attached to this Charter, as such Exhibit may

be modified from time to time. The Board may modify Exhibit "D" from time to time by a unanimous vote of the Board of Directors, and any such modification shall be reflected in a Supplement that the Board executes and records. Any such amendment that affects the City of Westminster or the County of Jefferson or any other third party also requires their consent, and the consent of the Founder must be obtained in writing during the Development and Sale Period. Any such modification to Exhibit "D" shall not be deemed an amendment to this Charter under the Act, nor require a vote of the Owners.

The Maintenance Responsibilities set forth in Exhibit "D" are a guide to the maintenance of the Community that provides a general view of who is responsible for maintaining what entities within the Community. The Association's Board shall have the discretion to allocate maintenance responsibilities for any items not included in Exhibit "D" or this Charter, and to interpret or supplement the Exhibit "D" as the Board may deem appropriate its discretion.

The Association may also have maintenance responsibilities within Special Benefit Areas, as set forth in the Supplement creating the Special Benefit Area. Such responsibilities may only be modified by a unanimous vote of the Board, together with the written consent of a majority of the Owners within the Special Benefit Area involved.

Except as otherwise specifically provided, and subject to compliance with the Community-Wide Standard, the Board may decide upon the parameters of any maintenance for which it is responsible (*i.e.*, how often a particular service is provided; the order of priority of areas served; etc.).

Maintenance, Repair, and Replacement

In addition to property for which it is allocated maintenance responsibility under Exhibit "D" and any Special Benefit Area Supplement, the Association may maintain other property it does not own if the Board determines that such maintenance is necessary or desirable to maintain the Community-Wide Standard. The Association shall not be liable for any damage or injury occurring on or arising out of the condition of, property it does not own except to the extent that it has been negligent in performing its maintenance responsibilities.

For a 10-year period following the end of the Founder Transition Period, the Association shall prepare and provide to the Founder a bi-annual maintenance report describing the general state of the Areas of Common Responsibility, any major repair items from the previous year, and any maintenance charges or unusual maintenance items anticipated for the coming year.

6.3. Maintenance and Repair of Party Walls and Similar Structures

(a) Each wall, fence, driveway, or similar structure built as part of the original construction of a Residence on a Lot that serves and/or separates any two adjoining Residences shall be considered a party structure. Except as may otherwise be provided in a Supplement, the cost of reasonable repair and maintenance of a party structure shall be shared equally by the Owners who use the party structure.

(b) If a party structure 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 insurance, the Owner of any Residence served or separated by such structure may restore it and seek contribution for restoration costs in equal proportions from the Owners of other Residence so served or separated. However, such contribution will not prejudice the right to call for a larger contribution from the other users under any rule of law regarding liability for negligent or willful acts or omissions.

(c) Any Owner's right to contribution from any other Owner under this Section shall be apportioned to the land and shall pass to such Owner's successors-in-title.

(d) To the extent not inconsistent with the provisions of this Section, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply to any party structure. Any dispute concerning a party structure shall be subject to the provisions of Chapter 16.

6.4. Snow Removal

The respective areas for which the Association, the Owners, and the City of Westminster are responsible for snow removal are set forth on the maintenance chart attached hereto as Exhibit "D". The Board shall have discretion to determine how often and under what conditions snow will be removed from the areas for which the Association has snow removal responsibility. No Owner may bring an action for damages or personal injury against the Association, the Board, or any director based on the failure of the Association to properly remove snow from the areas assigned to the Association for snow removal.

6.5. Responsibility for Repair and Replacement

Unless otherwise specifically provided in the Governing Documents or in other instruments creating and assigning maintenance responsibility, responsibility for maintenance shall include responsibility for repair and replacement necessary to maintain the property to a level consistent with the Community-Wide Standard.

In the event of damage to or destruction of any portion of the Community for which the Association has insurance responsibility under Chapter 10, the Board or its duly authorized agent shall file and adjust all insurance claims and obtain reliable and detailed estimates of the cost of repairing or restoring the property to substantially its condition prior to the damage, allowing for

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changes or improvements necessitated by changes in applicable building codes.

Except as may otherwise be provided in a Supplement, the Association shall repair or reconstruct damaged improvements for which it has insurance responsibility, and utilize insurance proceeds for such purpose, unless

(a) repair or replacement would be illegal under any state or local statute or ordinance governing health or safety;

(b) in the case of damage affecting Common Area other than Limited Common Area, 67% of the Owners vote not to rebuild; or

(c) in the case of damage affecting Limited Common Area or a Special Benefit Area, 67% of the Owners of Lots assigned to such Limited Common Area or Special Benefit Area, respectively, vote not to rebuild.

No Secured Lender shall have the right to participate in determining whether the damage or destruction to the Common Area shall be repaired or reconstructed, except that prior to the conveyance of any Residence to an Owner other than the Founder, the Association need not repair or reconstruct if the Secured Lender of the damaged portion of the Community rightfully demands all or a substantial part of the insurance proceeds.

If a decision is made not to restore the damaged improvements and no alternative improvements are authorized, the affected property shall be cleared of all debris and ruins and thereafter shall be maintained by the Association in a neat and attractive condition consistent with the Community-Wide Standard.

The Association shall retain and place in a capital improvements account for the benefit of all Owners any insurance proceeds remaining after paying the costs of repair or reconstruction or after such settlement as is necessary and appropriate. Any insurance proceeds attributable

to Residences that are not rebuilt must be distributed to the Owners of such Residences, or to Secured Lenders, as their interests may appear. This is a covenant for the benefit of Secured Lenders and may be enforced by the Secured Lender of any affected Residence.

If insurance proceeds are insufficient to cover the costs of repair or reconstruction, the Board may, without a vote of the Owners, levy Special Assessments to cover the shortfall either, in the Board's discretion, against all Owners responsible for the premiums for the applicable insurance coverage under Section 10.4, or only against the Owners of those Residences being repaired or reconstructed.

6.6 Restriction of Building in Common Area.

For safety reasons, no building or structure shall ever been constructed or allowed to be constructed or maintained in the Common Area within five feet of Lot 39 thru 44 of Block 3 of the Community.

NOTES

Chapter 7

Use and Conduct

In order to maintain an environment that encourages respect for and courtesy among neighbors and minimizes the potential for disputes, this chapter sets forth basic standards regarding use, occupancy and transfer of interests in Residences. In addition, it provides a procedure by which the Board and the membership can adopt and change rules regulating use, conduct and activities within the Community to address particular needs and desires of the Community over time.

7.1. Use, Occupancy, and Transfer of Interests in Residences and Lots

(a) Residential and Related Uses. Residences and Lots may be used only for residential and related purposes, except as provided below or in a Supplement, or as the Founder may otherwise authorize with respect to construction, marketing, and sale activities of the Founder and its designees. A business activity shall be considered "related" to a residential use and thus permitted under this Section only if conducted by a person or persons residing in the Residence and only if the business activity:

(i) is not apparent or detectable by sight, sound, or smell from outside of a permitted structure;

(ii) complies with applicable zoning requirements;

(iii) does not involve regular visitation of the Residence by employees who do not reside in the Residence, clients, customers, suppliers, or other business invitees, or door-to-door solicitation within the Community; and

(iv) is consistent with the residential character of the Community and does not constitute a nuisance or a hazardous or offensive use, or threaten the security or safety of others, as the Board determines in its discretion.

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"Business" shall have its ordinary, generally accepted meaning and shall include, without limitation, any occupation, work, or activity undertaken on an ongoing basis that involves providing goods or services to Persons other than the family of the producer and for which the producer receives a fee, compensation, or other form of consideration, regardless of whether (i) such activity is engaged in full or part time; (ii) such activity is intended to or does generate a profit; or (iii) a license is required.

This subparagraph (a) shall not apply to activities in any Residence designated as a "Live/Work Residence," within which non-residential uses in compliance with the Charter are permitted. Live/Work Residences are those Residences that may be within the Community which are constructed on Lots so designated by the Founder to be used simultaneously for residential and nonresidential purposes through a Supplement to the this Charter. Non-residential activities in a Live/Work Residence shall comply with subparagraph (f) below. In all cases, a portion of each Live/Work Residence shall at all times be used for residential purposes.

(b) Leasing. Leasing a Residence for residential purposes shall not be considered a "business" within the meaning of this subsection, provided that the Owner and any other Owners with whom such Owner is affiliated do not collectively lease or offer for lease more than two Residences at any time. This provision shall not preclude an institutional lender from leasing one or more Residences upon taking title following foreclosure of its security interest in the Residence or upon acceptance of a deed in lieu of foreclosure. For purposes of this Charter, the terms "Lease" and "Leasing" shall refer to the regular, exclusive occupancy of a Residence by any Person other than the Owner, for which the Owner receives any consideration or benefit.

Use and Conduct

Any Residence that is leased shall be leased only in its entirety; separate rooms, floors, or other areas within a Residence may not be separately leased.

All leases shall be in writing, shall be for a minimum term of 30 days, and shall disclose that the tenants and all occupants of the leased Residence are bound by and obligated to comply with the Governing Documents. However, the Governing Documents shall apply regardless of whether such a provision is specifically set forth in the lease. The Board may, in its discretion, require that Owners use Board-approved lease forms (or include specific lease terms), and may impose a reasonable review or administrative fee in connection with the Board's review of a lease.

Within 10 days of a lease being signed, the Owner of the leased Residence shall notify the Board or the Association's managing agent of the lease and provide any additional information the Board may reasonably require. The Owner must give the tenant copies of the Governing Documents. In addition to, but consistent with this sub-section, the Association or the Board may adopt Rules and Regulations governing leasing and subleasing.

(c) Notice of Transfer. Within ten (10) days of acquiring title to a Lot, either the new or old Owner, directly or through the title company handling the transaction, shall inform the Association of the name and mailing address of the new Owner. The Person transferring title shall continue to be jointly and severally responsible with the Person accepting title for all obligations of the Owner, including assessment obligations, until the date upon which the Board receives such notice, notwithstanding the transfer of title.

(d) Subdivision and Combination of Lots. No Person other than the Founder and Persons specifically authorized by the Founder shall subdivide any Lot or change the boundary lines of any Lot or combine Lots without the Board's prior written approval. Any subdivision shall be

effective only upon recording of a plat or other legal instrument reflecting the subdivision or new boundaries of the affected Lot(s). In the absence of such recorded instrument, adjacent Lots owned by the same Owner shall continue to be treated as separate Lots for purposes of voting and assessment, and the Owner of such adjacent Lots shall be responsible for separate assessments for each such Lot.

(e) Timesharing. No Residence shall be used for operation of a timesharing, fraction-sharing, or similar program whereby the right to exclusive use of the Residence rotates among participants in the program on a fixed or floating time schedule over a period of years.

(f) Non-Residential Use of Live/Work Residences. No Residence may be used as a Live/Work Residence unless the Founder designates the Lot upon which it is constructed as such on a plat, map or Supplement, and such use has been approved by the City of Westminster. The particular use of a Live/Work Residence (*i.e.*, the particular business to be operated) is subject to the Founder's prior consent during the Development and Sale Period. Thereafter, subject to the terms of an applicable Supplement, so long as a proposed non-residential use of a Live/Work Residence complies with applicable zoning requirements and is consistent with the Community's character, scheme of development, the Governing Documents, and other applicable covenants, such use shall be permitted.

7.2. Rules and Regulations; Authority and Procedures for Change

The Governing Documents establish a framework of covenants and conditions that govern the Community. The initial Rules and Regulations attached as Exhibit "C" are a part of that framework. However, within that framework, the Association must be able to respond to unforeseen issues and changes affecting the Community. Therefore, the Board and the Owners are authorized to change the Rules and Regulations in accordance with the following proce-

Use and Conduct

dures, subject to the limitations set forth in Section 7.3. Such changes to Exhibit "C" shall not be deemed an amendment of this Charter for purposes of the Act.

(a) Board Authority. Subject to the notice requirements in Section 7.2(c), the consent of the Founder during the Development and Sale Period, and the Board's duty to exercise judgment and reasonableness on behalf of the Association and its Members, the Board may adopt new Rules and Regulations and modify or rescind existing Rules and Regulations by a two-thirds vote of the directors at any Board meeting. However, during the Development and Sale Period, any such action shall also require the Founder's approval.

(b) Membership Authority. Subject to the notice requirements in Section 7.2(c), Voting Delegates or Owners representing two-thirds of the votes in the Association may also adopt new Rules and Regulations and modify or rescind existing Rules and Regulations at any meeting of the Association duly called for such purpose, regardless of the manner in which the original Rule or Regulation was adopted. However, during the Development and Sale Period, any such action shall also require the Founder's approval.

(c) Notice and Effective Date. A change to the Rules and Regulations adopted under this Section shall take effect 30 days after the date on which written notice of the change is given to the Owners, , unless a different effective date is set forth in the notice.

(d) Conflicts. No action taken under this Section shall have the effect of modifying or repealing any provision of this Charter other than the Rules and Regulations. In the event of a conflict between the Rules and Regulations and any provision of this Charter (exclusive of the Rules and Regulations), the Charter shall control.



Since it is impossible to foresee all potential situations and problems that may arise within the community, the Board and the Owners have the authority to adopt and modify rules as needed to address these changing circumstances.

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7.3. Protection of Owners and Others

All Rules and Regulations shall comply with the following provisions.

(a) Similar Treatment. Similarly situated Lots shall be treated similarly; however, the Rules and Regulations may vary by Special Benefit Area or type of Residence.

(b) Displays. No Rule or Regulation shall prohibit an Owner or occupant of a Residence from displaying political, religious, or holiday symbols and decorations on his or her Lot or Residence of the kinds normally displayed in communities like Hyland Village nor regulate the content of political signs except content or graphics which the Board deems to be obscene, vulgar, or similarly disturbing to the average person. However, the Association has adopted in the initial Rules and Regulations attached as Exhibit "C" (that may be amended) reasonable time, place, and manner restrictions with respect to signs, symbols, and displays visible from outside the Residences, provided they are consistent with applicable laws.

(c) Household Composition. No Rule or Regulation shall interfere with an Owner's freedom to determine household composition.

(d) Activities Within Residences. No Rule or Regulation shall interfere with the activities carried on within a Residence, except that the Association may prohibit activities not normally associated with residential property. It may also restrict or prohibit activities that create monetary costs for the Association or other Owners, that create a danger to anyone's health or safety, that generate excessive noise or traffic, that create unsightly conditions visible from outside the

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Residence, or that are an unreasonable source of annoyance.

(e) *Abridging Existing Rights.* No Rule or Regulation shall require the disposal of personal property kept in or on a Lot or Residence in compliance with the Rules and Regulations in effect at the time such personal property was brought onto the Lot. This exemption shall apply only during the period of such Owner's ownership of the Lot and shall not apply to subsequent Owners who take title to the Lot after adoption of the Rule or Regulation.

(f) *Reasonable Rights to Develop.* No Rule or Regulation may unreasonably interfere with the Founder's ability to develop market and sell property in the Community.

(g) *Interference with Easements.* No Rule or Regulation may unreasonably interfere with the exercise of any easement.

(h) *Compliance with Laws.* No Rule or Regulation shall violate the provisions of any applicable state, federal or local laws, including but not limited to the provisions of the Act and Senate Bill 05-100 and Senate Bill 06-89.

7.4. Owners' Acknowledgment and Notice to Purchasers

By accepting a deed, each Owner acknowledges and agrees that the use, enjoyment, and marketability of his or her Lot and any Residence constructed thereon is limited and affected by the Rules and Regulations, which may change from time to time. All Lot purchasers are hereby notified that the Association may have adopted changes to the Rules and Regulations and that such changes may not be set forth in a recorded document. A copy of the current Rules and Regulations and all administrative policies are available from the Association upon request. The Association may charge a reasonable fee to cover its reproduction cost.

7.5. Changes in Development Plan

Each Owner acknowledges that the development of the Community is likely to extend over many years, and agrees that the Association shall not engage in, or use Association funds to support, any protest, challenge, or other form of objection to changes in uses or density of property within the Community, without the Founder's prior written consent.

7.6. View Impairment

Neither the Founder nor the Association guarantee or represent that any view over and across any property within or outside of the Community will be preserved without impairment. Neither the Founder nor the Association shall have any obligation to relocate, prune, or thin trees or other landscaping except to maintain the Community-Wide Standard or as otherwise required under a separate covenant or agreement. The Association shall have the right to add trees and other landscaping to the Common Area. There shall be no express or implied easements for view purposes or for the passage of light and air.

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Chapter 8

Compliance and Enforcement

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The covenants, standards, and rules set forth in the Governing Documents are for the benefit of all Owners and occupants of the Community. However, if they are to have any real meaning, there must be a commitment by the stakeholders in the Community to comply with them, and there must be a mechanism in place to enforce that compliance in the event that someone fails or refuses to do so. This chapter sets forth the obligation to comply and the remedies available to the Association for noncompliance.

8.1. Compliance

Every Owner, occupant, and visitor to a Lot or Residence must comply with the Governing Documents and shall be subject to sanctions for violations as described in this chapter. In addition, each Owner shall be responsible for, and may be sanctioned for, all violations of the Governing Documents by the occupants of or visitors to their Lots and/or Residences and for any damage to the Areas of Common Responsibility that such occupants or visitors cause.



All Owners are required to abide by the Governing Documents. If an Owner fails or refuses to obey the Governing Documents the Owner may be subject to various penalties including fines and the loss of the right to use the Common Area.

8.2. Remedies for Non-Compliance

Subject to the dispute resolution procedures required under Chapter 16, the Association and the Founder shall have the right to file a suit in law or in equity to enforce the Governing Documents. In addition, the Board may impose sanctions for violation of the Governing Documents, including those listed below and any others described elsewhere in the Governing Documents.

(a) Sanctions Requiring Prior Notice and Hearing. After written notice and an opportunity for a hearing in accordance with the By-Laws or rules and regulations adopted by the Board, the Board may:

(i) impose reasonable monetary fines, which shall constitute a lien upon the violator's Lot. In the event that any occupant, guest, or invitee of a Residence or Lot violates the Governing Documents and a fine is imposed, the fine may, but need not, first be assessed against the violator; however, if the fine is not paid by the violator within the time period set by the Board, the Owner shall pay the fine upon notice from the Board;

(ii) suspend an Owner's right to vote (except that no notice or hearing is required if the Owner is more than 90 days delinquent in paying any Common or Special Assessment);

(iii) suspend services the Association provides (except that no notice or hearing is required if the Owner is more than 60 days delinquent in paying any assessment or other charge owed to the Association);

(iv) exercise self-help or take action to abate any violation of the Governing Documents in a non-emergency situation (including removing personal property that violates the Governing Documents);

(v) without liability to any Person, preclude any contractor, subcontractor, agent, employee or other invitee of an Owner who fails to comply with the terms and provisions of the Governing Documents;

(vi) levy Specific Assessments to cover costs the Association incurs in bringing a Residence or Lot into compliance with the Commu-

nity-Wide Standard or other requirements under the Governing Documents; and

(b) *Other Sanctions.* The Board may take the following actions to obtain compliance with the Governing Documents without prior notice or a hearing:

(i) exercise self-help or take action to abate a violation on a Lot in any situation which requires prompt action to avoid potential injury or damage or unreasonable inconvenience to other persons or their property (specifically including, but not limited to, the towing of vehicles that are in violation of parking rules and regulations);

(ii) exercise self-help or take action to abate a violation on the Common Area under any circumstances;

(iii) require an Owner or a Sub association, at its own expense, to perform maintenance or to remove any structure or improvement on such Owner's Lot or on the Sub Association's property, respectively, that is in violation of the Community-Wide Standard or other requirements under the Governing Documents and to restore the property to its previous condition;

(iv) enter the property and exercise self-help to remove or cure a violating condition if an Owner or Sub association fails to take action as required pursuant to Section 8.2(b)(iii) within 10 days after receipt of written notice to do so, and any such entry shall not be deemed a trespass; or

(v) bring a suit at law for monetary damages or in equity to stop or prevent any violation, or both.

8.3. Board Decision to Pursue Enforcement Action

The decision to pursue enforcement action in any particular case shall be left to the Board's discretion, except that the Board shall not be arbitrary or capricious in taking enforcement action.

For example, the Board may determine that, in a particular case:

(a) the Association's position is not strong enough to justify taking any or further action;

(b) the covenant, restriction or rule being enforced is, or is likely to be construed as, inconsistent with applicable law;

(c) although a technical violation may exist or may have occurred, it is not of such a material nature as to be objectionable to a reasonable person or to justify expending the Association's resources; or

(d) that it is not in the Association's best interests, based upon hardship, expense, or other reasonable criteria, to pursue enforcement action.

A decision not to enforce a particular provision shall not prevent the Association from enforcing the same provision at a later time or prevent the enforcement of any other covenant, restriction, or rule.

8.4. Attorneys' Fees and Costs

In any action to enforce or defend the Governing Documents, the prevailing party shall be entitled to recover its costs and expenses, including, without limitation, reasonable attorneys' fees incurred in such action. Notwithstanding the foregoing, if any Owner fails to timely pay assessments or other sums due the Association, the Association may require reimbursement for collection costs and reasonable attorneys' fees incurred as a result of such failure without the necessity of commencing a legal proceeding.

8.5. Enforcement of Ordinances

The Association shall have no obligation to, enforce applicable federal, state, local laws or regulations or ordinances.

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PART THREE: ASSOCIATION OPERATIONS

Do what you can, with what you have, where you are.

Theodore Roosevelt

Chapter 9

Property Management and Other Services

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The Association is responsible for maintaining and operating property and facilities for the common benefit of the Owners and residents within the Community. In addition, the Association is a vehicle for providing a variety of services for the benefit of the Community and Special Benefit Areas. This chapter discusses the Association's obligations and rights in this regard.

9.1. Acceptance and Control of Association Property

(a) Transfers and Conveyances by Founder. The Founder or its designees may transfer or convey to the Association interests in real or personal property within or for the benefit of the Community, and the Association shall accept such transfers and conveyances. Such property may be improved or unimproved and may consist of fee simple title, easements, leases, licenses, or other real or personal property interests.

Upon the Founder's written request, the Association shall re-convey to the Founder, or any designee, any real property that the Founder originally conveyed to the Association for no payment, to the extent conveyed in error or needed to make minor adjustments in property lines or accommodate changes in the development plan.

(b) Management and Control. The Association is responsible for management, operation, and control of any Common Area, subject to any covenants set forth in the deed or other instrument transferring the property to the Association. The Association may enter into leases, licenses, or operating agreements with respect to portions of the Common Area, for payment or no payment, as the Board deems appropriate. The Association may permit use of Common Area facilities by persons other than Owners and occupants of Residences and may charge use fees, in such amount as the Board may establish, for such use.

9.2. Maintenance of Area of Common Responsibility

The Association shall maintain the Common Area and any other Area of Common Responsibility in accordance with the Community-Wide Standard, as provided in Chapter 6.

9.3. Maintenance of Limited Common Areas

Except as may otherwise be set forth on the Maintenance Chart attached hereto as Exhibit D, the Supplement creating a Special Benefit Area, or any Governing Document, the maintenance and repair of any Limited Common Element which serves only one Residence is the responsibility of the Owner to whom such Limited Common Element is assigned. In any event, however, if a particular Owner is determined by the Board to have negligently or intentionally caused damage to any Limited Common Element, the Association may levy a Specific Assessment against such Owner and such Owner's Lot pursuant to Section 11.4 below to recover some or all of the costs of repairing such damage.

9.4. Provision of Services to Residences

The Association may arrange for or provide services to Owners and their Residences, through contracts with third parties. The Association may enter into bulk service agreements by which a particular service is provided to all Residences, or it may offer various services at the option of each Owner, or both. By way of example and not limitation, such services might include such things as cable television, utilities, fire protection, security, trash collection, landscape maintenance, caretaker services and technology services.

Any Association contract for services may require individual Owners or occupants to execute separate agreements directly with the Persons

Property Management and Other Services

providing components or services in order to gain access to or obtain specified services. Such contracts and agreements may contain terms and conditions that, if violated by the Owner or occupant of a Residence, may result in termination of services provided to such Residence. Any such termination shall not relieve the Owner of the continuing obligation to pay assessments for any portion of the charges for such service that are assessed against the Lots as a Common Expense pursuant to Chapter 11.

In its discretion, the Board may discontinue offering particular services and may modify or cancel existing contracts for services, subject to the contract terms and any provision that may exist elsewhere in the Governing Documents requiring the Association to provide such services. However, if the Board cancels any contract for the maintenance of portions of the Area of Common Responsibility, the Association shall make arrangements to continue the maintenance of such area to Community Standards until a replacement contract is in place.

9.5. Special Benefit Areas

The Association shall provide services and benefits to Residences constructed on Lots included in any Special Benefit Area in accordance with the provision of any Supplement or other document by which such Special Benefit Area was established. The costs and expenses so incurred by the Association shall be Special Benefit Area Expenses and not Common Expenses.

9.6. Community Education and Training

Owners and other Community residents who are well informed regarding the Community's governance structure and development goals, and their rights and responsibilities in the community, have greater capacity to participate in civic life and in the affairs of the community. Educating Owners about ownership rights, voting privileges, property use restrictions, assessment responsibility, community development, developer transition, community activities, etc., should be

an ongoing innovative process geared toward all residents.

To achieve the goal of educating stakeholders about how their Community operates, the Association may establish education, training, and orientation programs, including "continuing" education programs, for everyone in the Community. The Association shall provide such a program to the Owners at least once a year.

The Association also may require, or otherwise make available, training for directors. Such programs and seminars for Owners and directors shall be held annually, or more frequently in the Association's discretion. The Association may cover such topics as board election procedures, director responsibilities and duties, officers' duties and responsibilities, and committee service guidelines and training.

The Association may utilize any appropriate method to achieve these education goals, including a Community intranet; classes regarding community structure and governance; and coordinated activities with the Community Council. The Association's expenses of training, education, or orientation, or contracts for such services from third parties, shall be Common Expenses.

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Chapter 10

Association Insurance

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The Association is responsible for insuring against various types of risks, including property damage, personal injury, and liability. This chapter describes the minimum types and amounts of coverage that the Association must obtain the specific requirements for such policies, and the handling of deductibles and premiums for such insurance.

10.1. Required Coverages

Commencing not later than the time of the first conveyance of a Residence to a Person other than the Founder, the Association shall obtain and maintain in effect the following insurance coverage, if reasonably available, or if not reasonably available, the most nearly equivalent coverage as is reasonably available:

(a) Blanket property insurance covering "risks of direct physical loss" on a "special form" basis (or comparable coverage by whatever name denominated) for the full insurable replacement cost of all insurable improvements on

(i) the Common Areas,

(ii) other portions of the Area of Common Responsibility, to the extent that the Association has responsibility for repair and replacement in the event of a casualty; and

(iii) any Special Benefit Area, to the extent specified or authorized by any applicable Supplement.

If such coverage is not generally available at reasonable cost, then "broad form" coverage may be substituted. The limits of Association property insurance policies shall be sufficient to cover the full replacement cost of the insured improvements under current building ordinances and codes, less a reasonable deductible, exclusive of land, excavations, foundations, and other items normally excluded from property policies.

To the extent the Association's property insurance covers a building containing more than one Residence, the Association will also cover to the interior wall of the units but not the texture, paint or wall paper on the wall. Unless the Board provides otherwise by resolution, interior fixtures, contents, and appliances (e.g., those used for refrigerating, ventilating, cooking, dishwashing, laundering, security, or housekeeping), finished surfaces of perimeter and partition walls, floors, and ceilings (i.e., paint, wallpaper, paneling, other wall covering, tile, carpet, and any floor covering) and any other personal contents within the interior of any unit shall be excluded from the Association's insurance policy. In addition, the Association's insurance policy may exclude any improvements and betterments made by the Owners.

(b) Commercial general liability insurance on the Areas of Common Responsibility, insuring the Association and its Members against claims and liabilities in connection with the ownership, existence, use, management, and/or maintenance of such property. If generally available at reasonable cost, such coverage shall have a limit of at least \$2,000,000.00 per occurrence with respect to bodily injury, personal injury, and property damage. Such coverage may be provided through a combination of primary and umbrella policies. However, if additional coverage and higher limits are available at reasonable cost that a reasonably prudent person would obtain, the Association shall obtain such additional coverage or limits;

(c) Workers compensation insurance and employers liability insurance, if and to the extent required by law;

(d) Directors and officers liability coverage; and

Association Insurance

(e) Commercial crime insurance, including fidelity insurance covering all Persons responsible for handling Association funds in an amount determined in the Board's business judgment but not less than an amount equal to one-fourth of the annual Common Assessments on all Lots plus reserves on hand. Fidelity insurance policies shall contain a waiver of all defenses based upon the exclusion of Persons serving without compensation.

The Association shall arrange for an annual review of the sufficiency of its insurance coverage by one or more qualified Persons, which may include its existing insurance agent, at least one of whom must be familiar with insurable replacement costs in the area. In the exercise of its business judgment, the Board may obtain additional insurance coverage and higher limits than this Section requires.

10.2. Deductibles

The Association's policies may contain a reasonable deductible, which shall not be subtracted from the face amount of the policy in determining whether the policy limits satisfy the requirements of Section 10.1. In the event of an insured loss, the deductible shall be treated as a Common Expense or a Special Benefit Area Expense in the same manner as the premiums for the applicable insurance coverage. However, if the Board reasonably determines, after notice and an opportunity to be heard in accordance with the By-Laws, that the loss is the result of the negligence or willful misconduct of one or more Owners, their guests, invitees, or lessees, then the Board may assess the full amount of such deductible against such Owner(s) and their Lots as a Specific Assessment.



Persons who cause damage in the Community may be held responsible for the insurance deductible payable on any insurance claim related to such damage.

10.3. Policy Requirements

All Association policies shall provide for a certificate of insurance to be furnished to the Association and, upon request, to each Owner. 39

To the extent available at reasonable cost and terms, all Association insurance shall:

(a) be written with a company authorized to do business in Colorado that satisfies the requirements of the Federal National Deed of Trust Association, or such other secondary mortgage market agencies or federal agencies as the Board deems appropriate;

(b) be written in the name of the Association as trustee for the benefited parties. All policies shall be for the benefit of the Association and its members;

(c) not be brought into contribution with insurance purchased by Owners, occupants, or their Secured Lenders individually;

(d) contain an inflation guard endorsement;

(e) include an agreed amount endorsement, if the policy contains a co-insurance clause;

(f) provide that each Owner is an insured person with respect to liability arising out of such Owner's status as a member of the Association;

(g) provide a waiver of subrogation against any Owner or household member of an Owner; and

(h) include an endorsement precluding cancellation, invalidation, suspension, or non-renewal by the insurer on account of any act or omission of one or more Owners, unless acting on the Association's behalf within the scope of their authority, or on account of any curable defect or violation, without prior written demand to the Association and allowance of a reasonable time to cure the defect or violation.

Association Insurance

In addition, the Board shall use reasonable efforts to secure insurance policies that list the Owners as additional insured and provide:

(a) a waiver of subrogation as to any claims against the Association's directors, officers, employees, and manager;

(b) a waiver of the insurer's right to repair and reconstruct instead of paying cash;

(c) an endorsement excluding Owners' individual policies from consideration under any "other insurance" clause;

(d) an endorsement requiring at least 30 days' prior written notice to the Association of any cancellation, substantial modification, or non-renewal;

(e) a cross liability provision; and

(f) a provision vesting in the Board exclusive authority to adjust losses. However, Secured Lenders having an interest in such losses may not be precluded from participating in the settlement negotiations, if any, related to the loss.

10.4. Insurance Premiums

Premiums for all Association insurance shall be a Common Expense, unless otherwise provided in a Supplement or if the Board reasonably determines that premiums for property insurance on Residences within a particular Special Benefit Area shall be a Special Benefit Area Expense.

10.5. Owner Insurance

Each Owner of a detached Residence or a rowhome not covered by Association insurance is responsible for obtaining property insurance for such Owner's Residence. Where the Association carries insurance on structures containing multiple Residence, the Owners of such Residences are responsible for obtaining insurance covering those portions of his or her Residence, including all personal property and items not insured by policies maintained by the Association, such as

but not limited to interior fixtures, appliances (e.g., those used for refrigerating, ventilating, cooking, dishwashing, laundering, security, or housekeeping), finished surfaces of perimeter and partition walls, floors, and ceilings (i.e., paint, wallpaper, paneling, other wall covering, tile, carpet, and any floor covering) and any other personal contents within the interior of any Residence.

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In addition, to the extent not insured by policies the Association maintains or to the extent insurable losses result in the payment of deductibles under the Association's policies, every Owner shall obtain and maintain at all times insurance covering consequential damages to any other Lot or Residence due to occurrences originating within the Owner's Lot and caused by the Owner's negligence, the Owner's failure to maintain his or her Lot or Residence, or any other casualty within the Residence which causes damage to another Residence, Lot or any Common Area.

10.6 Claims Against Association Insurance.

Claims against the Association's insurance policies can be made by an Owner only after compliance with all applicable provisions of the Act and any applicable Rules and Regulations of the Association.

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Chapter 11

Association Finances

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This chapter provides for various types of funding to cover expenses that the Association incurs or expects to incur in exercising its authority and performing its responsibilities under the Governing Documents. The primary source of funding is the assessments that this chapter authorizes the Association to levy against the Lots and collect from the Owner of each Lot.

11.1. Association Expenses

(a) Common Expenses. Except as the Governing Documents otherwise specifically provide, all of the expenses that the Association incurs, or expects to incur, in connection with the ownership, maintenance, and operation of the Areas of Common Responsibility, and otherwise for the general benefit of the Owners, are considered "**Common Expenses.**" Common Expenses include such operating reserves and reserves for repair and replacement of capital items within the Areas of Common Responsibility as the Board finds necessary or appropriate.

The characterization of a particular expense as a "Common Expense" shall not preclude the Association from seeking reimbursement for, or a contribution toward, such expenses from other Persons who may be responsible for the expenses incurred or for sharing such expenses pursuant to this Charter, any Supplement, or any other recorded covenants or agreements. The Common Expenses shall not include any Special Benefit Area Expenses.

(b) Special Benefit Area Expenses. All expenses that the Association incurs or expects to incur in connection with providing benefits and services specific to a Special Benefit Area, including any operating reserve or reserve for repair and replacement of capital items maintained for the benefit of the Special Benefit Area, are considered "**Special Benefit Area Expenses.**" Special Benefit Area Expenses may include a rea-

sonable administrative charge in such amount, as the Board deems appropriate, provided that any such administrative charge is applied at a uniform rate per Lot among all Special Benefit Areas receiving the same service.

11.2. Budgeting for and Allocating Association Expenses

(a) Preparation of Common Expense and Special Benefit Area Budgets. Prior to the beginning of each fiscal year, the Board shall prepare a budget of the estimated Common Expenses for the coming year. In addition, the Board shall prepare a separate budget for each Special Benefit Area reflecting the estimated Special Benefit Area Expenses that the Association expects to incur for the benefit of such Special Benefit Area in the coming year.

Each Association budget shall clearly set forth the significant assumptions upon which budget calculations are made.

Until the Association first levies assessments, the Founder shall be responsible for all Common Expenses. Thereafter, assessments for Common Expenses shall be levied at least annually in accordance with this Chapter.

The estimated expenses in each budget shall include, in addition to any operating reserves, a reasonable contribution to a reserve fund for repair, replacement, improvement or construction of any capital items to be maintained as a Common Expense. In determining the amount of such reserve contribution, the Board shall take into account the number and nature of replaceable assets, the expected useful life of each, the expected repair or replacement cost, and the contribution required to fund the projected needs by annual contributions over the useful life of the asset.

Association Finances

The Association shall have a capital reserve study done by a third party at least once every two years. The reserve study shall take into account the factors referenced in the above paragraph. The Board and the Founder may rely on the results of any such reserve study in factoring the appropriate level of reserves required for the Community.

Each budget shall also reflect the sources and estimated amounts of funds to cover such expenses, which may include any surplus to be applied from prior years, any income expected from sources other than assessments levied against the Lots, and the amount to be generated through the levy of Common Assessments and Special Benefit Area Assessments pursuant to Sections 11.2(b) and (c).

(b) Calculation of Common Assessments. The total budget for Common Expenses, less any surplus in the Common Expense budget from prior years, if the Board chooses to apply such surplus pursuant to Section 11.2 (f), and any income anticipated from sources other than assessments against the Lots, shall be allocated among all Lots subject to assessment and levied as a "**Common Assessment.**" Common Assessments shall be levied at a uniform rate per Lot except as may otherwise be set forth in this Charter and unless as may be required by applicable federal, state or local ordinances/laws (including any non-uniform rates required pursuant to affordable housing ordinances).

The Founder or any lender to the Founder may, but shall not be obligated to, pay a subsidy (in addition to any amounts paid by the Founder under Section 11.7(c)). Any such subsidy may be treated as a contribution, an advance against future assessments due from the Founder or such lender, or a loan, in the Founder's and lender's discretion. Payment of such subsidy in any year shall not obligate the Founder or such lender to continue payment of such subsidy in future years, unless otherwise provided in a written agreement between the Association and the Founder or the

Association, the Founder and the lender to the Founder.

(c) Calculation of Special Benefit Area Assessments. The total Special Benefit Area Expenses budgeted for each Special Benefit Area, less any surplus in such Special Benefit Area budget from prior years, if the Board chooses to apply such surplus pursuant to Section 11.2 (f), shall be allocated among all Lots in the Special Benefit Area that are subject to assessment and levied as a "**Special Benefit Area Assessment.**" Unless otherwise specified in any Supplement applicable to a Special Benefit Area, Special Benefit Area Assessments shall be set at a uniform rate per Lot in the Special Benefit Area, unless the federal, state or local ordinances/laws require otherwise at the applicable time (including any non-uniform rates required pursuant to affordable housing ordinance).

All amounts the Association collects as Special Benefit Area Assessments shall be held in trust for and expended solely for the benefit of the Special Benefit Area for which they were collected and shall be accounted for separately from the Association's general funds.

(d) Notice of Budgets and Assessment; Right to Disapprove. Within 90 days after the Board adopts any budget, the Board shall send a summary of the budget, together with notice of the amount of the Common Assessment or any Special Benefit Area Assessment to be levied pursuant to such budget, to the Owner of each Lot responsible for a share of the expenses covered by such budget. The notice shall announce the date set for a "Budget Ratification Meeting" of the Owners for the Board to present the approved budget and for the owners to address the Board on such budget. The date of the meeting shall be not less than 14 or more than 60 days after the date of mailing or other delivery of the summaries of the budgets.

The Common Expense budget adopted by the Board shall automatically become effective

Association Finances

after the Budget Ratification Meeting unless vetoed at the meeting by Owners representing at least 67% of the total votes in the Association. Each Special Benefit Area budget shall automatically become effective after the Budget Ratification Meeting unless vetoed at the meeting by Owners of at least 67% of the Lots within the Special Benefit Area.

If any proposed budget is vetoed or the Board fails for any reason to determine their budget for any year, then the budget most recently in effect shall continue in effect until a new budget takes effect in accordance with the above procedures without veto by the members.

(e) Budget Revisions. The Board may revise the Common Expense budget and adjust the Common Assessment or any Special Benefit Area Assessment at any time during the year, subject to the same notice requirements and veto procedures set forth in Section 11.2(e).

(f) Surplus Funds. Any surplus funds of the Association remaining after payment of provision for all Association Common Expenses and any prepayment of or provision for reserves can be taken into account in the income portion of the budget pursuant to which the funds were collected, in order to reduce the assessments that would otherwise be levied pursuant to that budget in the succeeding year or used for capital improvements to the community or be put in reserve funds at the discretion of the Board

Any surplus funds of the Special Benefit Area Expense remaining after payment of or provision for all Service Area Expenses and any prepayment of or provision for reserves can be taken into account in the income portion of the budget pursuant to which the funds were collected, in order to reduce the assessments that would otherwise be levied pursuant to that budget in the succeeding year or be put in reserve funds to be used for capital improvements, at the discretion of the Board.

11.3. Special Assessments

The Association may levy "Special Assessments" to cover Common Expenses that are non-routine, unanticipated, or in excess of those anticipated in the applicable budget. Except as otherwise specifically provided in this Charter, any Special Assessment for Common Expenses shall require the affirmative vote or written consent of Voting Delegates representing more than 50% of the votes attributable to Lots subject to assessment. Such Special Assessments shall be allocated equally among all such Lots.

Any Special Assessment for Special Benefit Area Assessments shall require the affirmative vote or written consent of Owners representing more than 50% of the total votes allocated to Lots in the benefited Special Benefit Area and shall be allocated in the same manner as Special Benefit Area Assessments under Section 11.2(c).

In addition, during the Development and Sale Period, any Special Assessment shall also be subject to the Founder's written consent.

Special Assessments shall be payable in such manner and at such times as the Board determines and may be payable in installments extending beyond the fiscal year in which the Special Assessment is approved.

(g) Annual Cap on Increases. Neither the amount of the Common Assessment nor Special Benefit Area Assessment may increase in any given budget year over the previous budget year by a percentage that is more than the sum of the rate of inflation plus ten percentage points, unless (a) approved by a majority of the votes attending the Budget Ratification Meeting and entitled vote on such budget, or (b) if an insufficient number of Owners attend the Budget Ratification Meeting to represent a quorum, such increase is unanimously approved by all Directors. The Board shall have the right to determine the index or other means to determine the rate of inflation.

Association Finances

11.4. Specific Assessments

The Association may levy "Specific Assessments" against a particular Lot or Lots follows:

(a) to cover the costs, including overhead and administrative costs, of providing services to a Residence or Residences upon request of the Owner(s) thereof pursuant to any menu of optional services which the Association may offer (which might include the items identified in Section 9.4). Specific Assessments for optional services may be levied in advance of the provision of the requested service; and

(b) to cover costs incurred in bringing the Lot(s) and Residence(s) into compliance with the Governing Documents or costs incurred as a consequence of the conduct of the Owner or occupants of the Residence(s), their agents, contractors, employees, licensees, invitees, or guests; however, the Board shall give the Owner(s) prior written notice and an opportunity for a hearing in accordance with the By-Laws before levying any Specific Assessment under this subsection.

11.5. Authority to Assess Owners; Time of Payment

The Founder hereby establishes and the Association is hereby authorized to levy assessments as provided for in this Chapter and elsewhere in the Governing Documents. The Association will commence and start collecting assessments the first day a Lot is owned by someone other than the Founder and the assessments are levied in accordance with such the budget in effect at that time. Each Owner thereafter is obligated to start paying assessments the first day of the month following annexation of the Lot into the Association. The first annual Common and Special Service Area Assessment levied on each Lot shall be adjusted according to the number of months remaining in the fiscal year at the time assessments commence on the Lot.

11.6. Obligation for Assessments

(a) *Personal Obligation.* By accepting a deed or entering into a recorded contract to purchase any Lot, each Owner covenants and agrees to pay all assessments authorized in the Governing Documents. All assessments, together with interest (computed from its due date at a rate of established by the Board from time to time, but not exceeding 21% per year), late charges as determined by Board resolution, costs, and reasonable attorneys' fees, shall be the personal obligation of each Owner and a lien upon each Lot until paid in full. Upon a transfer of title to a Lot, the grantee shall be jointly and severally liable for any assessments and other charges due at the time of conveyance (and thereafter as set forth in Section 7.1(c) above.

The Board's failure to fix assessment amounts or rates or to deliver or mail each Owner an assessment notice shall not be deemed a waiver, modification, or a release of any Owner from the obligation to pay assessments. In such event, each Owner shall continue to pay Common Assessments and Special Benefit Area Assessments on the same basis as during the last year for which an assessment was made, if any, until a new assessment is levied, at which time the Association may retroactively assess any shortfall.

No Owner may exempt himself or herself from liability for assessments by non-use of Common Area, abandonment of his or her Residence, or non-use of services provided to all Residences or to all Residences within the Special Benefit Area to which the Lot is assigned. The obligation to pay assessments is a separate and independent covenant on the part of each Owner. No diminution or abatement of assessments or set-off shall be claimed or allowed for any alleged failure of the Association or Board to take some action or perform some function required of it, or for inconvenience or discomfort arising from the making of repairs or improvements, or from any other action it takes.



By buying a Lot each Owner agrees to pay all assessments levied against his or her Lot. If the Owner does not pay on time, the Owner will be charged late fees and interest on all past due amounts. Owners may not reduce their assessments because of any action or inaction by the Association.

(b) Assessment Statement. Upon written request of any Owner, Secured Lender, prospective Secured Lender, or prospective purchaser of a Lot, delivered personally or sent by certified mail, first-class postage prepaid, return receipt requested to the Association's registered agent or designee, the Association shall issue a written statement setting forth the amount of any unpaid assessments with respect to such Lot, the amount of current periodic assessments and the date on which such assessment becomes or became due, and any credit for advanced payments or prepaid items. Such statement shall be delivered personally or by certified mail, first-class postage prepaid, return receipt requested.

The Association may require the payment of a reasonable processing fee for issuance of such statement. Such statement shall be binding upon the Association as to Persons who rely thereon in good faith. Provided such request is made in writing, if the request for a statement of account is not processed within 14 days of receipt of the request, all unpaid assessments that become due before the date of such request shall be subordinate to the lien of a Secured Lender that acquired its interest after requesting such statement.

(c) Founder's Financial Obligations to Association. The Founder shall be liable for assessments on any Lot it owns that are subject to assessment under this Chapter. The Founder's obligations hereunder may be satisfied in the form of cash or by "in-kind" contributions of services or materials, or by a combination of these. Such "in-kind" contributions shall abate or reduce the Founder's assessment obligation by the commercially reasonable value of such contribu-

tions, as determined in the Board's reasonable discretion. After termination of the Founder Transition Period, the Founder shall pay Common Assessments on any Lot it owns in the same manner as any other Owner liable for such Common and Special Assessments.

11.7. Lien for Assessments

In accordance with §38-33.3-316 of the Act, the Association shall have a statutory lien against each Lot to secure payment of assessments, as well as interest, late charges (subject to the limitations of Colorado law), and costs of collection (including attorneys' fees and expenses). Such lien shall be superior to all other liens, except as provided in §38-33.3-316 of the Act.

Although no further action is required to create or perfect the lien, the Association may, as further evidence and notice of the lien, execute and record a document setting forth as to any Lot the amount of the delinquent sums due to the Association at the time such document is executed and the fact that a lien exists to secure the repayment thereof. However, the Association's failure to execute and record any such document shall not affect the validity, enforceability, or priority of the lien.

(a) Enforcement of Lien. The Association may bid for the Lot at the foreclosure sale and acquire, hold, lease, mortgage, and convey the Lot. While a Lot is owned by the Association following foreclosure: (i) no right to vote shall be exercised on its behalf; (ii) no assessment shall be levied on it; and (iii) each other Lot shall be charged, in addition to its usual assessment, its pro rata share of the assessment that would have been charged such Lot had it not been acquired by the Association. The Association may sue for unpaid assessments and other charges authorized hereunder without foreclosing or waiving the lien securing the same, in addition to pursuing any and all remedies allowed by law to enforce the lien.

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(b) *Effect of Sale or Transfer.* Sale or transfer of any Lot shall not affect the assessment lien or relieve such Home from the lien for any subsequent assessments. However, the sale or transfer of any Lot pursuant to foreclosure of a first Deed of Trust having priority over the Association's lien shall extinguish the lien as to any installments of such assessments due more than six months prior to the Secured Lender's foreclosure. The subsequent Owner of the foreclosed Lot shall not be personally liable for assessments on such Lot due prior to such acquisition of title. Such unpaid assessments shall be deemed to be Common Expenses collectible from Owners of all Lots subject to assessment, including such acquirer, its successors and assigns.



In order to insure that each Owner pays its share of Association expenses, the Association has a lien against each Lot. If an Owner does not pay his or her assessments on time, the Association may foreclose the lien on such Owner's Lot, causing it to be sold to pay the past due assessments. Alternatively, the Association may sue an Owner in court to recover past due assessments.

11.8. Exempt Property

The following property shall be exempt from payment of any Assessments:

- (a) All Common Area;
- (b) Any property dedicated to and accepted by any governmental authority or public utility; and
- (c) Property owned by any Sub association for the common use and enjoyment of its members or owned by the members of a Sub Association as tenants-in-common.

In addition, both the Founder and the Association shall have the right, but not the obligation, to grant exemptions to schools, houses of worship, hospitals, police or fire stations (or other similar public service uses), or Lots owned

by Persons qualifying for tax-exempt status under Section 501(c) of the Internal Revenue Code and used by such Persons for purposes listed in Section 501(c) of the Internal Revenue Code. Exemptions granted by the Founder shall be binding on the Association.

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11.9. Working Capitalization of Association

The first Owner of each Residence other than the Founder shall make a contribution to the working capital of the Association in the amount of the greater of (a) \$150.00 and (b) one-sixth of the annual Common Assessment for the year of closing. This amount shall be in addition to, not in lieu of, the annual Common Assessment levied on the Residence after the purchase thereof and shall not be considered an advance payment of such assessments. This amount shall be due and payable to the Association immediately upon transfer of title, for its use and benefit to meet unforeseen expenditures or desired enhancements, including, without limitation, additional equipment, property or services or if needed to cover unexpected expenses and other expenses which it incurs pursuant to this Charter and the By-Laws.

11.10. Use and Consumption Fees

The Association may offer services or facilities for which it does not recover its costs through assessments under this chapter. The Board may charge use and consumption fees to any Person who chooses to use or participate in such services or facilities and may determine the amount and method of determining such fees. Different fees may be charged to different classes of users (*e.g.*, Owners and non-Owners).

11.11 Recreational Facility Fund Fee.

(a) In addition to the other Assessments authorized by this Article, the Association shall levy upon each Residence and collect a "Recreational Facility Fund Fee" upon each transfer of a Residence. The Recreational Facility Fund Fee shall be in the amount of one-half of one percent (0.5%) of the Fair Market Value (as defined

Association Finances

in Exhibit G attached hereto) of a Residence and shall be collected at the closing on each transfer of a Residence, other than exempt transfers. The levying of the Recreational Facility Fund Fee shall be made in accordance with the procedures set forth in the Recreational Facility Fund Fee Procedures attached hereto and incorporated herein as Exhibit G, as such Procedures may be amended by the Board from time to time. The Recreational Facility Fund Fee shall be paid by the purchaser/transferee unless the transferor and transferee agree otherwise.

(b) The moneys collected by the Association from the Recreational Facility Fund Fee shall be deposited and maintained in a separate Association account and shall be used only for the following purposes: (a) the construction, operation, maintenance and repair of a recreational facility for the Community; (b) the reimbursement to a developer or other third party of the costs they incur in constructing such facility; (c) following the construction of such facility, for the maintenance, improvement and repair of the facility, or the construction, operation, repair or replacement of other common amenities in the Community as determined by the Board, and (d) any other purposes approved by a vote of not less than two-thirds of all of the outstanding votes in the Community.

11.12 Condominium Parcel Assessments. Lot 1 of Block 9 of the Hyland Village Subdivision, as shown on the Final Plat recorded at Reception No. 2007123402 (the "**Condo Parcel**") is expected to be developed to contain no less than 150 condominium units. If the Condo Parcel is annexed into the Community and is developed into less than 150 units, then the Common Assessment against each such condominium units shall be increased proportionally. For example, if the monthly Common Assessment at a given time was \$100 per unit, 150 units would have paid \$15,000 in monthly assessments. If only 100 units are in fact developed, each unit would therefor pay \$150 per month instead of \$100 in Common Assessments,

11.13 Effect of Merger of Lots. If an Owner acquires adjacent Lots and physically or legally merges the Lots into a single Lot, the Lots involved shall continue to be assessed as separate Lots for purposes of this Article 11.

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11.14. Audits

The books and records of the Association shall be subject to an audit using generally accepted auditing standards, or a review using statements on standard for accounting and review services, by an independent and qualified person selected by the Board. Such person need not be a certified public accountant except in the case of an audit. An audit is required by the Act only if the Association has annual revenues or expenditures of at least \$250,000, and the audit is requested by Owners of at least one-third of the Lots. A review is required by the Act only when requested for Owners of at least one-third of the Lots. Copies of any such audit or review shall be made available upon request to any Owner beginning no later than thirty days after its completion, and to the Founder during and for a period of ten years following the end of the Founder Transition Period.

NOTES

**PART FOUR: RELATIONSHIPS WITHIN AND OUTSIDE
THE COMMUNITY**

You don't get harmony when everybody sings the same note.

Doug Floyd

Chapter 12

Easements

The easements created in this chapter establish the rights of Owners, the Founder, the Association, and others over property within the Community. Some of these rights are related to development and construction within the Community and on adjacent property, while others relate to the rights of Association to come upon property of others to fulfill its responsibilities and the interrelationships between the Community and the owners of adjacent property.

12.1. Easements in Common Area

The Founder grants to each Owner a nonexclusive right and easement of use, access, and enjoyment in and to any Common Area, subject to:

- (a) The Governing Documents and any other applicable covenants;
- (b) Any restrictions or limitations contained in any deed conveying such property to the Association;
- (c) Certain Owners' rights to the exclusive use of Limited Common Area; and
- (d) The Board's right to adopt rules regulating Common Area use and enjoyment.

Any Owner may extend his or her right of use and enjoyment to the members of his or her family, lessees, and social invitees, as applicable, subject to reasonable Board regulation. An Owner who leases his or her entire Residence shall be deemed to have assigned all such rights to the lessee of such Residence for the period of the lease.

12.2. Easements of Encroachment

The Founder grants reciprocal appurtenant easements of encroachment, and for maintenance and use of any permitted encroachment, between each Residence and any adjacent Common Area

and between adjacent Residences. A permitted encroachment is a structure or fixture that extends unintentionally from one person's property onto another's a distance of not more than one foot, as measured from any point on the common boundary along a line perpendicular to such boundary. An encroachment easement shall not exist if the encroachment results from willful and knowing conduct on the part of, or with the knowledge and consent of, the Person claiming the benefit of such easement.



An encroachment occurs when a person's Residence, fence, or other structure extends onto his or her neighbor's property. This section permits minor, unintentional encroachments to remain.

12.3. Easements for Utilities and Other Infrastructure

(a) **Installation and Maintenance.** The Founder reserves for itself, its successors, assigns, and designees, perpetual non-exclusive easements throughout the Community (but not through a structure) for the purpose of:

(i) installing utilities and other infrastructure, security and similar systems, and drainage systems to serve the Community;

(ii) installing sidewalks, street lights, and signage on property the Founder or the Association owns or within public rights-of-way or easements reserved for such purpose on a recorded plat;

(iii) inspecting, maintaining, repairing, and replacing the utilities, infrastructure, and other improvements described above; and

(iv) access to read, maintain, and repair utility meters.

The Founder reserves the right to deny access to any utility or service provider, to the extent permitted by law, and to condition such access on negotiated terms.

(b) Right to Grant Specific Easements.

The Founder also reserves the right and power to grant and record such specific easements, consistent with Section 12.3(a), as it deems necessary or appropriate to develop the property described in Exhibits "A" and "B." The location of the specific easement shall be subject to the written approval of the Owner of the burdened property, which approval shall not unreasonably be withheld, delayed, or conditioned.

(c) Minimal Interference. All work associated with the exercise of the easements described Sections 12.3(a) and (b) shall be performed so as to minimize interference with the use and enjoyment of the property burdened by the easement. Upon completion of the work, the Person exercising the easement shall restore the property, to the extent reasonably possible, to the condition existing prior to the commencement of the work. The exercise of these easements shall not extend to permitting entry into the structures on any Lot, nor shall it unreasonably interfere with the use of any Lot. Except in an emergency, entry onto any Lot shall be made only after reasonable notice to the Owner or occupant.

12.4. Easement for Landscape and Other Maintenance by Association

The Common Areas are subject to an easement hereby reserved to the Association and its contractors to enter upon such portions of the Common Areas as may be necessary or useful to perform the landscape, concrete, and other maintenance for which the Association has responsibility under this Charter.

12.5. Easements to Serve Additional Property

The Founder hereby reserves for itself and its duly authorized agents, successors, assigns, and Secured Lenders, an easement over the Common Area for the purposes of enjoyment, use, access, and development of the property described in Exhibit "B," whether or not such property is made subject to this Charter. This easement includes, but is not limited to, a right of ingress and egress over the Common Area for construction of roads and for connecting and installing utilities on such property. The Person exercising such easement rights shall be responsible for any damage caused to the Common Area as a result of their actions in connection with development of such property.

If the above easement grants permanent access to any property that is not submitted to this Charter, the Founder, or its successors or assigns, shall enter into a reasonable agreement with the Association to share the cost of maintenance that the Association provides for the benefit of the easement holder. The shared maintenance costs may include maintenance to or along any roadway providing access to the benefited property.

12.6. Easements Emergency and Enforcement

By this Charter, the Founder grants to the Association easements over the Community as necessary to enable the Association to fulfill its enforcement rights under Section 8.2. The Association shall also have the right, but not the obligation, to enter upon any Lot or Residence for emergency, security, and safety reasons, to perform maintenance, to inspect for compliance with the Governing Documents, and to enforce the Governing Documents. Any member of the Board and its duly authorized agents and assignees and all emergency personnel in the performance of their duties may exercise such right. Except in an emergency situation, entry shall only be during reasonable hours and after notice to the Owner.

12.7. Easements for Snow Removal and Stacking

The Founder hereby reserves for itself and its successors, the City of Westminster and any other municipal entity charged with the responsibility to conduct snow removal activities a perpetual, nonexclusive easement over and across Lots, the Common Area, and the common property of any Sub association for the purpose of conducting snow removal activities within the Community. Such activities may include, but not be limited to the use of snow plows and the distribution of traction material (*e.g.* sand). Snow removal activities may result in accumulated snow being deposited onto a portion of a Lot outside of the Residence; provided, in no event shall access to and the use and enjoyment of the dwelling be unreasonably interfered with. Under no circumstances shall any of the following Persons be held liable for any damage or injury resulting from the exercise of this easement: the Founder; the Association or the Owners (in their capacities as such).

12.4. Crawl Space Easements

An easement is reserved for the benefit of the Founder, the Owners, the Association, and any others with a reasonable need to exercise such easement, in and through the crawl spaces within each townhome for the purpose of operating, maintaining, repairing, and replacing any service lines located in or accessed through such crawl spaces. These utilities may include, but are not limited to, water lines for fire sprinkler systems, gas lines and electric lines. No Owner shall interfere with or turn off such lines except for emergency situations. Access by third parties to the crawl spaces shall be only upon prior appointment with the Owner, except as necessary in emergency situations.

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Chapter 13

Disclosure and Waivers

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This Chapter discloses some important information about the Community for the benefit of prospective purchasers of property in the Community. Each Owner, by accepting a deed to property in the Community, also accepts and agrees to the matters set forth in this Chapter.

13.1. Public Access

Certain facilities and areas within the Community may be dedicated to the public and, as such, open for use and enjoyment of the public. In addition, due to the public nature of streets serving the Community, it may not be feasible to restrict access by the general public to Common Areas, including but not limited to parks and a community center. The Association may, but shall have no obligation to, control such access or police the Common Areas to identify and eject unauthorized persons.

13.2. Safety and Security

Each Owner and occupant of a Residence, and their respective guests and invitees, shall be responsible for their own personal safety and the security of their property in the Community. The Association may, but shall not be obligated to, maintain or support certain activities within the Community designed to promote or enhance the level of safety or security that each person provides for himself or herself and his or her property. However, the Association, the Founder, and any Founder Affiliate shall not in any way be considered insurers or guarantors of safety or security within the Community, nor shall any of them be held liable for any loss or damage by reason of failure to provide adequate security or ineffectiveness of security measures undertaken.

No representation or warranty is made that any systems or measures, including security

monitoring systems or any mechanism or system for limiting access to the Community, cannot be compromised or circumvented, nor that any such systems or security measures undertaken will in all cases prevent loss or provide the detection or protection for which the system is designed or intended. Each Owner acknowledges, understands, and shall be responsible for informing any tenants and other occupants of such Owner's Residence that the Association, its Board and committees, and the Founder and Founder Affiliates are not insurers or guarantors of security or safety and that each Person within the Community assumes all risks of personal injury and loss or damage to property, including Residences and the contents of Residences, resulting from acts of third parties.

13.3. Non-Residential Uses

Hyland Village may include Live/Work Residences and property adjacent to the Community may be developed for commercial or retail use. By purchasing a Lot in the vicinity of any Live/Work Residence or non-residential parcel, each Owner expressly assumes the risk of: (a) noise from the permitted operations of such use; (b) noise caused by the permitted users of such property; and (c) reduction in privacy caused by traffic (including non-residents of the Community) to or from such property.

Each Owner agrees that the Founder, the Association, and their respective employees, representatives, shareholders, directors, officers, members, partners or agents shall not be liable to any Owner or any other Person claiming any loss or damage, including, without limitation, indirect, special, or consequential loss or damage arising from personal injury, death, destruction of property, trespass, loss of enjoyment, or any other alleged wrong or entitlement to remedy

Disclosures and Waivers

based upon, due to, arising from, or otherwise related to the proximity of Owner's Lot to any non-residential parcel or Live/Work Residence, including, without limitation, any claim arising in whole or in part from the negligence of the Founder, the Association, or their respective employees, representatives, shareholders, directors, officers, members, partner or agents. The Owner

agrees to indemnify and hold harmless the Founder, the Association, and their respective employees, representatives, shareholders, directors, officers, members, partners or agents, against any and all such claims by Owner's visitors, tenants, and others upon such Owner's Lot.

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Chapter 14

Rights of Lenders

In order to enhance each Owner's ability to obtain financing for the purchase of his or her Lot, this chapter sets forth various provisions for the benefit of lenders who make mortgage loans and for the benefit of those agencies that guarantee and insure mortgage loans made by institutional lenders.

The following provisions are for the benefit of holders of first Deeds of Trust on Lots. The provisions of this Chapter apply to both this Charter and to the By-Laws, notwithstanding any other provisions contained therein.

14.1. Notices of Action

An institutional holder, insurer, or guarantor of a first Deed of Trust who provides a written request to the Association (such request to state the name and address of such holder, insurer, or guarantor and the street address of the Lot to which its Deed of Trust relates), thereby becoming an "Interested Secured Lender," will be entitled to timely written notice of:

(i) any condemnation loss or any casualty loss which affects a material portion of the Community or which affects any Lot on which there is a first Deed of Trust held, insured, or guaranteed by such Interested Secured Lender;

(ii) any delinquency in the payment of assessments or charges owed by the Owner of a Lot subject to the Deed of Trust of such Interested Secured Lender, where such delinquency has continued for a period of 60 days, or any other violation of this Charter or By-Laws relating to such Lot by the Owner or occupant thereof which is not cured within 60 days;

(iii) any lapse, cancellation, or material modification of any insurance policy maintained by the Association; or

(iv) any proposed action which would require the consent of a specified percentage of Interested Secured Lenders.

14.2. No Priority

No provision of this Charter or the By-Laws gives or shall be construed as giving any Owner or other party priority over any rights of the first Secured Lender of any Lot in the case of distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of the Common Areas.

14.3. Notice to Association

Upon request, each Owner shall be obligated to furnish to the Association the name and address of the holder of any Deed of Trust encumbering such Owner's Lot.

14.4. Applicability of Chapter 14

Nothing contained in this Chapter shall be construed to reduce the percentage vote that must otherwise be obtained under this Charter, By-Laws, or Colorado law for any of the acts set out in this Chapter.

14.5. Failure of Secured Lender to Respond

Any Secured Lender, including any insurer or guarantor of a Deed of Trust, who receives a written request from the Board to respond to or consent to any action shall be deemed to have approved such action if the Association does not receive a written response from the Secured Lender within 60 days of the date of the Association's request, provided such request is delivered to the Secured Lender by certified or registered mail, return receipt requested.

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PART FIVE: COMMUNITY DEVELOPMENT

The rung of a ladder was never meant to rest upon, but only to hold a man's foot long enough to enable him to put the other somewhat higher.

Thomas Henry Huxley

Chapter 15

Additional Rights Reserved to the Founder

This chapter reserves various rights to the Founder, in addition to those specifically reserved elsewhere in the Governing Documents, in order to facilitate the Founder's development and sale of property in the Community, to enable the Founder to respond to Owners' concerns, and to protect various property rights and other interests of the Founder.

15.1. Expansion by Founder

The Founder reserves the right, without the obligation, to expand the Community to include up to 1000 Lots within the property described on Exhibits "A" and "B" by recording a Supplement describing the additional property to be submitted. The Founder may record such a Supplement without the consent of any Person except the owner of such property, if not the Founder. The Founder shall have no obligation to develop the maximum number of Lots. The Residences to be constructed upon Lots within the property described in Exhibit "B," if included, may be of a different type, size or style from the Residences constructed on the Lots initially submitted to this Charter.

The Supplement shall comply with the requirements of §§38-33.3-209 and 38-33.3-210 of the Act and such other portions of the Act as may be applicable.

The Founder's right to expand the Community under this Section expires when all property described in Exhibit "B" has been submitted to this Charter or 25 years after this Charter is recorded, whichever is earlier. Until then, the Founder may transfer or assign this right to any affiliate or any other Person who is the developer of at least a portion of the real property described in Exhibit "A" or "B." Any such transfer shall be described in a recorded instrument executed by the Founder.

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Nothing in this Charter shall require the Founder or any successor to submit additional property to this Charter or to develop any of the property described in Exhibit "B" in any manner whatsoever. The Founder may submit different parcels of property to this Charter at different times. The Founder gives no assurances as to the boundaries of the parcels that may be submitted to this Charter, or as to the order in which the Founder may submit different parcels of property to this Charter.

15.2. Additional Covenants and Easements

The Founder may impose additional covenants and easements on portions of the Community, such as covenants obligating the Association to maintain and insure such property and authorizing the Association to recover its costs through Special Benefit Area Assessments. Such provisions may be included in a Supplement submitting new property to this Charter or may be set forth in a separate Supplement applicable to property previously submitted to this Charter. If someone other than the Founder owns the property, then the Supplement must be signed by such owner evidencing such owner's consent.

Any Supplement may add to, create exceptions to, or otherwise modify the terms of this Charter as it applies to the property described in the Supplement, in order to reflect the different character and intended use of such property.

A Supplement shall be effective upon recording unless otherwise specified in the Supplement. On the effective date of the Supplement, any additional property made subject to this Charter shall be assigned voting rights in the Association and assessment liability in accordance with the provisions of this Charter.

Additional Rights Reserved to Founder

During the Development and Sale Period, no one may record any additional covenants or restrictions affecting any portion of the Community without the Founder's written consent. Any instrument recorded without the required consent shall be void and of no force and effect.

15.3. Special Development Rights

In addition to the other rights described in this Chapter and elsewhere within this Charter, the Founder hereby reserves the following "special declarant rights" (as that term is defined in the Act):

(a) the right to complete any improvements indicated on plats or development plans recorded with this Charter or on any future plat or development plan.

(b) the right to exercise any of the following rights:

(i) the right to expand the Community as provided in Section 15.1;

(ii) the right to create additional Lots up to the number of Lots set forth in Section 15.1;

(iii) the right to subdivide or combine Lots it owns or to convert Lots it owns into Common Area; and

(iv) the right to reconfigure the boundaries of the Common Area;

(c) the right to maintain sales offices, management offices, and advertising signs within the Community, as set forth in Section 15.4;

(d) the right of access over the Common Area for the purpose of making improvements within the property described in Exhibits "A" and "B";

(e) the right to merge or consolidate the Association with another common interest commu-

nity or neighborhood of the same form of ownership; and

(f) the right to appoint and remove any director or officer of the Association during the Founder Transition Period as provided in the By-Laws. 57

The foregoing rights may be exercised with respect to different portions of the Community at different times. If a development right is exercised with respect to any portion of the Community, it need not be exercised with respect to all or any other portion of the Community. No assurances are made as to the boundaries of the Community or with respect to the order in which such development rights may be exercised.

In addition, the Founder reserves the right to amend this Charter or any Supplement to withdraw property from the Community and the coverage of this Charter. The Founder may separately exercise such right as to each portion of the Community that is the subject of a separately recorded plat; however, the Founder may not exercise such right with respect to any property on a particular plat after a Lot shown on such map or plat has been conveyed to a Person other than a builder purchasing such Lot for development and resale in the ordinary course of its business. Any such amendment shall not require the consent of any Person other than the Owner(s) of the property to be withdrawn, if not the Founder. If the property is Common Area, the Association shall consent to such withdrawal.

15.4. Marketing and Sales Activities

Notwithstanding anything in the Governing Documents to the contrary, during the Development and Sale Period the Founder and its designees or assigns may construct, use, and maintain upon portions of the Common Area and other property they own, such facilities and activities as, in the Founder's opinion, may reasonably be required, convenient, or incidental to the construction or sale of Residence on the Lots. Such permitted facilities and activities shall in-

Additional Rights Reserved to Founder

clude business offices, signs, flags (whether hung from flag poles or attached to a structure), model homes, sales offices, holding or sponsoring special marketing, sales, and other events in Common Areas, including parks and open space areas, without the Association's consent, and exterior lighting features or displays. In addition, if reasonably required, convenient, or incidental to construction or sales activities, the Founder and its employees, agents, and designees may park vehicles in parking areas, including within courtyards enclosed by building frontages or in parking courts.

15.5. Access for Development Purposes

During the Development and Sale Period, the Founder and its employees, agents, and designees shall have a right of access and use and an easement over and upon all of the Common Area and roadways within the Community for the purpose of:

(a) exercising any rights reserved to the Founder pursuant to this Charter, including the rights set forth in Section 15.3; and

(b) making, constructing, and installing any improvements indicated on recorded subdivision maps or plats of the Community and such other improvements to the Common Area and to the Exhibit "B" property as it deems appropriate.

15.6. Right to Approve Changes in Standards

During the Development and Sale Period, no amendment to or modification of any Rule or Regulation or Guidelines or the Community-Wide Standard shall be effective without prior notice to and the written approval of the Founder.

15.7. Exclusive Rights to Use Name of Development

No Person other than the Founder or its designees shall use the name "Hyland Village" or any derivative of such name or any logo or depiction

associated with the Community in any printed or promotional material without the Founder's prior written consent. However, Owners may use such names in printed or promotional matter where such terms are used solely to specify that particular property is located within the Community.

15.8. Easement to Inspect and Right to Correct

The Founder reserves for itself and others it may designate the right, but not the obligation, to inspect, monitor, test, redesign, and correct any structure, improvement, or condition that may exist on any portion of the property within the Community, including Residences, and a perpetual nonexclusive easement of access throughout the Community to the extent reasonably necessary to exercise such right. Except in an emergency, entry into a Residence shall be only after reasonable notice to the Owner and the Owner's consent. The person exercising this easement shall promptly repair, at such person's own expense, any damage he or she causes. Nothing in this paragraph shall relieve an Owner of the responsibility for the maintenance and repair of his or her Residence.



The Founder, or someone it designates, may enter any Owner's property to inspect and correct problems within the Lot. The Founder must give the Owner of the Lot prior notice, and if it necessary to enter a Residence, obtain the Owner's prior consent, unless it is an emergency.

15.9. Right to Notice of Design or Construction Claims

No Person shall retain an expert for the purpose of inspecting the design or construction of any structures or improvements within the Community in connection with or in anticipation of any potential or pending claim, demand, or litigation involving such design or construction unless the Founder and any builder involved in the design or construction have been first notified

Additional Rights Reserved to Founder

in writing and given an opportunity to meet with the owner of the property to discuss the owner's concerns and conduct their own inspection. The Founder and any builder involved in the design or construction shall have the right to be present during any inspection or testing by an expert retained by an Owner, to observe all tests being done and to take the same or similar samples or photographs as the expert.

15.10. Right to Transfer or Assign the Founder's Rights

Any or all of the Founder's special rights and obligations set forth in this Charter or the By-Laws may be transferred in whole or in part to other Persons. However, such a transfer shall not reduce an obligation or enlarge a right beyond that which Founder has under this Charter or the By-Laws. No such transfer or assignment shall be effective unless it is in a recorded instrument the Founder signs. The foregoing sentence shall not preclude the Founder from permitting other Persons to exercise, on a one-time or limited basis, any right reserved to the Founder in this Charter where the Founder does not intend to transfer such right in its entirety. In such case, it shall not be necessary to record any written assignment unless necessary to evidence the Founder's consent to such exercise.

15.11. Termination of Rights

The Founder may exercise any and all of the rights reserved to the Founder under this Charter with respect to different portions of the Community at different times. If a Development Right is exercised with respect to any portion of the Community, it need not be exercised with respect to all or any other portion of the Community. No assurances are made as to the boundaries of any property as to which the Founder may exercise such rights or as to the order in which different portions of the Community may be subjected to the exercise of such rights. Except as otherwise specified above, the rights reserved to the Founder in this Chapter shall terminate on the earlier of (a) termination of the Development

and Sale Period; or (b) the Founder's recording of a written statement that all sales activity has ceased.

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PART SIX: PROCEDURES FOR AND LIMITATIONS ON CERTAIN ACTIONS

There are many ways of going forward, but only one way of standing still.

Franklin D. Roosevelt

Chapter 16

Dispute Resolution and Limitation on Litigation

From time to time, disputes may arise between owners or between an owner and the Association, the Founder, or others involved in the Community. This chapter commits the parties to any such dispute to work together in an attempt to resolve the dispute without litigation in order to facilitate the prompt resolution of such disputes in a manner that respects and builds upon the relationships between the parties

16.1. Agreement to Encourage Resolution of Disputes Without Litigation

(a) **Bound Parties.** The Founder; the Association and its officers, directors, and committee members; the Owners; any other Persons subject to this Charter; and any Person not otherwise subject to this Charter who agrees to submit to this Chapter (collectively, "**Bound Parties**"), agree that it is in the best interest of all concerned to encourage the amicable resolution of disputes involving the Community without the emotional and financial costs of litigation. Accordingly, each Bound Party agrees not to file suit in any court with respect to a Claim described in subsection (b), unless and until it has first submitted such Claim to the alternative dispute resolution procedures set forth in Section 16.2 in a good faith effort to resolve such Claim.

(b) **Claims.** As used in this Chapter, the term "**Claim**" shall refer to any claim, grievance, or dispute arising out of or relating to:

- (i) the interpretation, application, or enforcement of the Governing Documents;
- (ii) the rights, obligations, and duties of any Bound Party under the Governing Documents; or
- (iii) the design or construction of improvements within the Community, other than matters of aesthetic judgment under Chapter 5, which shall not be subject to review.

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Notwithstanding the above, the following shall not be considered "Claims" unless all parties to the matter otherwise agree to submit the matter to the procedures set forth in Section 16.2:

- (i) any suit by the Association to collect assessments or other amounts due from any Owner;
- (ii) any suit or action that involves the protest of real property taxes;
- (iii) any suit by the Association to obtain a temporary restraining order (or emergency equitable relief) and such ancillary relief as the court may deem necessary in order to maintain the status quo and preserve the Association's ability to enforce the provisions of Part Two of this Charter (relating to creation and maintenance of community standards);
- (iv) any suit that does not include the Founder or the Association as a party, if such suit asserts a Claim that would constitute a cause of action independent of the Governing Documents;
- (v) any dispute that affects the material rights or obligations of a party who is not a Bound Party and has not agreed to submit to the procedures set forth in Section 16.2; and
- (vi) any suit as to which any applicable statute of limitations would expire within 180 days of giving the Notice required by Section 16.2(a), unless the party or parties against whom the Claim is made agree to toll, or extend, the Claim's statute of limitations to comply with this Chapter.

16.2. Dispute Resolution Procedures

(a) **Notice.** The Bound Party asserting a Claim ("**Claimant**") against another Bound Party ("**Respondent**") shall give written notice

("Notice") by mail or personal delivery to each Respondent and to the Board, stating plainly and concisely:

(i) the nature of the Claim, including the Persons involved and the Respondent's role in the Claim;

(ii) the legal basis of the Claim (*i.e.*, the specific authority out of which the Claim arises);

(iii) the Claimant's proposed resolution or remedy; and

(iv) the Claimant's desire to meet with the Respondent to discuss, in good faith, ways to resolve the Claim.

(b) Negotiation. The Claimant and Respondent shall make every reasonable effort to meet in person and confer for the purpose of resolving the Claim by good faith negotiation. If requested in writing, accompanied by a copy of the Notice, the Board may appoint a representative to assist the parties in negotiating a resolution of the Claim if a written request accompanied by a copy of the notice, is submitted to the Board by either Claimant or Respondent.

(c) Mediation. If the parties have not resolved the Claim through negotiation within 30 days of the date of the Notice (or within such other agreed upon period), the Claimant shall have 30 additional days to submit the Claim to mediation with an entity designated by the Association (if the Association is not a party to the Claim) or to an independent agency providing dispute resolution services in the Jefferson, Colorado area. Each Bound Party shall present the mediator with a written summary of the Claim.

If the Claimant does not submit the Claim to mediation within such time, or does not appear for and participate in good faith in the mediation when scheduled, the Claimant shall be deemed to have waived the Claim, and the Respondent shall be relieved of any and all liability to the Claimant (but not third parties) on account of such Claim.

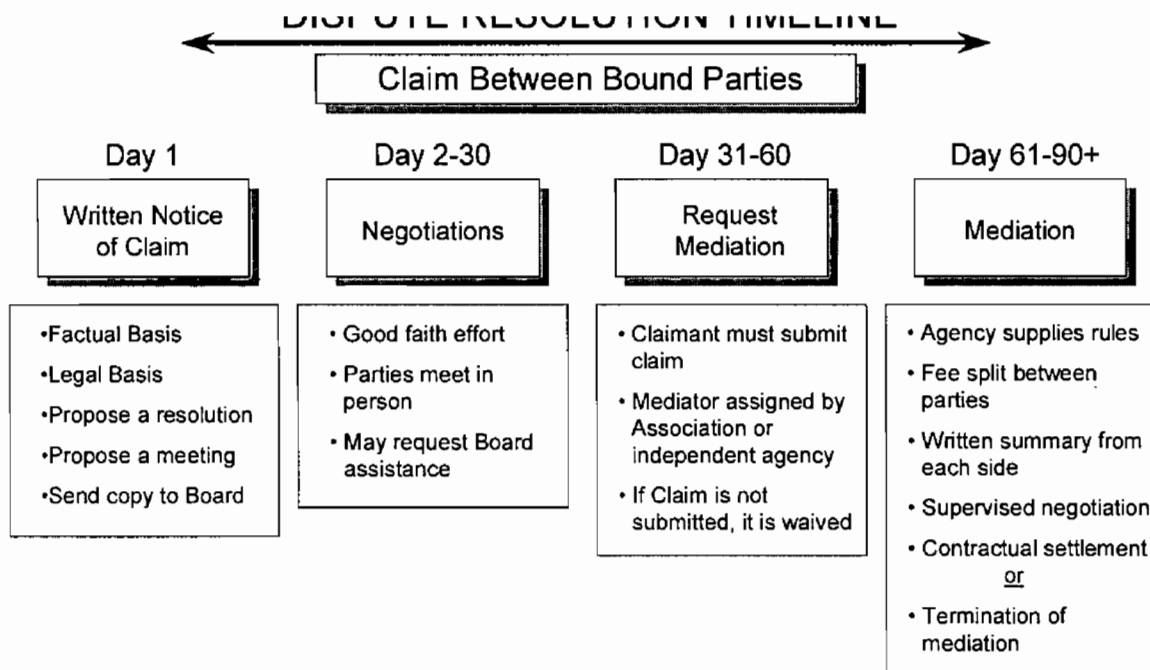
If the parties do not settle the Claim within 30 days after submission of the matter to mediation, or within such time as determined reasonable by the mediator, the mediator shall issue a notice of termination of the mediation proceedings indicating that the parties are at an impasse and the date that mediation was terminated. The Claimant shall thereafter be entitled to file suit or to initiate administrative proceedings on the Claim, as appropriate. 62

Each Bound Party shall bear its own costs of the mediation, including attorneys' fees, and each Party shall pay an equal share of the mediator's fees.

(d) Settlement. Any settlement of the Claim through negotiation or mediation shall be documented in writing and signed by the parties. If any party thereafter fails to abide by the terms of such agreement, then any other party may file suit or initiate administrative proceedings to enforce such agreement without the need to comply again with the procedures set forth in this Section. In such event, the party taking action to enforce the agreement or award shall, upon prevailing, be entitled to recover from the non-complying party (or if more than one non-complying party, from all such parties in equal proportions) all costs incurred in enforcing such agreement or award, including, without limitation, attorneys' fees and court costs.

16.3. Initiation of Litigation by Association

In addition to compliance with the foregoing alternative dispute resolution procedures, if applicable, the Association shall not initiate any judicial or administrative proceeding unless first approved by a vote of Owners entitled to cast at least 75% of the total votes in the Association, except that no such approval shall be required for actions or proceedings:



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(a) initiated during the Founder Transition Period;

(b) initiated to enforce the provisions of this Charter, including collection of assessments and foreclosure of liens;

(c) initiated to challenge ad valorem taxation or condemnation proceedings;

(d) initiated against any contractor, vendor, or supplier of goods or services arising out of a contract for services or supplies; or

(e) to defend claims filed against the Association or to assert counterclaims in proceedings instituted against it.

Prior to commencing any action or proceeding as provided in this section, the Board shall mail or deliver written notice of the commencement or anticipated commencement of such action or proceeding to each Owner at the last known address described in the Association's records and shall hold a meeting of the Owners to discuss such action or proceeding. The notice shall state a general description of (i) the nature of the action and the relief sought; and (ii) the expenses and fees that the Board anticipates will be incurred in prosecuting the action. The notice also shall contain a statement informing Owners that any litigation involving the Association may have an adverse impact upon the marketability of

the Lot and that an Owner desiring to sell his or her Lot may be required to disclose the fact of such litigation to potential purchaser.

Any proceeds received by the Association or any Owner from the settlement or other resolution of litigation, arbitration, or other proceedings against the Founder, any affiliate of the Founder, or any builder alleging defects in the initial construction of any portion of the Community shall be applied to repair, replace, or otherwise remedy the defects claimed in such action.

To the extent permitted by law, the Association and each Owner hereby waives the right to a jury trial with respect to, and the right to punitive damages arising out of, any litigation against the Founder or its employees, representatives, shareholders, directors, officers, member, partners or agents.

This Section shall not be amended unless such amendment is approved by the same percentage of votes necessary to institute proceedings.

16.4. Disputes Between Owners

In any Community, disagreements between neighbors occur. Unless otherwise required under the Governing Documents, the Association is not responsible for resolving, nor is it obligated to serve as an intermediary with respect to, disputes between Owners of Lots. Owners are encouraged to utilize the dispute resolution process.

dures set forth in Section 16.2 and/or to contact the appropriate public agency in an attempt to resolve disputes with other Owners.

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Chapter 17

Changes in the Common Area

Various influences and circumstances within and outside the Community may give rise to a need or desire to make changes in the ownership of, or rights to use, the Common Area. This chapter explains the procedures for dealing with matters such as changing use rights in the Common Area, partition of the Common Area, and condemnation.

17.1. Assignment and Reassignment of Limited Common Area

(a) Limited Common Area. The Founder may designate property as a Limited Common Area or Limited Common Element and assign it to particular Lots on a condominium map, a plat depicting such property, in a deed conveying a Lot to an Owner, or in the Supplement by which the property is submitted to the terms of this Charter. At any time during the Development and Sale Period, the Founder may assign use of the same Limited Common Area to additional Lots.

(b) Assignment. The Board may designate any portion of the Common Areas as a Limited Common Area upon approval of the Board, Voting Delegates representing at least 67% of the total votes in the Association, and Owners of a majority the Lots to which the Board proposes to assign such Limited Common Area, except that no such assignment shall have the effect of denying any Owner access to such Owner's Lot or recreational facilities within the Common Area without such Owner's consent. During the Development and Sale Period, any such assignment shall also require the Founder's written consent.

(c) Reassignment. Limited Common Areas, once assigned, may be reassigned only with the consent of the Board, the Owners of the Lots affected by such reassignment, and during the Development and Sale Period, the Founder.

17.2. Condemnation



A public entity such as a town, county, or state has the power to condemn property for its own uses and generally has to pay the value of the property to do so.

If any part of the Common Area is taken by any authority having the power of condemnation or eminent domain, or conveyed by the Association in lieu of and under threat of condemnation with such approval as may be required under Section 16.4, each Owner shall be entitled to written notice of such taking or conveyance prior to disbursement of any condemnation award or proceeds from such conveyance. Such award or proceeds shall be payable to the Association to be disbursed as follows:

If the taking or conveyance involves a portion of the Common Area on which improvements have been constructed, the Association shall restore or replace such improvements on the remaining land included in the Common Area to the extent available, unless within 60 days after such taking the Founder, during the Development and Sale Period, and Voting Delegates representing at least 67% of the total votes in the Association shall otherwise agree. Any such construction shall be in accordance with plans approved by the Board.

If the taking or conveyance does not involve any improvements on the Common Area, if a decision is made not to repair or restore, or if net funds remain after any such restoration or replacement is complete, then such award or net funds shall be treated in the same manner as proceeds from the sale of Common Area under Section 16.4.

17.3. Partition



Partition is a legal action in which a party requests to have a portion of one interest in property split off so that the party can possess that portion or interest separately from other parties who have rights in the property.

Except as permitted in this Charter, the Common Area shall remain undivided, and no Person shall bring any action to partition any portion of the Common Area without the written consent of all Owners and Secured Lenders. This Section shall not prohibit the Board from acquiring and disposing of tangible personal property or from acquiring and disposing of real property that may or may not be subject to this Charter, with such approval as may be required under Section 17.4.

17.4. Transfer, Mortgaging, or Dedication of Common Area

The Association may dedicate portions of the Common Area to the City of Westminster, Colorado, or to any other local, state, or federal governmental or quasi-governmental entity, may subject Common Area to a security interest, or may transfer or convey Common Area as follows:

(a) if Common Area other than Limited Common Area, upon the written direction of Voting Delegates representing at least 67% of the total votes in the Association and, during the Development and Sale Period, the written consent of the Founder; or

(b) if Limited Common Area, upon written approval of Voting Delegates of at least 67% of the Lots to which such Limited Common Area is assigned.

The proceeds from the sale or mortgaging of Common Area other than Limited Common Area shall be an asset of the Association to be used as the Board determines. The proceeds from the sale or mortgaging of Limited Common Area shall be disbursed in the manner approved by the Owners of Lots to which the Limited Common Area is assigned at the time such sale or mortgage is authorized.

No conveyance or encumbrances of Common Area may deprive any Lot of rights of access or support.

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Chapter 18

Termination and Amendment of Charter

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As the Community matures and grows, the rules by which it is governed must be flexible enough to adapt to changes in the development plan, as well as changes in the needs and desires of the Community that inevitably will occur. This chapter sets out procedures by which either the Founder or the Owners as a group may amend this Charter to address such changes.

18.1. Term and Termination

This Charter shall have perpetual duration, unless terminated in the manner provided in §38-33.3-218 of the Act by agreement signed by Owners of Lots to which at least 80% of the total votes in the Association are allocated and the written consent of the Founder during the Development and Sale Period. If Colorado law hereafter limits the period during which covenants may run with the land, then to the extent consistent with such law, this Charter shall be extended automatically at the expiration of such period for successive periods of 20 years each, unless terminated as provided above.

This section shall not permit termination of any easement created in this Charter without the consent of the holder of such easement.

18.2. Amendment

(a) By the Founder. The Founder may unilaterally amend this Charter (i) to correct clerical, typographical, or technical errors; (ii) to comply with any applicable governmental statute, rule, regulation, or judicial determination; (iii) to comply with the requirements, standards, or guidelines of any institutional or governmental lender, purchaser, insurer, or guarantor of mortgage loans, including, for example, the Federal National Deed of Trust Association or Federal home Loan Deed of Trust Corporation; (iv) to assign Common Area as Limited Common Area pursuant to Section 17.1; (v) as necessary to ex-

ercise the rights reserved to the Founder under Chapter 15; (vi) in any respect as long as the Founder owns all of the property then included in the Community, or has the written consent of any third party owners; and (vii) otherwise as permitted by the Act or this Charter.

(b) By the Association. The Association may amend this Charter (i) to assign Common Area and Limited Common Area pursuant to Section 17.1; (ii) to subdivide a lot or relocate boundaries between Lots upon application of the Owner(s) of the affected Lots pursuant to the Act; (iii) to withdraw any portion of the Community subject to withdrawal under Section 15.3 from the coverage of this Charter upon request of the person taking title following foreclosure of a lien or encumbrance on such property; and (iv) otherwise as permitted or required by the Act or this Charter.

Any amendment pursuant to this Section shall be prepared, executed, certified, and recorded on behalf of the Association by any officer designated for such purpose or, in the absence of such designation, by the Association's President.

(c) By the Owners. Except as otherwise specifically provided above or in the Act, this Charter may be amended only by:

(i) the affirmative vote or written consent, or any combination thereof, of Voting Delegates to which at least 67% of the total votes in the Association are allocated;

(ii) the affirmative vote or written consent, or any combination thereof, of Voting Delegates to which at least 67% of the total votes held by Owners other than the Founder are allocated, if the amendment creates or expands "special declarant rights," as defined in the Act, in-

Termination and Amendment of Community Charter

creases the number of Lots, changes the boundaries of any Lot, or changes the votes or the proportional share of liability for Association expenses allocated to any Lot; and

(iii) during the Development and Sale Period, the Founder's written consent.

(d) Validity and Effective Date. Notwithstanding the above, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

No amendment may remove, revoke, or modify any right or privilege of the Founder without the written consent of the Founder (or the assignee of such right or privilege).

No amendment which purports to or does decrease, limit, or otherwise modify rights the Charter specifically grants to Live/Work Residences, including the right of Live/Work Residences to be used for non-residential purposes permitted under the Charter, shall be valid without the express, written consent of the Owner of the Live/Work Residences.

If an Owner consents to any amendment to this Charter or the By-Laws, it will be conclusively presumed that such Owner has the authority to consent, and no contrary provision in any Deed of Trust or contract between the Owner and a third party will affect the validity of such amendment.

Any amendment shall become effective upon recording unless a later effective date is specified in the amendment. An amendment shall be indexed in the grantee's index in the name of the Community and the Association and in the grantor's index in the name of every person executing the amendment.

No action to challenge the validity of an amendment may be brought more than one year

after its recordation. In no event shall a change of conditions or circumstances operate to amend any provisions of this Charter.

(e) Exhibits. Exhibits "A", "B", "C", "D", "E" and "F" are incorporated by this reference. However, changes to Exhibits "C", "D", "E" and "F" shall not be deemed an amendment to this Charter and may be made as set forth in Sections 7.2, 6.2, 5.3(a), and 2.6, respectively.

18.3 Approval by Lenders. If the approval or consent of the holders of first mortgages or deeds of trust on Lots in the Community is required or desired for any amendment to this Charter, the Association shall (a) send a dated, written notice and a copy of the proposed amendment to each such lender at its most recent address shown on the recorded mortgage or deed of trust or recorded assignment thereof, and (b) cause the dated notice, together with information on how to obtain a copy of the proposed amendment, to be printed in full at least twice, on separate occasions in a newspaper of general circulation in the county in which the Community is located. A first mortgagee or the holder of a first deed of trust that does deliver to the Association a negative response within sixty days after the date of the notice shall be deemed to have approved the proposed amendment.

18.4 Termination of Original Charter. This Amended and Restated Charter terminates and replaces in its entirety the original Community Charter for Hyland Village recorded in the real property records of Jefferson County, Colorado on September 22, 2008 at Reception No. 2008088612. The undersigned Founder certifies that it owns 100% of the property subject to such original Charter and 100% of the votes in the Association and has full power and authority to make such amendment.

NOTES

In witness of the foregoing, the Founder has executed this Charter this 10th day of May, 2010, 2007.

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FOUNDER: MCSTAIN ENTERPRISES, INC., a Colorado corporation

By: [Signature]

Name: THOMAS R. HOYT

Its: PRESIDENT

Attest: [Signature]

Name: DAVID B. WAKE

Its: VICE PRESIDENT

STATE OF COLORADO)

)

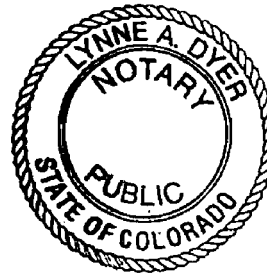
COUNTY OF BOULDER)

The foregoing instrument was acknowledged before me this 10th day of May, 2010
Thomas R. Hoyt as President of McStain Enterprises, Inc., a Colorado corporation.

Witness my hand and official seal.

[Signature]
Notary Public

My Commission expires: 10-16-2011



5482.01/IP Parcel S/Charter/091405/dah

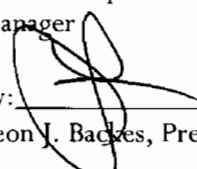
LENDER'S RATIFICATION

Westminster-Hyland, LP, a Texas limited partnership ("Lender") is the current holder of deed(s) of trust affecting the property described on Exhibit A attached hereto and the property is subject to the original Community Charter for Hyland Village recorded in the real property records of Jefferson County, Colorado on September 22, 2008 at Reception No. 2008088612. Lender hereby ratifies and approves the foregoing Amended and Restated Community Charter for Hyland Village.

WESTMINSTER-HYLAND, LP,
a Texas limited partnership

By: PRA-WHGP, LLC,
a Texas limited liability company,
General Partner

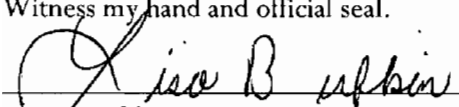
By: PRA GP No. 2, Inc.,
a Texas corporation
Manager

By: 
Leon J. Backes, President

STATE OF Texas)
) ss.
COUNTY OF Dallas)

The foregoing instrument was acknowledged before me this 10 day of May, 2010 by Leon J. Backes, President of PRA GP No. 2, Inc., a Texas corporation, Manager of PRA-WHGP, LLC, a Texas limited liability company, General Partner of Westminster-Hyland, LP, a Texas limited partnership.

Witness my hand and official seal.


Notary Public

My Commission expires: 12-19-13



EXHIBIT "A"

Land Initially Submitted

Lots 7 through 12 and Lots 21 through 26, inclusive, Block 1.

In the Hyland Village Subdivision, County of Jefferson, State of Colorado, as set forth in the Plat of Hyland Village Subdivision recorded November 2, 2007 under Reception No. 2007123402.

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EXHIBIT "B"

Land Subject to Annexation

Any property located within or subject to the Hyland Village Subdivision, County of Jefferson, State of Colorado, as set forth in the Plat of Hyland Village Subdivision recorded November 2, 2007 under Reception No. 2007123402, as currently existing or hereafter amended, that is intended for residential use and is not included in Exhibit "A".

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Note to clerk and title examiners:

This Charter is not intended to create an encumbrance on title to the property described in this Exhibit "B." Such title may be encumbered only with the consent of the owner by filing a Supplement in accordance with Chapter 15.

EXHIBIT "C"

Initial Rules and Regulations

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Hyland Village Association

Rules and Regulations

The Association's mission is to promote the long term value of the Community and the, harmony and social interaction of its residents, all for the greater good of the Community. To enable the Association to succeed in its mission, all residents of the Community must follow these Rules and Regulations. The Board may and shall create new rules or regulations, or change an existing rule or regulation to meet the needs of the Community.

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The purpose of these Rules and Regulations is not to anticipate all acceptable or unacceptable behavior in advance and eliminate all improvements or activities that fall outside of "the norm." In fact, it is expressly intended that the Board have discretion to approve or disapprove items, or to enforce or not enforce technical violations of the Governing Documents, based upon aesthetic or other considerations consistent with the rules and regulations. The exercise of discretion in approving or enforcement shall not be construed as a waiver of approval or enforcement rights, nor shall it preclude the Board from taking enforcement action in any appropriate circumstances. The Board shall have no obligation to take enforcement action in the event of a violation of local, state or federal laws or regulations, but instead may allow the appropriate local, state or federal entity to perform enforcement.

The following shall apply to all property subject to this Charter until such time as they are modified pursuant to the Charter.

1. General. The property subject to the Charter shall be used only for residential, recreational, and related purposes or other purposes permitted by the Charter, except as the Founder may otherwise authorize with respect to construction, marketing and sale activities of the Founder and its designees, offices for any Community Manager retained by the Association, or business offices for the Founder. A business activity shall be considered "related" to a residential use and thus permitted under this Section only if conducted by a person or persons residing in the Home and only if the business activity:

(a) is not apparent or detectable by sight, sound, or smell from outside of a permitted structure;

(b) complies with applicable zoning requirements;

(c) does not involve regular visitation of the Home by employees who do not reside in the Home, clients, customers, suppliers, or other business invitees, or door-to-door solicitation within the Community; and

(d) is consistent with the residential character of the Community and does not constitute a nuisance or a hazardous or offensive use, or threaten the security or safety of others, as the Board determines in its discretion.

Hyland Village Association
Rules and Regulations

"Business" shall have its ordinary, generally accepted meaning and shall include, without limitation, any occupation, work, or activity undertaken on an ongoing basis that involves providing goods or services to Persons other than the family of the producer and for which the producer receives a fee, compensation, or other form of consideration, regardless of whether (i) such activity is engaged in full or part time; (ii) such activity is intended to or does generate a profit; or (iii) a license is required.

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2. Restricted Activities. Unless expressly authorized by, and then subject to such conditions as may be imposed by, the Board, the following activities are prohibited within the Community:

(a) Parking commercial vehicles or equipment that:

- (i) has a manufacturer's gross vehicle weight rating (GVWR) of more than 10,000 lbs,
- (ii) has a towing a unit with a manufacturer's GVWR of more than 10,000 lbs. when the GCWR exceeds 26,000 lbs,
- (iii) is used to (i.) carry 15 or more passengers (excluding the driver), or (ii.) carry (15) or less people (including the driver) when carrying children to or from school and home regularly for compensation,
- (iv) is a tank designed to haul liquids or liquefied gases in bulk in permanently mounted tanks or portable tanks rated at 1,000 gallons or more, or
- (v) carries hazardous materials.

Provided, however, that (a) construction, service, and delivery vehicles shall be exempt from this provision during normal business hours for such period of time as is reasonably necessary to provide service or to make a delivery to a Home or the Common Area or to provide maintenance to a Common Area; and (b) the parking of a vehicle by the occupant of a unit on a street, driveway or guest parking area is permitted if any of the following conditions are satisfied: (I) the vehicle is required to be available at designated periods at such occupant's residence as a condition of the occupant's employment, (II) the vehicle has a gross vehicle weight of ten thousand pounds or less, (III) the occupant is a bona fide member of a voluntary fire department or is employed by a primary provider of emergency fire fighting, law enforcement, ambulance, or emergency medical services (IV) the vehicle bears an official emblem or other visible designation of the emergency service provider, and (V) parking of the vehicle can be accomplished without obstructing emergency access or interfering with the reasonable needs of other unit owners or occupants to use streets, driveways or guest parking spots within the community.

Hyland Village Association
Rules and Regulations

(b) Parking of mobile homes, recreational vehicles, golf carts, boats and other watercraft, trailers, stored vehicles, or inoperable vehicles in places other than enclosed garages or other locations screened from view of adjacent property in a manner approved by the Board. Parking refers to leaving a vehicle in one place for more than 48 hours, except for loading and unloading purposes only. Inoperable vehicles refer to vehicles that have expired tags or are not moved within a 48 hour time frame.

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(c) Any activity that emits foul or obnoxious odors outside the Homes;

(d) Pursuing hobbies or other activities that tend to cause an unclean, unhealthy, or untidy condition to exist outside of enclosed structures;

(e) Any noxious or offensive activity, which in the Board's reasonable determination, tends to cause embarrassment, discomfort, annoyance, or nuisance to persons using the Common Area or to the occupants of other Homes;

(f) Accumulating of rubbish, trash, or garbage except between regular garbage pick ups, and then only in approved containers;

(g) On-site storage of fuel, except that a reasonable amount of fuel may be stored in each home for emergency purposes and operation of lawn mowers and similar tools or equipment, and the Association shall be permitted to store fuel for operation of maintenance vehicles, generators, and similar equipment;

(h) Any activities that materially disturb or destroy the vegetation, wildlife, wetlands, or air quality within the Common Areas of the Community;

(i) Converting any carport or garage to finished space for use as an apartment or other integral part of the living area without prior approval pursuant to Chapter 5 of the Charter;

(j) Any modification of any thing, permanently or temporarily, on the outside portions of the Home, whether such portion is improved or unimproved, except in strict compliance with the Governing Documents and Design Guidelines of the Association, and except that:

(i) an antenna designed to receive direct broadcast satellite services, including direct-to-Home satellite services, that is one meter or less in diameter;

(ii) an antenna designed to receive video programming services via multipoint distribution services, including multi-channel multipoint distribution services, instructional television fixed services, and local multipoint distribution services, that is one meter or less in diameter or diagonal measurement; or

(iii) an antenna that is designed to receive television broadcast signals; do not require design review or approval as long as it does not penetrate the roof and is installed by a professional due to maintenance issues and to uphold the warranty. The Association does asked that residents try to keep such dish or antenna and related cables contained within the structure or otherwise screened from public view to the extent

Hyland Village Association

Rules and Regulations

feasible, so long as such placement does not substantially degrade the reception of the signal. Prior approval is not needed from the Association if the dish or antenna can not be screened from public view in order to get reception but the cables in public view need to be painted the same color as the home. Satellite dishes or an antenna larger than one meter in diameter must be approved by the Design Review Committee prior to installation.

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3. Prohibited Conditions. The following shall be prohibited in the Community:

(a) Plants, animals, devices, or other things of any sort whose activities or existence in any way is noxious, dangerous, unsightly, unpleasant, or of a nature as may diminish or destroy the enjoyment of the Community; and

(b) Structures, equipment, or other items on the exterior portions of a Home which have become rusty, dilapidated, or otherwise fallen into disrepair.

4. Parking. Parking on street or on surface parking shall be for guest and supplemental parking only on a first come first serve basis. Alley parking is prohibited.

5. Trash and Recycling Receptacles/Bins. All trash and recycling receptacles/bins shall be taken out no sooner than 12 hours prior to appointed pick-up schedule and returned to garages for storage no later than 12 hours after removal to ensure that unsightly, but necessary items such as trash and recycling receptacles are in public view as minimal amount of time as possible for the overall aesthetics of the Community.

6. Basketball Hoops. Basketball hoops are prohibited on streets, sidewalks, alleys and the driveway aprons of Multi-Family due to safety issues. Multi-Family residents are encouraged to use basketball hoops located in parks. Basketball hoops are permitted in the individual driveways or back yards of detached single family homes or cottages, provided that they are maintained properly and in accordance with any applicable city codes.

7. Pet Doors. Pet doors are only permitted to be installed at a ground level, back door that opens to an enclosed fenced area. All permitted pet doors need to be professionally installed and properly maintained by the homeowner. Pet doors are prohibited in the front of homes or above ground level. For Multi-Family with backyards that are enclosed by a fence, pet doors cannot be installed anywhere on the building except the back door due to maintenance issues.

8. Window Coverings. If your intent is to have windows coverings, acceptable window coverings must be used, which include but are not limited to curtains, drapes, blinds, or shades. Window coverings that are not acceptable include but are not limited to bed sheets, tarps, burlap or any other material not specifically designed to act as a window covering.

Hyland Village Association
Rules and Regulations

9. **Holiday/Seasonal Decorations.** Holiday/Seasonal decorations may be placed within individual homeowner's property no earlier than 45 days prior to the holiday/seasonal and need to be taken down within 45 days following the Holiday. Individual Holiday/Seasonal decorations can not be placed in common areas within the community to include parks, open space, tree lawns, sidewalks and landscaped area surrounding the Multi-Family buildings, except by the Association. No holiday or seasonal decorations shall be posted, placed or erected within public right-of-way and thoroughfares or posted, public utility improvements, lighting poles or fixtures, traffic signs or traffic control devices.

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10. **Political Flags.** The display of the American flag on an Owner's property, in a window on the Owner's Home, or on a balcony adjoining an Owner's Home is permitted provided that: (a) the flag is displayed in a manner consistent with the Federal Flag Code P.L. 94-344, 90 stat. 810, 4 U.S.C Sections 4 to 10; and (b) the flagpole does not exceed twenty (20) feet in height and the flag is no larger than three feet by five feet in size. The display of a service flag bearing a star denoting the service of the Owner or an occupant of the unit or of a member of the Owner's or occupant's immediate family in the active or reserve military service during a time of war or armed conflict is permitted provided that: (a) the service flag is located on the inside of a window or door of the residence, and (b) the size and manner of display, is no larger than nine inches by sixteen inches" in size.

11. **Political Signs.** Per the Colorado Common Interest Ownership Act, a political sign means a sign that carries a message intended to influence the outcome of an election including supporting or opposing the election candidate, the recall of a public official, or the passage of a ballot issue. The display of political signs on Owner's property is permitted in a window of such Owner's home or within the boundaries of the unit provided that: (a) no such signs may be placed earlier than forty five days prior to the election day involved and need to be taken down no later than ten days following the election; (b) meet the n local political sign ordinance; and (c) if the locality has no political sign ordinance, n then one political sign per political office or ballot issue that is contested in a pending election is permitted at a maximum permitted size of thirty-six inches by forty-eight inches. No political signs shall be located or maintained on any Common Areas. No signs shall be posted, placed or erected within public right-of-way and thoroughfares or posted, attached to trees, public utility improvements, lighting poles or fixtures, traffic signs or traffic control devices.

12. **Temporary Signs.** Temporary signs (except For Sale and For Rent signs, which are governed by Rule 13 below), including but limited to garage/yard sale, slow down, party and birth announcement, are permitted to be placed in the window of the residence at a maximum size of n thirty-six inches by forty-eight inches, limited to one per house, and are taken down after the event has occurred and not to exceed thirty days. No temporary signs can be placed in common areas within the neighborhood to include parks, open space, tree lawns, sidewalks and landscaped area surrounding the Multi-Family buildings, unless prior written approval is received by the Association. No signs shall be posted, placed or erected within public right-of-way, thoroughfares or posted,

Hyland Village Association
Rules and Regulations

attached to trees, public utility improvements, lighting poles or fixtures, traffic signs or traffic control devices.

13. **For Sale or Rental Signs.** One For Sale or Rent sign is permitted to be placed in the window of the home or in the front yard of the individual single family home, provided that they are no larger than thirty six inches by forty-eight inches. For Sale and For Rent signs can be displayed only until the home has been rented or sold. No signs shall be posted, placed or erected within common areas within the neighborhood to include parks, open space, tree lawns, sidewalks and landscaped area surrounding the Multi-Family buildings. No signs shall be posted, placed or erected within public rights-of-way or thoroughfares or posted or attached to trees, public utility improvements, lighting poles or fixtures, traffic signs or traffic control devices.

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14. **No Penetrations of Multi-Family Exteriors.** For Multi-Family, no item can penetrate any material on the exterior of the building. The facade on the buildings and fences are non-structural, therefore, they should not be used to hold substantial weight, so weight-bearing items (10 lbs or more) such as, but not limited to, trees, hammocks, trellises may not be attached to the building or fence. Non-weight bearing items (10 lbs or less) are allowed as long as the item or the means being used to attach to the building or fence does not penetrate or cause damage to any part of the building or fence. Free standing items or non penetrating fixtures are required to attach to the building.

15. **Yards, Deck, Patio and/or Balcony.** All yards, decks, patios and/or balconies must have appropriate outdoor furniture. Unacceptable furniture include but not limited to coaches, sofas or any other material not specifically designed to act as outdoor furniture. All yards, decks, patios and/or balconies need to be kept in a neat, orderly appearance and can not be used for storage. For Multi-Family, hanging plants, that do not penetrate the building, or potted plants are permitted within the deck, patio or balcony as long as they are placed in containers that do not cause water to drain on the siding or into neighboring units and do not attach .

16. **Upper Level Deck/Balcony *including roof deck patio (penthouses)**
Maximum Load Capacity The maximum load capacity of the upper level deck/balcony (including roof deck patio (penthouses)) is 40 pounds per square foot of live load. No Owner may install or maintain improvements, furniture, equipment or other material on the upper level deck/balcony that would cause such maximum load capacity to be exceeded. The following is not permitted on any upper level deck//balcony: 1) no open flamed commercial portable fire pits or any open flame is permitted on any upper level deck/balcony 2) hot tubs are prohibited on upper level deck/balcony due to the maximum live load of 40 lbs per sq ft. Each homeowner is responsible for any damage that may be caused by any items that may fall or fly off their upper level deck/balcony.

17. **Roof Deck Patio (Penthouses)** Any penetration of the roof deck patio floor (penthouses) is prohibited.

18. **Commercial Fire Pits or Open Flamed Fire Places.** No commercial portable fire

Hyland Village Association

Rules and Regulations

pits or open flamed fire places are permitted on upper level decks, balconies or patios or in an entry way per the International Fire Code. Commercial portable fires pits or open flamed fireplaces are only permitted under the Fire Code if they are placed 10 feet or more away from any combustible material (building), on ground level, on pavement or dirt (not placed on grass or any other burnable materials) and clear of any combustible materials above it (roof, trellis, etc.).

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19. Barbeque Grills. In accordance with International Fire Code, the use of any barbecue cookers and/or smokers, whether charcoal, LPG or compressed gas, inside of buildings, on roofs, on entry patios/decks (front porches) or on balconies is prohibited, subject to the following exceptions:

- (a) Electric barbecue cookers (no combustible fuels) are permitted, except on entry patios/decks (front porches)
- (b) Barbecue cookers properly installed and supplied by the building's natural gas system, if such exists, are permitted, except on entry patios/decks (front porches)
- (c) LPG gas barbecues having total container capacity of one pound of L.P. gas or less are permitted on a balcony or patio (up to two extra one pound LPG. gas containers may be stored on the balcony or patio), except on entry patios/decks (front porches).
- (d) LPG gas barbecues greater than one pound may be located on ground level patios if there are no combustible material located directly above or within ten (10) feet and is not located on entry patio/decks (front porches).

20. Individual Landscaping.

(a) **Installation of Individual Landscaping.** Each individual homeowner is responsible for completing their individual yard landscaping within one year of the initial closing to establish proper drainage and a pleasing aesthetics throughout the Community. Each Owner must maintain adequate grading away from their home to prevent possible damage to foundations. Homeowners need to control weeds and drainage on their lots. All landscape plans need to be approved by the Association's Design Review Committee prior to installation, so please plan according. Please refer to the Design and Environmental Guidelines of the Association for information on what is allowed in the Community and the Design Review Process.

(b) **Backfill Zone.** It is essential to maintain proper drainage away from all homes. Unless otherwise approved by the Board, the five foot area surrounding the foundation of a home may not be landscaped with live plant material that requires watering, unless a drip line system is installed in accordance with the requirements set forth in the Association's Design Guidelines.

21. Ice Melt Products. Ice melt products are prohibited to be used by homeowners on any sidewalks or alleys, unless prior Association approval is received because of the negative effect ice melt products has on concrete. Sand application is allowed.

Hyland Village Association
Rules and Regulations

22. **Amendment.** The Rules and Regulations are part of the Governing Documents that establish a framework of covenants and conditions that govern the Community. The initial Rules and Regulations are a part of that framework. However, within that framework, the Association must be able to respond to unforeseen issues and changes affecting the Community. Therefore, the Board and the Owners are authorized to change the Rules and Regulations in accordance with the Association's Policy on Adoption and Amendment of Policies, Procedures and Rules.

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EXHIBIT "D"

Maintenance Chart and Maps

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**COMMON SERVICES
of the
Hyland Village Association
Maintenance Chart**

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ITEMS	ASSOCIATION RESPONSIBILITY	OWNER'S RESPONSIBILITY	OTHER RESPONSIBILITY
Street Lights	-	-	Xcel Energy
Common Area Lighting in the Parks, if applicable	The Association is responsible for the maintenance of all common area lights located in the parks of the Association and pedestrian lights in the community	-	-
Landscaping and Irrigation	<p>The Association is responsible for maintenance of all landscaping and irrigation located in the common areas of the Association to include parks and open space except for City Open Spaces medians and landscaping along the community along Sheridan Blvd and West 98th Avenue. See Common Services Maintenance Map</p> <p>For the Townhomes the Association will maintain as a special benefit to the Townhomes the landscaping and irrigation in the limited common areas surrounding the Townhome buildings and trees lawns adjacent to the buildings.</p> <p>*For further information regarding special benefit services for the Townhomes see the Townhomes Special Benefit Area Maintenance Chart and Map</p>	<p>Single Family homeowners are responsible for maintaining landscaping within their individual yards and tree lawns adjacent to their home.</p> <p>Townhomes are responsible for maintaining any landscaping enclosed in a fenced area courtyard.</p>	<p>The City is responsible for maintenance of all the landscaping and irrigation in the Public Open Space.</p> <p>See Common Services Maintenance Map</p>

COMMON SERVICES
of the
Hyland Village Association
Maintenance Chart

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ITEMS	ASSOCIATION RESPONSIBILITY	OWNER'S RESPONSIBILITY	OTHER RESPONSIBILITY
Concrete	<p>The Association is responsible for maintenance of all sidewalks not adjacent to a home or in a common area (parks/open space) of the Association, medians and alleys.</p> <p>See Common Services Maintenance Map</p> <p>For the Townhomes, the Association will maintain as a special benefit the sidewalks and entry walks, not to include any individual steps or front porches</p> <p>*For further information regarding special benefit services to the Townhomes, see the Townhomes Special Benefit Area Maintenance Chart and Map</p>	<p>Individual homeowners are responsible for the maintenance of concrete in their individual yards.</p> <p>Single Family homeowners are responsible for maintenance of sidewalks adjacent to their home.</p> <p>Townhome homeowners are responsible for maintenance of the front porch, steps and driveway aprons to their individual unit and any concrete within individual fenced courtyard.</p>	<p>The City is responsible for maintenance of the public streets.</p> <p>See Common Services Maintenance Map</p>
Snow Removal	<p>The Association is responsible for snow removal on all sidewalks not adjacent to a home or in a common area (parks/open space) of the Association and alleys throughout the community.</p> <p>See Common Services Maintenance Map</p> <p>For the Townhomes, the Association will perform snow removal as a special benefit on sidewalks adjacent to the building not to include the individual entry walk, steps or front porch serving each unit.</p> <p>*For further information regarding special benefit services to the Townhomes, see the Townhomes Special Benefit Area Maintenance Chart and Map</p>	<p>Individual homeowners are responsible for the snow removal of concrete in their individual yards.</p> <p>Single Family homeowners are responsible for snow removal on sidewalks adjacent to their home.</p> <p>Townhome homeowners are responsible for snow removal of the entry walk, front porch, steps and driveway apron serving their individual unit.</p>	<p>The City is responsible for snow removal of the public streets.</p> <p>See Common Services Maintenance Map</p>

**COMMON SERVICES
of the
Hyland Village Association
Maintenance Chart**

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ITEMS	ASSOCIATION RESPONSIBILITY	OWNER'S RESPONSIBILITY	OTHER RESPONSIBILITY
Storm Sewer Drainage System	The Association is responsible for the maintenance of the Storm Sewer Drainage system.	-	-
Crusher Fine or Pavers Paths or Trails	The Association is responsible for the maintenance of any crusher fine or paver paths or trails located in the common area (parks and open space) of the association. See Common Services Maintenance Map	Single Family homeowners are responsible for the maintenance of any crusher fine and paver paths within their individual fenced yard.	The City is responsible for the maintenance of any crusher fine and paver paths or trails located in the Public Open Space See Common Services Maintenance Map
Cluster Box Mailbox Unit	The Association is responsible for the maintenance for the cluster box mailbox units	-	-
Mailbox Shelter	The Association is responsible for the maintenance of any mailbox shelters in the neighborhood	-	-
Fencing	The Association is responsible for the maintenance of any fencing located in the common areas (parks and open space) of the Association.	Single Family and Townhomes homeowners are responsible for the maintenance of their individual fence.	The city is responsible for maintenance of the fencing in the Public Open Space.
Site Furniture – benches, bike racks, picnic tables, trash cans, etc.	The Association is responsible for the maintenance of any site furniture in the common or areas (parks and open space) of the Association.	-	The City is responsible for maintenance of any site furniture located in the Public Open Space
Amenities – play equipment, shelters, etc.	The Association is responsible for the maintenance of any amenities located in the common areas (parks and open space) of the Association.	-	-
Retaining or Stone Walls, if applicable	The Association is responsible for the maintenance of any walls located in the common or areas (parks and open space) of the Association	Single Family homeowners are responsible for any walls within their individual yards.	-

**COMMON SERVICES
of the
Hyland Village Association
Maintenance Chart**

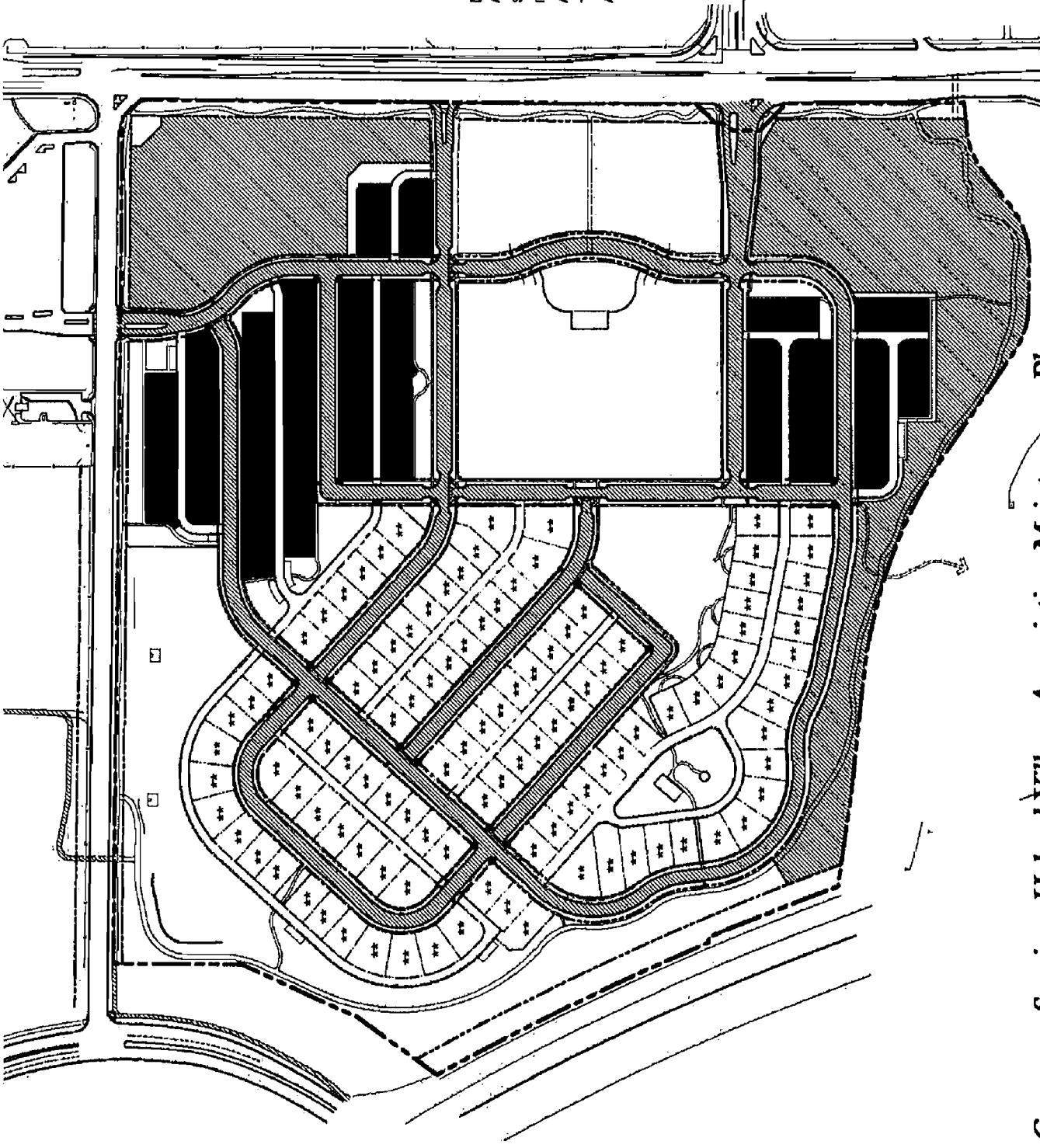
86

ITEMS	ASSOCIATION RESPONSIBILITY	OWNER'S RESPONSIBILITY	OTHER RESPONSIBILITY
Community Pool and Building	The Association will be responsible for all maintenance related to the Pool and Community Building.	-	-
Monument Signs	The Association is responsible for the maintenance of the residential monument signs	-	The Commercial owner/owners will be responsible for the maintenance of commercial signs
West 98 th Underpass & Trails North of West 98 th .	-	-	The City is responsible for maintenance of the West 98 th Underpass Trails North of West 98th
Bus Stop	The Association will maintain the bus stop until taken over by Regional Transit District	-	Regional Transit District will take over maintenance after their acceptance of the bus stop
Pedestrian Bridge Trail Across the Farmers Canal	-	-	The City is responsible for the maintenance of the Pedestrian Bridge Trail



1" = 300'
4/29/10

Common Services Hyland Village Association Maintenance Plan



LEGEND

SPECIAL BENEFIT AREAS
OF THE HYLAND VILLAGE
ASSOCIATION MAINTAINED
AREAS

COMMON SERVICES OF
THE HYLAND VILLAGE
ASSOCIATION MAINTAINED
AREAS

CITY OF WESTMINSTER
MAINTAINED AREAS

SINGLE FAMILY
HOMEOWNER MAINTAINED

ALL TREE LAWNS AND SIDEWALKS ADJACENT TO A
SINGLE FAMILY HOME IS MAINTAINED BY THE
INDIVIDUAL HOMEOWNER(S).
ALL TREE LAWNS AND SIDEWALKS ADJACENT TO A
TOWNHOME ARE MAINTAINED BY THE HOMEOWNERS
ASSOCIATION.

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TOWNHOME SPECIAL BENEFIT AREA
of the
Hyland Village Association
Maintenance Chart

ITEMS	ASSOCIATION RESPONSIBILITY	OWNER'S RESPONSIBILITY	OTHER RESPONSIBILITY
Landscaping and Irrigation	For the Townhomes, the Association will maintain as a special benefit to the Townhomes the landscaping and irrigation in the limited common areas surrounding the Townhome buildings and the tree lawns adjacent to the townhome buildings. See Townhome Special Benefit Area Maintenance Map	Any landscaping and irrigation within individual fenced courtyard, if applicable.	SEE COMMON MAINTENANCE MAP AND CHART
Concrete	For the Townhomes, the Association will maintain as a special benefit to the Townhomes the sidewalks and entry walks, excluding the steps and front porch. See Townhome Special Benefit Area Maintenance Map	Townhome homeowners are responsible for maintenance of the front porch, steps and driveway apron to their individual unit and any concrete within individual fenced courtyard.	SEE COMMON MAINTENANCE MAP AND CHART
Snow Removal	For the Townhomes, the Association will remove snow from the sidewalks serving the building but not to include the individual units entry walks, steps or front porches. See Townhome Special Benefit Area Maintenance Map	Townhome homeowner's areas responsible for snow removal on the entry walk, front porch, steps and driveway apron serving their individual unit.	SEE COMMON MAINTENANCE MAP AND CHART
Sanitary Sewer and Water Laterals	For the Townhomes, the Association will maintain as a special benefit to the Townhomes all sanitary sewer and water laterals from meter pit to the Townhome.	All, within his or her Townhome Unit.	SEE COMMON MAINTENANCE CHART

TOWNHOME SPECIAL BENEFIT AREA
of the
Hyland Village Association
Maintenance Chart

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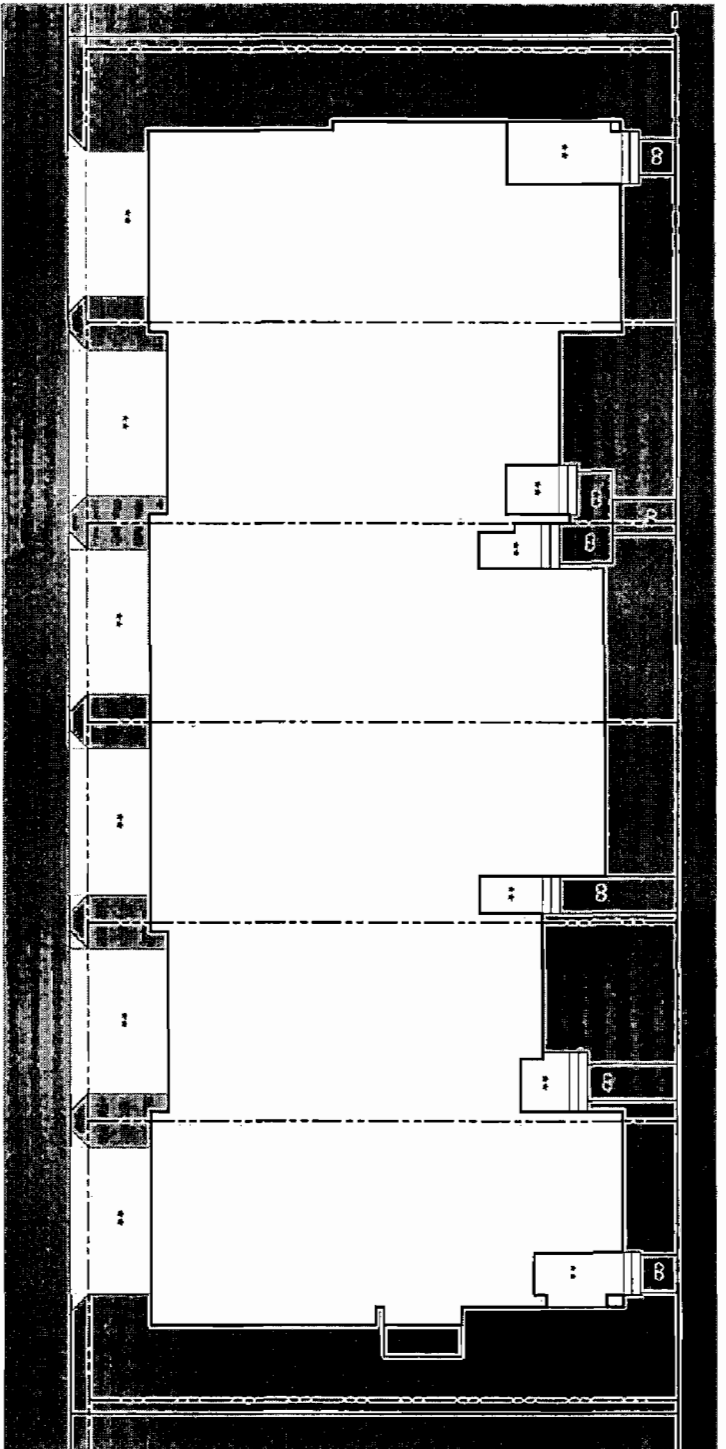
ITEMS	ASSOCIATION RESPONSIBILITY	OWNER'S RESPONSIBILITY	OTHER RESPONSIBILITY
Fencing, Step Hand Rails, Trellises and Walls	For the Townhomes, the Association will maintain as a special benefit any fencing, step hand rails, trellises and walls serving the Townhome building original installed by Founder or Association	Anything within individual courtyard, if applicable -	SEE COMMON MAINTENANCE CHART
The interior and structural portions of the Townhomes unit.	The Association will maintain structural portions of decks and balconies	All, including the foundation and structural components of walls and roofs, except decks and balconies	-
Exterior windows, window glass, and window screens.	Painting or staining of the exterior surfaces of the window and window frames.	All, except the paintings or staining of exterior surfaces of the window and window frames.	-
Exterior front and garage doors and door frames.	Painting or staining of the exterior surfaces of the front and garage doors and door frames	All, except the painting or staining of the exterior surfaces of the front and garage doors and door frames.	-
Balconies/Decks	All	-	-
Exterior surfaces of the Townhomes buildings	Any siding, trim, shutters, eaves, garage trellis and fascia (except windows, window glass, window screens, exterior doors, door frames, and garage doors)	Windows, window glass, window screens, exterior doors, door frames, and garage doors, except painting and staining	-
Painting and Staining of the Townhomes Building	To include the exterior surfaces of buildings located on the Townhomes, including the exterior painted surfaces of windows and window frames, and any siding, shutters, eaves, fascia, gutters, balconies and downspouts	-	-

TOWNHOME SPECIAL BENEFIT AREA
of the
Hyland Village Association
Maintenance Chart

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ITEMS	ASSOCIATION RESPONSIBILITY	OWNER'S RESPONSIBILITY	OTHER RESPONSIBILITY
Non-structural Roofing materials.	All, including shingles, but not including trusses, rafters or other structural components of the roof	Trusses, rafters, or other structural components of the roof	-
Gutters and downspouts on the building	All	-	-
Plumbing, Heating and Electrical	All, serving the whole Townhomes building	Any pipes, lines ,wires conduits, and other apparatus or equipment compromising any portion of the plumbing, heating, electrical, Communication (including without limitation, cable television service, telephone service, telephone and internet access), air conditioning, and other utility systems serving only his or her Townhomes Unit.	-
Fire Sprinkler	All	-	-
Exterior Light Fixtures	All	-	-
Exterior Light Bulbs	All strobe lights serving the building	All lights serving individual units	-

** Please see the Common Hyland Village Association Maintenance Chart and Map for items that may not be depreciated here. This chart only represents items associated with special benefit services to the Townhomes.*



LEGEND



TOWNHOME SPECIAL BENEFIT
AREA SERVICES

PLEASE SEE THE COMMON HYLAND VILLAGE ASSOCIATION MAINTENANCE
CHART AND MAP FOR ITEMS THAT MAY NOT BE DEPICTED HERE. THIS MAP
ONLY REPRESENTS ITEMS ASSOCIATED WITH SPECIAL BENEFIT SERVICE
TO THE TOWNHOMES.

ASSOCIATION MAINTAINS CONCRETE ON SIDEWALKS AND ENTRY WALKS
(NOT TO INCLUDE STEPS AND PORCHES).

** - INDIVIDUAL HOMEOWNERS ARE RESPONSIBLE FOR DRIVE APRON, FRONT
STEPS, PORCH & ENTRY WALK SNOW REMOVAL. ASSOCIATION IS RESPONSIBLE
FOR SIDEWALKS AND ALLEYS.

EXHIBIT "E"

INITIAL GUIDELINES

See attached

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**DESIGN
AND
ENVIRONMENTAL GUIDELINES

FOR

HYLAND VILLAGE
ASSOCIATION**

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STATEMENT OF PURPOSE

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The mission of the Hyland Village Association ("the Association") is to promote the long term value, the harmony and social interaction of the community for the greater good of the community. To enable the Association to succeed in its mission, there are guidelines of the Association which must be followed by all residents in the community. The Design Review Process is a very important component of the Association's mission and is a service provided by the Association to review improvements to the home or landscaping herein. These guidelines are adopted pursuant to the authority granted the Board of Directors of the Association ("the Board") and its Design Review Committee ("DRC") in the Charter for the Association ("the Charter"). These guidelines are intended to set forth the specific design guidelines governing the DRC's review and approval of plans and specifications for structures and improvements to be placed, erected, or installed within the Community and the procedures to be followed by the DRC. These Guidelines supplement the provision of Chapter 5, Chapter 7 and Exhibit "C" of the Charter ("the Charter Guidelines, Rules and Regulations").

ACTIVITIES REQUIRING DRC APPROVAL

All site work, landscaping, structures, improvements, and other items placed on a lot or Common Area within the community in a manner or location visible from outside of structures ("Improvements") are subject to standards for design, landscaping, aesthetics and the approval procedures set forth in these guidelines and under the Charter's Chapter 5.

Approval under these guidelines and the Charter are not a substitute for any approvals or reviews required by the city or any municipality or governmental agency or entity having jurisdiction over architectural or construction matters. These guidelines shall not apply to the Association's design and construction activities or to the Association's maintenance of repair of any portion of the Area of Common Responsibility or during the Development and Sales Period to the Founder's design and construction activities.

PROCEDURES

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Unless the Guidelines provide otherwise, no Improvements may begin on any portion of the Community and/or Home until a written application is submitted to and approved by the DRC. The application must be accompanied by the following:

Submittal Requirements

Before work is commenced on any activity requiring DRC approval, the person seeking approval for such work ("the Applicant") shall submit the original and one copy of an application, containing at least the following information:

- A. The completed Design Review Request in the form that is attached.
- B. A plan depicting the location of the proposed improvement with existing structures and required legal set backs per the City. An Improvement Location Certificate was provided at the original closing on the home that might be useful in this regard. The Design Review Committee may not be able to review and/or approve a new structure or expansion of a home unless a plan depicting the location of the proposed improvement with existing structures and set backs is provided to the DRC. If you do not have the original Improvement Location Certificate, or if new structures have been added on your lot since the original Certificate was prepared, you may need to obtain a new Improvement Location Certificate (survey of the home).
- C. The plan must include:
 - Lot corner elevations;
 - Foundation top of wall elevations;
 - Garage slab elevations;
 - Driveway slope;
 - Setback dimensions to all lot boundaries and relationship to allowable building envelopes per City;
 - Height, width, length and depth of structure;
- D. A brief narrative description of the proposed structure or improvement.
- E. If the improvement is a change in the color, type or style of exterior treatment of any existing improvement, a sample of the material proposed
- F. If the improvement is for the construction or modification of a fence the following must be submitted: A site plan showing the location of the fence on the Lot, a description of the fencing material, a drawing of the style and height of the fence.
- G. Any other information which the DRC requests in order to be able to visualize the proposed improvement.
- H. Any processing fee that may be established by the Board. Currently, no such processing fee is charged.

One copy of the application and submitted materials will be kept by the DRC and the other set will be returned to the Applicant when approval is granted. No improvements should be performed until the Applicant has received written approval from the DRC. Please refer to the "How to fill out a Design Review Request Form" section for more information and examples.

Design and Environmental Guidelines for Hyland Village

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In reviewing each application, the DRC may consider any factors it deems relevant, including, without limitation, harmony of the proposed external design with surrounding structures and environment. Decisions may be based on purely aesthetic considerations. Each Owner acknowledges that such determinations are purely subjective and that opinions may vary as to the desirability and/or attractiveness of particular improvements. The DRC shall have the sole discretion to make final, conclusive, and binding determinations on matters of aesthetic judgment, and such determinations shall not be subject to review so long as they are made in good faith and in accordance with required procedures. The DRC shall make a determination on each application after receipt of a completed application with all required information. The DRC may permit or require that an application be submitted or considered in stages, in which case a final decision shall not be required until after the final, required submission. The DRC may (i) approve the application with or without conditions/requirements; (ii) approve a portion of the application and disapprove other portions; or (iii) disapprove the application. The DRC shall notify the applicant in writing of the final determination on any application no later than 45 days after its receipt of a completed application and all required submissions. Notice shall be deemed given at the time the envelope containing the response is deposited in the U.S. mail, hand delivery, facsimile, electronic mail, or similar delivery of such written notice also shall be sufficient and shall be deemed given at the time of confirmed delivery to the applicant. No approval shall be inconsistent with the Guidelines unless a written variance has been granted pursuant to Section 5.5 of the Charter. As part of any approval, the DRC may require that construction commence within a specified time period. If construction does not commence within the required period, the approval shall expire, and the Owner must reapply for approval before commencing any activities. Once construction is commenced, it shall be diligently pursued to completion. All work shall be completed within one year of commencement unless otherwise specified in the notice of approval or unless the DRC, in its discretion, grants an extension in writing. The Guidelines are intended to provide guidance to Owners and contractors regarding matters of particular concern to the DRC. The Guidelines are not the exclusive basis for the DRC's decisions, and compliance with the Guidelines does not guarantee approval.

DESIGN GUIDELINES

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EXTERIOR OF THE HOME

The exterior of the home to include but not limited to the roofs, siding, brick, color, windows and window frames are architectural components of the neighborhood that create a unifying element. Accordingly, no homeowner may alter or change the originally installed materials, location or color without the written consent of the DRC. No prior approval is necessary to repaint the exterior of existing home using the most recently approved color scheme or to rebuild or restore any damaged structures in a manner consistent with the plans and specifications most recently approved for such structures. Generally, no approval is required for work done to the interior of a home; however, modifications to the interior of porches, patios, and any other portions of a structure visible from outside of the structure do require prior written approval from the DRC.

BUILDING OR ROOF PENETRATION

For Multi-Family homes where an Association maintains the exterior of the building, roof and/or fence: To ensure that all warranties are upheld and the long-life expectancy of all buildings are not jeopardized the following guidelines exist for the penetration to the building, fence or roof.

Any penetration to the roof is prohibited unless receive prior written approval from DRC, including satellite dishes/antennas one meter (39 inches) or less in diameter. The floor of a roof deck patio is considered a roof and penetration is prohibited.

The facade on the buildings and fences are non-structural, therefore, they should not be used to hold substantial weight, so weight-bearing items (10 lbs or more) such as, but not limited to, trees, hammocks, trellises may not be attached to the building or fence. Non-weight bearing items (10 lbs or less) are allowed as long as the item or the means being used to display the item on the building or fence does not penetrate or cause damage to any part of the building or fence. Any penetration to the building façade (including but not limited to siding, stucco, brick/stone and trim) or fencing is prohibited unless receive prior written approval from DRC, except satellite dishes/antennas one meter (39 inches) or less in diameter (see satellite dish/antenna guideline below). Free standing items or non-penetrating fixtures are recommended. The material also shall be non-offensive in nature, well maintained and kept clean.

SATELLITE DISHES AND ANTENNA

Satellite Dishes or Antennas that are the following do not require DRC approval

- (i) an antenna designed to receive direct broadcast satellite services, including direct-to-Home satellite services, that are one meter (39 inches) or less in diameter;
- (ii) an antenna designed to receive video programming services via multipoint distribution services, including multi-channel multipoint distribution services, instructional television fixed services, and local multipoint distribution services, that is one meter (39 inches) or less in diameter or diagonal measurement; or
- (iii) an antenna that is designed to receive television broadcast signals not taller than 35 - feet;

The Association does ask that residents try to keep such dish or antenna and related cables contained within the structure or otherwise screened from public view to the extent feasible, so long as such placement does not substantially degrade the reception of the signal. If the dish or antenna cannot be screened from public view in order to get reception the cables in public view need to be painted the same color as the home.

Design and Environmental Guidelines for Hyland Village

For Multi Family Homes, no satellite dish can penetrate the roof or fence.

Satellite dishes larger than one meter (39 inches) in diameter or antennas larger than 35 feet are not permitted in the Community.

BLOCKAGE OF EXISTING SOLAR PANELS

No homeowner can erect an object or construct an improvement that will obstruct access to sunlight for existing solar panels within the neighborhood without the written permission from the owner of the property with the solar panels. A copy of this written permission from the owner of the property with the solar panels must accompany the Design Review Submittal for approval.

FIRE WALLS

The Home may share a common wall with another Home, or the garage associated with another Home. Pursuant to City Fire Code, these walls have been constructed with a one or two hour fire rating. No modification of these walls (such as cutting through the wall or penetrating the interior membrane) is permitted. The use of normal picture nails and other minor penetrations are permitted.

ADDITIONS and EXPANSIONS

An addition or expansion of the home is an increase in the size of a building brought about by constructing additional usable building space to the side/s or top of an existing structure. Examples include room additions, pop-tops, 3 or 4 season enclosed patios or attached garages. All additions and expansion must be approved by the DRC and meet the following guidelines.

- Shall match or compliment the materials and colors used on the home.
- Must be constructed entirely within allowable building setbacks as established by the City.

A Design Review Submittal for an addition or expansion must include the following information:

- Engineered site plan with dimensions, elevations, drainage plan, and relation to landscaping, home, property lines, setbacks and easements
- Material description or manufacture's literature to be used
- Photos/Pictures of material to be used
- Colors of materials to be used
- Building permit, when required by city code

FAÇADE Exterior (Stone, brick, siding, etc.)

Replacement of an existing facade with the same previously approved material does not require DRC approval. Replacement of an existing facade with a new façade material requires DRC approval.

A Design Review Submittal for siding must include the following information:

- Material descriptions and/or manufacture's literature
- Photos/Pictures of material
- Rendering of the home that shows where the siding will be located to include all sides of home.
- Color with picture, sample, swatch or photo, if either manufactured with color or the paint color that siding will be painted

Design and Environmental Guidelines for Hyland Village

ROOFING MATERIAL

Roofing materials refer to the shingles or tile material installed on a building rooftop. Replacement of an existing roof with the same previously approved material does not require DRC approval. Replacement of an existing roof with new roofing material or roof pattern or roof color requires DRC approval.

A Design Review Submittal for roofing must include the following information:

- Material description and/or manufacture's literature
- Photos/Pictures of material
- Color (picture, sample, swatch or photo)
- Dimension of each shingle

WINDOWS

Replacement of a window or window frame with the same previously approved material does not require DRC approval. Replacement of a window with a new window or window frame or location requires DRC approval.

A Design Review Submittal for windows must include the following information:

- Material description and/or manufacture's literature
- Photos/Pictures of material
- Color (picture, sample, swatch or photo)
- Site Plan or concept sketch with dimensions, elevations of location of windows compare to where the windows are currently, if different.

EXTERIOR LIGHTS

For Multi-family: The exterior light fixtures on the building are an architectural component of the building and maintained by an Association. Accordingly no multi-family owner shall add or change the exterior light fixtures except for changing of the light bulb. Per the Association's Rules and Regulations, in order to keep a consistence appearance all light bulbs must be replaced with a light bulb consistent in appearance with the one original installed (or if such type of bulb is no longer reasonably available, a different style approved by the DRC), if light bulb is visible from outside the light fixture.

For Single Family home: No DRC approval is needed to change the exterior light fixtures on a single family home.

Design and Environmental Guidelines for Hyland Village

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PAINTING (Exterior)

For Multi-family: The exterior of the building is an architectural component and is maintained by an Association. Accordingly no one shall alter the color to the exterior of the building, including front, back or garage doors without written approval by the DRC.

For Single Family Homes: No homeowner may alter or change the original color or most recently approved color scheme without the written consent of the DRC. No prior approval is necessary to repaint the exterior of existing home using the most recently approved color scheme. The DRC will use the following guidelines.

- Color from approved colors on City ODP
- Apply the manatee rule of no home within two homes on either side or across the street can have the same color scheme.
- Accent colors to be less than ten percent (10%) of the surface area.

A Design Review Submittal for change of color must include the following information:

Type of paint

Color Swatch

Rendering depicting where will be applied to include trim, body, front, back, shutters, back door, front door and garage door.

DOORS

(Front, back and garage doors. See below for all season or security doors)

Replacement of an existing door with the same previously approved door does not require DRC approval. Replacement of an existing door with a new type of door or color requires DRC approval.

A Design Review Submittal for doors must include the following information:

Material description and/or manufacture's literature

Photos/Pictures of material and the door

Color (picture, sample, swatch or photo)

Location of door to be replaced or elevation of home with new location, if different

ALL SEASON DOORS/SECURITY DOORS

For Townhomes: A black external storm or security doors may be installed with no prior DRC approval. Variance from allowable storm or security door needs to be approved by the DRC.

For Single Family Homes: No prior DRC approval is needed if the external storm or security doors installed match the trim of the individual home. Variance from allowable storm or security door needs to be approved by the DRC.

FENCES

The common area fencing is a unifying element of the Community. Accordingly no one shall alter, add, deconstruct or change the common area fencing.

For Multi-Family: The fence serving the building is maintained by an Association. Accordingly, any alteration, addition or deconstruction of the fence must be approved by the DRC.

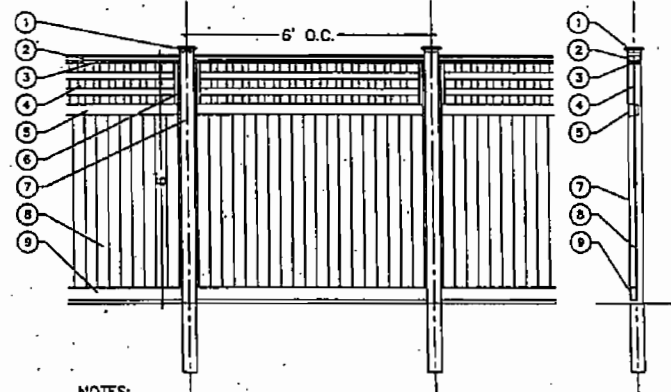
For Single Family Homes: All fencing must be approved by the DRC and meet the City approved Planned Unit Development Plan requirements below:

- Constructed of cedar wood
- Only clear protective stain can be applied
- All fencing along side yards of corner lots must be low rail design. See fence detail
- All fencing along side yards of all other lots that are interior to a block and are not a corner lot can be low rail design or privacy design. See fence details.
- All fencing along alleys must be the privacy design. See fence detail. Fencing along alleys must be setback from the alley property line/right of way a minimum of 5 feet (5') due to utility easement.
- All homes facing a street, front yard fencing is prohibited. The City approved Planned Unit Development reads "Fencing between the front plane of the house and street is prohibited."
- Homes that do not face a street, which face open space or parks, front yard fencing must be low rail design. See fence detail. The fencing must be set on property line.
- All fencing must be set back a minimum of 18 inches (18") from sidewalks. All fencing must maintain a minimum of 3 feet (3') clear and not enclose to transformer and other utility pedestals.
- To ensure proper drainage outlets need to be provided at drainage flow lines where fences cross them.
- All fencing serving individual yard shall be maintained by the homeowner
- If you choose to have material between the two rail fence then you must use 2" x 2" or 2" x 4" welded wire fabric mesh that is attached to the inside of the front, back or side of the fences.

All variances to the fencing requirements above need to be approved by the DRC. Any request for variance to the above fencing requirements needs to be first approved by the City. Proof of City approval is required to be supplied to the DRC with request of the variance. A variance approved by the City does not guarantee approval from the DRC.

(A) PRIVACY FENCING

SCALE: 1/2"=1'

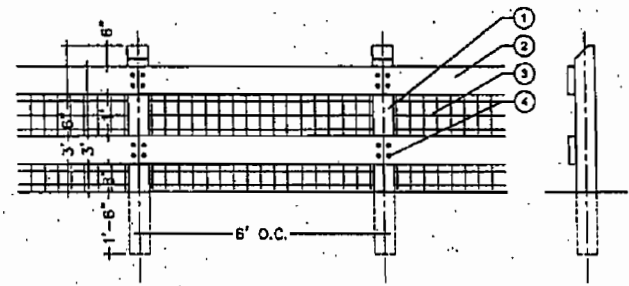


- NOTES:**
1. DECORATIVE POST CAP
 2. 2" x 4" CAP RAIL
 3. 1" x 2" TRIM
 4. 90° HEAVY LATTICE
 5. 2" x 4" MID RAIL
 6. 1" x 4" TRIM
 7. 4" x 4" POST
 8. 1" x 4" PICKETS
 9. 2" x 4" BOTTOM RAIL

ALL WOOD TO BE UNSTAINED CEDAR.

(B) LOW RAIL FENCING

SCALE: 1/2"=1'



- NOTES:**
1. 4" x 6" x 5' WOOD POST
 2. 2" x 8" x 8' WOOD RAIL
 3. OPTIONAL WIRE MESH
 4. 3/8" x 4" ZINC PLATED LAG SCREW WITH WASHER

ALL WOOD TO BE UNSTAINED CEDAR.

DOG RUN/DOG HOUSE

Dog runs are areas within a property that are fenced specifically for securing a pet. Dog houses are small enclosures for security or weather protection for a pet.

For Multi-family: Dog runs are prohibited

For Single Family home and Multi Family homes with back courtyard: All dog runs and dog houses must be approved by the DRC prior to installation, be reasonably isolated and adequately screened from adjacent properties and located in the rear or side yard. All dog runs shall be enclosed using fencing types described above under the Fencing section. Use of 2" x 2" or 2" x 4" welded wire fabric attached to the inside of the front, back or side of the fence is acceptable to contain pets. Dog houses must complement the homes colors

A Design Review Submittal for dog runs must include the following information:

- Material description and/or manufacture's literature
- Photos/Pictures of material
- Color (picture, sample, swatch or photo)
- Dimensions of fence – height, width of fence posts, width of boards/pickets
- Site plan or concept sketch with dimensions, elevations, and relation to home, property lines and other key features

WALLS (Stone, Brick, Stucco, Wood, Retaining, etc.)

Walls that were not part of the original vision and plan of the community can negatively affect the original grading and drainage and the overall aesthetic within the community. Accordingly no one shall alter, add or change the walls throughout the community or in their individual yards.

PATIOS

A patio is an exterior, at grade surface for gathering. Typical materials include concrete, gravel, paverstones or bricks. Enclosed patios are considered an addition/expansion and are covered in another section. All patios need to be approved by the DRC, located on the individual's lot and proper drainage is ensured by outlets being provided where patio crosses the drainage flow lines.

A Design Review Submittal for a patio must include the following information:

- Material description and/or manufacture's literature to be used
- Photos/Pictures of material to be used
- Colors of materials to be used
- Site plan or concept sketch with dimensions and relation to home, property lines, set back lines and easements
- If changing grade more than thirty (30) inches higher than original grade or building a two level patios need to provide grading plan with submittal to DRC

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DECK/BALCONY/PORCH

DRC approval is necessary on all deck, balcony or porch and any enclosures or permanent overhang on an existing deck/balcony/porch. Deck, balcony or porch must be constructed entirely within allowable building or building envelopes as established by the City and complement the colors of the home. Decks can not be higher than ten (10) feet above grade, and proper drainage must be ensured by outlets being provided where deck crosses the drainage flow lines. The support system must be integrated with the architectural design.

A Design Review Submittal for a deck, patio, porch or enclosure of a deck, patio or porch must include the following information:

- Engineered site plan with dimensions, elevations and relation to home, property lines— easements and set backs lines
- Material description and/or manufacture's literature to be used
- Photos/Pictures of material to be used
- Color of materials and/or paint/stain to be applied
- Building Permit when required by city code

RAILINGS- DECK/BALCONY/PATIO

In order to prevent access through the railings on your deck, balcony or patio, you may install a 2" x 2" or 2" x 4" welded wire fabric mesh attached to the inside of the front, back or side railings without prior DRC approval. All other materials need to be approved by the DRC.

UPPER LEVEL DECK/BALCONY/PATIO- Maximum Load Capacity

The maximum load capacity of an upper level deck/balcony/patio is 40 pounds per square foot of live load. No Owner may install or maintain improvements, furniture, equipment or other material on the upper level deck/balcony/patio that would cause such maximum load capacity to be exceeded.

ACCESSORY BUILDINGS

An accessory building is a detached permanent building structure such as but not limited to a shed, greenhouse, or playhouse (for gazebos see Gazebo section below)

For Multi-family. The common landscaped area surrounding the building is an important unifying element of the Neighborhood and due to City required setbacks storage sheds, greenhouse or any other accessory building is prohibited.

For a Multi-family home with a front courtyard: Shed, greenhouse, playhouse or any other accessory buildings must be approved by the DRC and will be based on size of courtyard.

For a Multi-family home with a back courtyard and a Single Family home. Sheds, greenhouse, play house or any other accessory buildings must be approved by the DRC and need to adhere to the following guidelines:

- Shall match or compliment the materials and colors used on the home.
- Must be constructed entirely within allowable building setbacks as established by the City.
- Cannot expand beyond 2% of the total square footage of the lot.
- Cannot exceed eight feet in height for single family or multi-family home with back courtyard and can not exceed 5 feet in height for a multi family front courtyard

Portable playhouses are considered a toy and shall be stored in backyard away from public view

A Design Review Submittal for accessory building must include the following information:

- Site plan or concept sketch with dimensions (height, width), elevations and relation to landscaping, home, property lines, setbacks and easements
- Material description or manufacture's literature to be used
- Photos/Pictures of material to be used
- Colors of materials to be used

GAZEBOS

A gazebo is an accessory building is a detached, permanent, decorative and used as seasonal gathering place.

For Multi-family. The common landscaped area surrounding the building is an important unifying element of the Neighborhood and due to City required setbacks gazebo is prohibited.

For a Multi-family home with a back courtyard and a Single Family home. Gazebo must be approved by the DRC and need to adhere to the following guidelines:

- Shall match or compliment the colors used on the home.
- Must be constructed entirely within allowable building setbacks as established by the City.
- Cannot expand beyond 2% of the total square footage of the lot.
- Cannot exceed 13 feet in height

A Design Review Submittal for a gazebo must include the following information:

- Site plan or concept sketch with dimensions, elevations and relation to landscaping, home, property lines, setbacks and easements
- Material description or manufacture's literature to be used
- Photos/Pictures of material to be used
- Colors of materials to be used

TRELLIS

A trellis is an upright structure that is made to support a climbing plant or plants.

For Multi- family: The common landscaped area surrounding the building is an important unifying element of the Neighborhood, so trellises are prohibited to be installed in such area.

For a Multi -family home with a back courtyard and Single Family home: Trellises are permitted that do not exceed five feet in height. If installing on property line must obtain adjacent property owners approval and supply the DRC with a letter from the adjacent property owner. Trellises shall be compatible with color and material of other structures constructed on the lot. Trellises that meet all the requirements above and are not on property line do not require DRC approval. For a multi family home trellises can not be attached to fence or building façade.

A Variance Design Review Submittal for trellis must include the following information:

- Material description and/or manufacture's literature
- Photos/Pictures
- Dimension/Size – height
- Plan to scale showing location to home and property lines

ARBOR/PERGOLA

An arbor is a free standing arch and a pergola is a feature with an open lattice that may or may not be attached to building, which both provide shade and or aesthetic feature with or without climbing plants. Occasionally, a temporary seasonal fabric cover is incorporated in the pergola; please see section for temporary shade covers for guidelines.

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For Multi-family: The common landscaped area surrounding the building is an important unifying element of the Neighborhood, so arbors/pergolas are prohibited to be installed in such area.

For a multi -family home with a private back courtyard and Single Family home: Arbor/Pergola is permitted that is constructed on the individual property at a max height of 10 feet for clearance, and that compliments the house color and materials. For a multi family home can not be attached to the building or fence. All arbors/pergola need to be approved by the DRC prior to installation.

A Design Review Submittal for arbor/pergola must include the following information:

- Material description and/or manufacture's literature
- Photos/Pictures
- Site plan or concept sketch with dimensions, elevations, and relation to home, property lines, set backs and easements
- Plan to scale showing location to home and property lines

AWNINGS OR EXTERIOR SHADES

An awning is a roof like shelter extending above a window, door, deck or patio and is commonly made of canvas or a similar durable material. Exterior shades look and feel like interior shades but are used on patios or decks to shade in peak sun times of day.

Awnings or exterior shade are permitted on homes for environmental purposes. Prior DRC approval is required prior to installation and the awning or exterior shade needs to adhere to the following guidelines 1) Professionally installed, 2) Color that compliments the home, 3) Height shall not exceed 10 feet over patio or deck and 4) Retractable.

A Design Review Submittal for awning or exterior shade must include the following information:

- Material description and/or manufacture's literature to be used
- Photos, pictures, sample, or swatch of material to be used
- Site plan or concept sketch showing dimensions, elevation and location of awnings on home.

TEMPORARY SHADE COVER OR STRUCTURE

A temporary shade cover or structures are a manufactured sun-shade cover used outdoors to provide temporary shade or cover and are commonly made of canvas or similar durable fabric. These systems are easily transported, assembled and stowed away. Only manufactured covers are permitted; make shift covers are not allowed. These temporary shade covers or shade structures are permitted to be used from May 1 – October 1. A temporary shade cover or structure require DRC approval only if the owner intends to leave up for prolonged period of time which would be considered a permanent accessory. Occasional use of temporary shade covers or structures for periods of 48 hours does not require approval. The temporary shade cover or structure need to also meet the following guidelines: For a multi family home shade covers or structure are not permitted in common landscape areas surrounding the building, in front courtyard and can not be attached to fence or building.

CARPORTS

Carports are not permitted in the Hyland Village Neighborhood.

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PLAY STRUCTURES

Play structures refer to, but not limited to, swing set, jungle gym, trampoline or similar play apparatus. For basketball hoops, see basket ball hoop section below.

For Multi-family. The common landscaped area surrounding the building is an important unifying element of the Neighborhood, so play equipment is prohibited in those areas

For a Single Family home or Multi family home with a back or side yard: Play structures are allowed in the back or side yards but need to be approved by the DRC and adhere to the following guidelines.

- Must be entirely within allowable building setback per the City.
- Located in rear or side yard, if space permits
- Height shall not exceed 10 feet

Portable playhouses are considered a toy and shall be stored in backyard away from public view

A Design Review Submittal for a play structure that does not meet the above guidelines must include the following information:

Material description and/or manufacture's literature

Photos/Pictures of play structure

Color of play structure

Site plan or concept sketch with dimensions, elevation and relation to home

TRAMPOLINES

For Multi-Family: The front yards and alleys of the Multi-Family are an important unifying element of the Neighborhood and due to City required setbacks trampolines are prohibited.

For Single Family Homes: Trampolines are allowed in back yards but need to be below five feet in height and shall be of neutral colors or darker earth tones.

BASKETBALL HOOPS

Basketball hoops are prohibited on streets, sidewalks, alleys and the driveway aprons due to safety issues. Multi-Family residents are encouraged to use basketball hoops located in parks. For single family homes basketball hoops are permitted in the individual driveways, (not driveway aprons) or back yards of detached single family homes or cottages, provided that they are maintained properly and in accordance with any applicable city codes. Portable basketball hoops need to be stored out of view when not in use.

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SOLAR PV SYSTEMS

Solar Photovoltaic (PV) Systems are used to absorb sunlight for electricity, or heat, as a component of a building's or home's overall energy system and a method of conserving energy. Homeowners are encouraged to incorporate energy conservation into their building/home systems but any Solar PV System must be specifically approved by the Association's Design Review Committee prior to installation by submitting an application to the Association per the guidelines below.

All Solar PV Systems must be designed and installed by a professional, licensed contractor. The Design Review Submittal needs to be accompanied by a plan that is "to scale" from the licensed contractor who will be installing the system with material and/or manufacture's description of system, photos/pictures of system and color of system.

The Owner submitting an application for approval of a single use Solar PV System must also submit a signed Single Use Agreement Regarding Solar PV System in the form attached hereto. If the Owner is submitting an application for approval of a shared use (two or more owners) Solar PV System then a signed, by all parties, Share Use Agreement Regarding Solar PV System must also be submitted. The Agreements will be recorded by the Association in the real property records of the county involved. The Owner submitting the application shall be responsible for payment of such recording costs, and the Association may require payment of the anticipated recording costs as a condition of approval.

Mounting: A Solar PV Systems array can either be "flush mounted" or "tilt mounted," as depicted below. However, in order to integrate the Solar PV System into the design of the home, the Solar PV Systems array must be flush mounted, that is, match the existing plane of the roof (parallel to roof line), unless on a flat roof. If installed on a flat roof, the array may be tilted to allow proper exposure to the sun provided that a letter is provided to the Design Review Committee from the solar professional involved explaining the need for a tilt mounted array.

Colors: Any component of the Solar PV System must integrate into the design of the homes. The color of the Solar PV System components should generally conform to the color of the roof shingles to the extent practical (for instance, black frames on dark colored shingles, silver frames on light colored shingles). Solar "shingles" which mimic the look of a composite shingle are acceptable but should match the color of the current roof shingles as much as practical.

Balance of Systems: Inverters and DC safety disconnects are typically mounted in the basement, garage, or near the electrical meter on the outside of a home. The safety disconnects are usually required by the local utility to be mounted next to the electrical meter. The Owner is required to obtain any City permits and electrical inspections required in connection with the Solar PV System. Conduit should be installed near a drain pipe or other existing runs from the roof to hide the conduit as much as possible.

Variance: In the event that compliance to these guidelines causes financial burden, then the homeowner seeking approval for a variance due to financial burden shall provide a minimum of two bids depicting the cost of installation of the solar systems in compliance with this policy and one depicting the desired alternative method. Variances may be granted if compliance with these guidelines would significantly increase the purchase price or operating cost of the Solar PV System or significantly decrease its performance or efficiency.

EVAPORATIVE COOLERS

Use of coolers which consume lower amounts of energy are encouraged, but not at the expense of the surrounding area. Therefore, rooftop coolers will be permitted only if they fit within a screened or louvered enclosure four foot by four foot by four foot (4' x 4' x 4') that is painted to match the roof color. In addition, all coolers shall be located behind and below the major roof peak so as not to be visible from the street located in front of the home. Any such coolers must be specifically approved by the DRC. Window coolers will not be allowed in the Community.

A Design Review Submittal for a cooler must include the following information:

- Material description and/or manufacture's literature
- Photos/Pictures of cooler
- Installation plan
- Site Plan showing location
- Design sketch showing skirt

AIR CONDITIONERS

All air conditioners must be professionally installed in the location of the pre-wiring for such unit provided by the Founder as part of the Homes' original construction. Window air conditioners are prohibited in the Community.

HOT TUBS

Hot tubs are prohibited on upper level decks/balconies/patios or within front yard. Hot tubs are permitted on lower level within a backyard but due to the negatively affect it could have on grading or drainage, all hot tubs need to be approved by the DRC and adhere to the following guidelines:

- Should drought or water restrictions be enforced by the City, the Owner will need to follow all such restrictions in regards to the running of their hot tub.
- All hot tubs to follow the established landscape design guidelines as well.
- All hot tubs shall be limited to thirty (30) inches above existing grade.
- The use of landscaping or a screening trellis may have to be used to minimize the visual connection from adjacent residences.

WATER FEATURE (Ponds, Fountains, etc.)

For Multi-Family. The common landscaped areas surrounding the building is an important unifying element of the Neighborhood so water features are prohibited to be installed by individual Multi-Family homeowners in the common areas.

For Single Family. It is important that all water features will not negatively affect the physical aesthetics or improvement or not adversely affect grading or drainage. Water features are permitted within the individual single family yards and need to adhere to the following guidelines and be approved by the DRC:

- Water features must use recycled water.
- Height – Can not be higher than 5 feet including any spouting water.
- Width – will be based on the size of the courtyard – water feature cannot expand beyond 15% of the total lot square footage.
- Should drought or water restrictions be enforced by the City the Owner will need to follow all such restrictions in regards to the running of their water feature.
- Underground water features will not exceed 2 feet in depth.

Design and Environmental Guidelines for Hyland Village

- All water features need to follow the established landscape design guidelines, including all grading and drainage requirements.
- All water features must be located at a minimum of five feet from the foundation of the existing residence.

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OUTDOOR KITCHENS, FIREPLACES & BBQ

All permanent outdoor kitchens & fireplaces need to be approved by the DRC prior to installation.

Portable fire places -- open flamed- (like chimaeas or other wood burning portable pits) do not need to receive DRC approval but are not permitted on upper level deck/balcony/patio per the Fire Code. Portable fireplaces/open flamed are only permitted under the Fire Code if they are placed 10 feet or more away from the building, are on ground level and are not covered by combustible materials (overhangs). This will be enforced by the Fire Department.

Portable grills or any other use of propane in accordance with International Fire Code, the use of any barbecue cookers and/or smokers, whether charcoal, LPG or compressed gas, inside of buildings, on roofs, on entry patios/decks (front porches) or on balconies is prohibited, subject to the following exceptions:

- (a) Electric barbecue cookers (no combustible fuels) are permitted, except on entry patios/decks (front porches)
- (b) Barbecue cookers properly installed and supplied by the building's natural gas system, if such exists, are permitted, except on entry patios/decks (front porches)
- (c) LPG gas barbecues having total container capacity of one pound of L.P. gas or less are permitted on a balcony or patio (up to two extra one pound LPG. gas containers may be stored on the balcony or patio), except on entry patios/decks (front porches).
- (d) LPG gas barbecues greater than one pound may be located on ground level patios if there are no combustible material located directly above or within ten (10) feet and is not located on entry patio/decks (front porches)

Portable grills and/or fire places can not be placed in any common area or limited common area maintained by the Association.

WINDOW WELL COVERS

For window wells visible to the public (front yards), window well covers are permitted to be installed that lay flat (not bubbled) on top of the window well without DRC approval. For all other window wells (not visible to the public) any window well cover is permitted without DRC approval.

PET DOORS

Pet doors are only permitted to be installed at a ground level, back door that opens to an enclosed fenced area. All permitted pet doors need to be professionally installed and maintained properly by the homeowner. Pet Doors are prohibited in the front of the individual home or above ground level.

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GUEST PARKING SPACE

For Single Family Homes Only:

Since parking is prohibited on alleys and aprons and some single family homes are located on only alleys and parks, parking slabs are allowed where those conditions exist as long as they meet the following requirements and receive prior approval from the DRC:

1. The parking slab is on the owner's property
2. The parking slab is used for guest parking only
3. The parking slab is not used for storage or permanent parking
4. The parking slab is constructed of engineered pavers that withstand traffic loads, so the pavers do not settle or crack
5. The parking slab does not exceed width of 9' x and length of 25'

ENVIRONMENTAL/LANDSCAPE GUIDELINES

For individual yards

All initial landscape plans not installed by the Founder, Builder or Developer need to be approved by the DRC. After the initial landscape plan is approved by the DRC, any additions, alteration or change in the initial approved landscape plan only need to be approved if there is a variance from the guidelines referenced below or if you are altering, adding or changing the landscaping maintained by the Association.

COMMON AREA LANDSCAPE

The landscape in the common area of the community to include parks, open space, right-a-ways, easements and tree lawns is a unifying element of the Community. Accordingly no one shall alter, add or change the common area landscaping.

For Multi-Family: The landscape surrounding the buildings is a unifying element of the building. Accordingly no one shall alter, add or change the common area surrounding the building.

INSTALLATION OF INDIVIDUAL LANDSCAPING

Each owner is responsible for completing individual landscaping within six (6) months of the initial closing, unless the initial closing occurs between September and December, in which case landscaping must be completed by June 30 of the following year. Homeowners need to control weeds and drainage in their individual yards.

Initial landscape plans and the following landscape elements need to be approved by the DRC. Other minor alterations do not require DRC approval unless there is a variance from the guidelines referenced below.

- Major landscape modifications (affecting in excess of 10% of the surface area of Lot0)
- Drainage modifications
- Grading Modification
- Water features (see above guidelines)
- Sculptures and Yard Ornaments

A Design Review Submittal for landscaping must include the following information:

- Site Plans or concept sketches with dimensions and relation to other key features, like the house, sidewalks, alley, etc.
- Material description, colors and/or Photos/Pictures

GENERAL

The landscaping should provide owners with attractive, interesting, comfortable, useful and environmentally-responsible outdoor living environments, using plants native to the Northern Colorado when possible. Arrangements of plant materials should complement the architecture, accenting entries, enframe windows and providing a setting for the height and mass of structures. Plant massing to create sheltered outdoor rooms associated with patios, porches and sitting areas should be considered. Principles of sustainability and water-wise landscaping should be incorporated in selection of materials, design and maintenance of landscapes. Environmentally-friendly materials should be used where possible.

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GRADING/DRAINAGE

No Owner may install improvements or alter grading to adversely affect drainage on any Lot. No Owner may alter, obstruct or obliterate any drainage swales, pans, easements, or channels located or installed on any Lot or Common Areas. Each Single Family owner shall maintain all gutters, downspouts and extensions within such Owner's Lot to insure that the gutters and downspouts remain in the down position and are free and clear of all obstructions and debris and that the water flow from such gutters and downspouts is directed away from the foundation and/or slabs on any improvement.

BACKFILL ZONE

Avoiding proper drainage away from your home is essential to minimize potential swelling of expansive soils that may exist on the Property. The five foot area surrounding the foundation of any structure may not be landscaped with live plant material that requires watering, unless a drip line system is installed following the guidelines as followed:

1. A 6 milliliter (minimum thickness) EDPM membrane must be installed at a minimum of six to eight inches below top of grade and covers that portion of the Backfill Zone where plants are installed
2. The EDPM must be sealed to the foundation of the home structure and have negative slope away from the foundation; and
3. If a drip line system installed, all connections for the drip line must be made out of the Backfill Zone.

Each Single Family homeowner is responsible for maintaining the proper grading of the Backfill Zone in their individual yard. The Association is responsible for maintaining proper grading of the Backfill Zone within common areas.

GENERAL PLACEMENT

Landscape materials should be strategically placed to buffer the home from winter winds (predominantly north and northwest), allow solar exposure in the winter, and provide shade in the summer.

TURF

Turf grass shall be limited to areas that are most heavily used and which are central organizing spaces. No more than 45% of the total landscaped area on any lot shall be in irrigated turf grass. Artificial turf may be allowed but must be approved by the DRC prior to installation and a sample of the artificial turf supplied with the Design review Submittal.

ROCK

Area of gravel or rock shall be restricted to the brown, gray, or Colorado sandstone. Color ranges with red, white, or black stone gravel or rock specifically prohibited. Rock, gravel mulch and/or similar materials shall not take up more than 20% of the landscape areas (exclusive of the portion occupied by the house, sidewalk, original driveway, swales/drainage, Backfill Zone, and areas that are unusable and not visible from street or alley)

ZONES

The landscape should be arranged in zones of progressively less water use. This allows for the maximum efficiency of applied irrigation water, with the drier zone benefiting from potential overspray, runoff and ground moisture from the adjacent higher water use zone.

WATER USE

No landscape zone should be designed to require more than 22 inches of supplemental irrigation water in an average year (averaging out to approximately 18 gallons/square foot during the growing season), which is equivalent to what turf type tall fescue grasses needs to thrive in your yard.. Hydric (or moisture-loving) plants should only be placed in depressions and other areas where they will naturally receive more moisture as described above.

LANDSCAPE EDGES

Edges of residential should blend with the adjacent parcel. Harsh lines or the edges of properties, such as abrupt changes in mulch type or plant material placed in an obvious line, should be avoided. Adjacent to open space areas the landscaping should be varied in height and density so as to avoid a total screen appearance. Instead, the landscape treatment should provide view openings between the private yards and the open space.

FLOWER AND VEGETABLE GARDENS

Flower and vegetable gardens are allowed

LANDSCAPE MAINTENANCE

In an effort to maintain the environmental ethic of the Neighborhood, the following performance standards shall be followed by Owners with respect to maintenance of their residential landscaping:

Overspray or excess runoff of irrigation water shall be avoided.

Watering Hours Outside watering shall be limited to the hours of 6:00 p.m. to 10 a.m., except when necessary to establish new landscaping.

Pesticides/Fertilizers The use of pesticides and fertilizers shall be limited to the minimum amount required to establish and sustain the plants. Owners should rely more on adequate soil growing medium preparation, aeration, top dressing with compost, deep and slow watering, variation in species, mulches and other design and maintenance practices, and less on chemical applications.

Mulching mowers are encouraged since they help in fertilization and reduce waste. If clippings are not mulched back onto the grass, recommend they be collected and composted, either by the Owner or as part of a yard waste recycling program.

Noxious Weeds All landscapes shall be maintained to eliminate noxious weeds and hazards. Turf grass should generally be mowed to maintain a uniform appearance. Naturalized grass or meadow grasses do not need to be mowed, except as desired to control weeds or distribute seed heads.

DESIGN REVIEW COMMITTEE PROCEDURES

The DRC shall consist of at least three, but not more than seven persons, who shall serve and may be removed and replaced in the Board's discretion. DRC members need not be Owners or representatives of Owners. The DRC may, but need not, include landscape, architects, engineers, or similar professionals. The Association may compensate DRC members in such manner and amount, if any, as the Board may determine appropriate. The Board will act as the DRC until a DRC is appointed.

The DRC will serve a term of three years each, except the initial DRC which will serve the terms of one year, two years and three years.

The DRC will appoint a chairperson.

The initial DRC will attend training with the Board of Directors.

The Board will appoint one Board Member to attend the DRC meetings and be the contact for the DRC. The DRC will have in attendance at each Board Meeting one representative of the DRC.

The DRC will meet on an as needed basis at the most on a monthly basis with a majority of the members present.

The Association's Management Company will receive the application and review for completeness. If the application is not complete, the Association's Management Company will forward the application back to the homeowner noting the missing information.

At the time the application is complete the Association's Management Company will forward the complete application to the DRC for review. The DRC will review the application and either 1) approve the application with a completion date, 2) approve it with stipulations and a completion date, or 3) rejects it with specific reasons for rejection and suggestions that would lead to acceptance. *All decisions must be in writing and two signatures required by either two DRC members or two Board Members or one Board Member and one DRC member.

The DRC may grant variances as long as it is presented and approved by the Board and during the Development and Sales Period the Founder. The variance needs to be presented with a full explanation of the situation and why they chose to grant a variance in writing.

A majority vote of the DRC members present at the meeting constitutes action by the DRC. In the event of a tie vote, the request shall be treated as having been denied.

The DRC shall have the right to disapprove any application which is not suitable or desired for aesthetic or other reasons.

The Association's Management Company will maintain a record of submittals with date received, a record of actions taken and date response was sent. Immediately after receipt of the decision, the Association's Management Company will forward the response back to the homeowner and a copy of the response and application to the DRC.

If the DRC can not make a decision within 30 days of receipt of the complete application, the homeowner will be informed of the delay.

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If approved, the homeowner can complete the approved improvements or changes.

If denied or if the homeowner doesn't accept stipulations, the homeowner may appeal to the Board of Directors by resubmitting the application to the Association's Management Company within 15 days after the decision of the DRC. The decision of the Board of Directors shall be final and binding. See appeals section below

If any member of the DRC or Board lives next to or across the street from a homeowner requesting DRC approval must abstain from voting due to conflict of interest

The DRC will meet on an annual basis to evaluate and review process, submittal forms, guidelines and other organizational components of the Design Review process and submit any recommended changes or amendments to the Board of Directors for review and approval.

APPEALS

After the Board's appointment of the DRC, an applicant may appeal any disapproval of its application to the Board, or any terms and conditions the DRC has imposed on its approval. To request an appeal, the applicant must submit to the Board through the Management Company, no later than 15 days after the delivery of the notification of the DRC's approval or disapproval, a copy of the original application, the notification of disapproval or approval, and a letter requesting review of the decision. The appeal request shall also describe the specific actions or terms or conditions of the DRC that are being appealed, and the grounds for such appeal. The Board may (i) affirm the DRC's decision, (ii) affirm a portion and overturn a portion of the DRC's decision, (iii) impose or delete terms and conditions or (iv) overturn the DRC's entire decision. The Board shall notify the applicant and the DRC in writing of its decision no later than 30 days after its receipt of the request for appeal with all required information. The Board's decision shall include a description of its reasons for its actions. During the appeal process the Owner shall not commence any work requiring approval hereunder.

GENERAL STANDARD

The DRC shall approve plans and specifications submitted for its approval only if it deems that: (1) the proposed structure or improvement will not be detrimental to the appearance of the Neighborhood as a whole; (2) the structure or improvement complies with the Design and Environmental Guidelines; (3) the appearance of such structure or improvement will be in harmony with the surrounding structures; (4) such structure or improvement will not detract from the beauty and attractiveness of the Neighborhood; and (5) the structure and improvement will be consistent with the Community Wide Standard, as defined in the Charter.

CONDITIONAL APPROVAL

The DRC may condition its approval upon any or all of the following: (1) the Applicant furnishing the Association with a Security Deposit as described in the Charter; (2) such changes in the proposal as the DRC considers appropriate; and (3) completion of the proposed work by a date certain.

No approval, whether expressly granted or deemed granted pursuant to the foregoing, shall be inconsistent with the Association Design Guidelines unless a variance has been granted in writing by the DRC. All decisions must be in writing and two signatures required by either two DRC members or two Board Members or one Board Member and one DRC member.

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NO WAIVER

The people reviewing applications under this chapter will change from time to time, and opinions on aesthetic matters, as well as interpretation and application of the Guidelines, may vary accordingly. It may not always be possible to identify objectionable features until work is completed. In such cases, the Reviewer may elect not to require changes to objectionable features. However, the Reviewer may refuse to approve similar proposals in the future. Approval of applications or plans shall not constitute a waiver of the right to withhold approval as to any similar applications, plans, or other matters subsequently or additionally submitted for approval.

INSPECTIONS

The DRC may make periodic inspections of the Homes in order to ensure compliance with these Design Guidelines and any existing DRC approvals.

VARIANCES

When unusual circumstances exist that make it difficult to comply with a particular requirement of the Guidelines, the Owner may file a request with the DRC to be excused from complying with such requirement. The DRC may authorize variances from compliance with any of the Guidelines and any procedures when circumstances such as topography, natural obstructions, hardship, or aesthetic or environmental considerations require or justify a variance; however, the Reviewer is not obligated to grant a variance under any circumstances. No variance shall (a) be effective unless in writing; or (b) prevent the Reviewer from denying a variance in other circumstances. A variance requires the Board of Director's written consent and during the Development and Sales Period the Founder's written consent.

AMENDMENTS

The Guidelines may be amended by the Board of Directors or the DRC with Board approval. Amendments to the Guidelines shall apply prospectively only. They shall not require modifications to or removal of any structures previously approved once the approved construction or modification has begun. However, any new work on such structures must comply with the Guidelines as amended. There shall be no limitation on the scope of amendments to the Guidelines, and such amendments may eliminate requirements previously imposed or otherwise make the Guidelines less restrictive.

LIMITATION OF LIABILITY

This chapter establishes standards and procedures as a mechanism for maintaining and enhancing the overall aesthetics of the Community; they do not create any duty to any Person. Review and approval of any application pursuant to these guidelines and the Charter may be based purely on aesthetic considerations. The Reviewer is not responsible for the structural integrity or soundness of approved construction or modifications, for compliance with building codes and other governmental requirements, or for ensuring that all dwellings are of comparable quality, value, size, or design, or are aesthetically pleasing or otherwise acceptable to other Owners. The Founder, the Association, its officers, the Board, any committee, and any member of any of the foregoing, shall not be liable for (a) soil conditions, drainage, or other general site work; (b) any defects in plans revised or approved hereunder; (c) any loss or damage arising out of the action, inaction, integrity, financial condition, or quality of work of any contractor or its subcontractors, employees, or agents, whether or not the Founder has approved or featured such contractor as a builder in the Community; or (d) any injury, damages, or loss arising out of the manner or quality or other circumstances of approved construction on or modifications to

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any Home. In all matters, the Association shall defend and indemnify the Board, the DRC, and the members of each, as provided in the By-Laws.

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CERTIFICATION OF COMPLIANCE

Any Owner may request in writing that the Reviewer issue a certificate of compliance certifying that there are no known violations of this chapter or the Guidelines. The Association shall either grant or deny such written request within 30 days after receipt and may charge a reasonable administrative fee. Issuance of such a certificate shall prevent the Association from taking enforcement action against an Owner for any condition known to the Association on the date of such certificate.

"HOW TO" Fill Out Your Design Review Application

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The Association wants to make you feel at ease with your new home and any improvements you may want to perform. This "how to" is designed to help you with understanding the Association's Design Review Application Form and Process. Before work is commenced on any activity requiring the Association's DRC approval, the person seeking permission for such work ("the Applicant") shall submit the original and one copy of the Design Review Application included and the following information. Please use this checklist when filling out your application and preparing your submittal to the DRC because you will find that the DRC will be using the same checklist in order to respond to your application. If the DRC does not receive a complete application— all information they need to make a decision- the DRC will have to send the application back to the applicant without an approval and ask for more information. Thank you for your cooperation. **Before completing your Design Review Request please read the Design Guidelines in there entirety**

1. ☐ Name, Address, Phone Number, E-mail and Signature of the Applicant
2. ☐ Check appropriate item for review. **If requesting a variance from required guidelines or rules and regulations please indicate what the exact variance is that you are requesting.
3. ☐ Color and type of construction materials of proposed improvement or structure. If a change in the original structure's materials or color, provide a sample.
4. ☐ Vendor or Contractor to be used with contact information
5. ☐ Dimensions of structure or improvement— width, height, depth and length of all elements
6. ☐ At what grade —at original grade, below grade by how much or above grade by how much
7. ☐ Improvement Location Survey (Please note that an Improvement Location Certificate ("ILC") has been provided to each purchaser with the closing documents. A copy of this would work well for a DRC submittal showing to scale location of the proposed improvement or structure. Setback dimensions should be to all lot boundaries and relationship to allowable building envelopes and the house. Also show the size of the proposed structure or improvement.
8. ☐ A brief narrative description of the proposed structure or improvement to include what surrounds it. For example if applying for an awning what color is your house?
9. ☐ Include the section of the Design Guidelines that addresses your propose improvement or structure.

Design and Environmental Guidelines for Hyland Village

Design Review Form
ATTACHED

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Hyland Village
Design Review Request Form

NAME: _____

ADDRESS: _____

Home Phone: _____ Work Phone: _____

E-mail: _____

The following type of improvement/change is hereby requested

(Check one and circle applicable item or write in):

*Design Review Committee approval only required if deviating from the original installed material, color, location or type

**Variance from required guidelines or rules and regulations

- | | |
|---|---|
| <p><input type="checkbox"/> Exterior Materials* -Siding, Roof, Windows, Window Frames, Color _____</p> <p><input type="checkbox"/> Doors, Light Fixtures on the exterior home* (Rowhomes ONLY)</p> <p><input type="checkbox"/> Any penetration to the building for attached products (Rowhomes ONLY)</p> <p><input type="checkbox"/> Solar Collectors/Evaporative Coolers</p> <p><input type="checkbox"/> Air Conditioning* (window units are not permitted)</p> <p><input type="checkbox"/> Satellite Dishes**</p> <p><input type="checkbox"/> Seasonal/Security Doors**</p> <p><input type="checkbox"/> Common Area Landscaping (alteration or addition)</p> <p><input type="checkbox"/> Change in grade</p> <p><input type="checkbox"/> Deck</p> <p><input type="checkbox"/> Patio**</p> <p><input type="checkbox"/> Screen/Trellis** (prohibited at the Rowhomes)</p> <p><input type="checkbox"/> Awnings</p> <p><input type="checkbox"/> Addition/deletion of square footage including balcony</p> <p><input type="checkbox"/> Exterior deck/balcony*</p> <p><input type="checkbox"/> Additional structure -Shed, Play Equipment, Green House, Gazebo, Other _____ (prohibited at the Rowhomes)</p> <p>Other _____</p> | <p><input type="checkbox"/> Landscaping</p> <p><input type="checkbox"/> Water Feature</p> <p><input type="checkbox"/> Wall</p> <p><input type="checkbox"/> Fence</p> <p><input type="checkbox"/> Arbor/Pergola** (prohibited at the Rowhomes)</p>
<p><input type="checkbox"/> Architectural style change</p> |
|---|---|

Note: If more than one type of improvement is requested, describe all using additional sheet as necessary.

Describe Improvement: (attach a picture, drawing, site plan, brochure, etc. of the proposed improvement)

Proposed Completion Date: _____

I/We understand that approval of the Design Review Committee is required in advance to proceed. I/We also understand that the Design Review Committee approval does not constitute approval of the local City/County building departments and that a Building Permit may be required. I/We agree to complete all proposed improvements promptly after receiving Design Review approval. Completion of Improvement is required by the proposed date shown above. I/We have read these instructions and shall comply accordingly.

Homeowner Signature _____ Date _____

If you have not received written notice confirming receipt of this application seven days following submission, please contact Hammersmith Management Inc.

FOR OFFICE USE ONLY

Date Received _____

Hyland Village Association DRC ACTION: **Approved** **Approved subject to** **Denied because:**

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Design Review Committee Member Signature _____ Date: _____
Print Name: _____

Design Review Committee Member Signature _____ Date _____
Print Name: _____

South Office

12200 E. Briarwood Ave., Ste. 160
Centennial, Colorado 80112

Main Office

DTC Parkway, Ste#900
Greenwood Village, CO 80111

North Office

11990 Grant Street, #305
Northglenn, Colorado 80233

PHONE 303-980-0700

www.e-hammersmith.com

FAX 303-980-0576

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AGREEMENT REGARDING SOLAR PV SYSTEM

(Single User Systems)

This Agreement, dated this ____ day of _____, 20 __, is between the Hyland Village Association (the Association") and

_____, (the "Owner", whether one or more) who owns the home (the "Home") having a street address of _____, Colorado, located on the lot/property described on Exhibit A attached hereto (the "Lot"). At Owner's request, the Association has approved installation of a solar photovoltaic system (the "Solar System") on the roof of the Home, subject to the agreements of the Owner as set forth in this Agreement.

1. Location. The Solar System must be located entirely within the boundaries of the Lot. If the Home is an attached home within a building containing other homes (e.g. townhome or rowhome), the Solar System panels must be located entirely within the area of the roof that is intersected by the exterior walls of the Home extended upward through the plane of the roof.

2. Compliance with Approvals. The Solar System as installed must conform to the Solar System as approved by the Association. Any changes to the location, configuration, color or other elements of the Solar System (or than replacements with like material) must be approved in writing by the Association. Owner must obtain any city permits and inspections required in connection with the Solar System.

3. Maintenance. The Owner is solely responsible for all maintenance, repair and replacement of the Solar System. The Owner shall maintain the Solar System in a good and operable state of repair. If the Association ever needs access to the portion of the roof of the Home impacted by the solar system in order to make repairs thereto or to other common areas, the Owner shall remove and re-install the solar panels in a timely manner at the Owner's sole cost and expense.

4. Removal. If the Solar System is ever inoperable for more than 120 consecutive days, the Association may require the Owner to remove the Solar System and return all affected areas to their original condition within sixty (60) days of the Owner's receipt of a written demand for such action from the Association. If the Owner fails to comply within such period, the Association may undertake such removal and bill the costs (together with a management fee of 25% of such costs) to the Owner. If not paid within thirty days of the Owner's receipt of such of an invoice from the Association, the invoiced amounts shall bear interest at the rate of 18% per annum and may be assessed and collected by the Association from the Owner as a specific assessment, and the Association shall have a lien on the Home for such amounts.

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4. Insurance. The Owner shall obtain and maintain property and casualty insurance on the Solar System.

5. Indemnification. The Owner shall be responsible for any and all damages to Association property or to other homes or property caused by the Solar System, regardless of the negligence of the Owner. The Owner shall indemnify and hold the Association and the owners of other units in the same building harmless from and against any and all claims, damages, liability, or injuries caused by or related to the Solar System.

6. Shared Systems. For attached homes, if the Owner and the owner(s) of homes in the same building ever desire to install and maintain a Solar System that extends across their respective properties, they may do so provided that (a) they obtain the written approval from the Association for such system, and (b) they execute, record and provide the Association a copy of a sharing agreement in the form provided or approved by the Association setting forth their respective rights and responsibilities with respect to such shared system.

7. Binding of Future Owners. This Agreement shall be recorded, at the Owner's expense, in the real property records of the County (or City and County) in which the Home is located. This Agreement is intended to, and shall be a covenant binding on the current Owner and all subsequent owners of the Home (all of which are included in the term "Owner"), and shall bind and benefit the parties hereto and their respective heirs, personal representatives, successors and assign forever.

Executed as of the date first set forth above.

HYLAND ASSOCIATION

By: _____
Its President

OWNER(S):

EXHIBIT A

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[SET FORTH THE LEGAL DESCRIPTION OF THE SUBJECT PROPERTY]

AGREEMENT REGARDING SHARED SOLAR PV SYSTEM

(Multiple User Townhomes/Rowhomes System)

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WHEREAS, _____ (the "First Owner", whether one or more) owns the townhome or rowhome located in _____, Colorado having a street address of _____ and located on the lot or property described on Exhibit A attached hereto (the "First Unit");

WHEREAS, the First Owner has or is planning on installing a solar photovoltaic system (the "Subject Solar System") on the roof of the building in which the First Unit is located to produce electricity for the benefit of the First Unit;

WHEREAS, _____ (the "Second Owner, whether one more) owns the townhome or rowhome having a street address of _____, Colorado located on the lot or property described on Exhibit B attached hereto (the "Second Unit") that is located in the same Building as the First Unit, and desires to expand and participate in the Subject Solar System so that it will also produce electricity for the benefit of the Second Unit;

[IF A THIRD OR FOURTH OWNER DESIRES TO PARTICIPATE ADD ADDITIONAL RECITALS LIKE THOSE ABOVE];

WHEREAS, the First Owner, Second Owner, _____ (collectively the "Participating Owners") desire to enter into this Agreement in order to set forth their respective rights and responsibilities with respect to the Subject Solar System;

THEREFORE, the parties agree as follows:

1. Pro-Rata Share. Each Participating Owner shall have the following undivided interests in the Subject Solar System (the "Pro Rata Shares"):

First Owner	_____ %
Second Owner	_____ %
[Third Owner	_____ %]
[Fourth Owner	_____ %]

2. Compliance with Approvals. The Subject Solar System panels must be located entirely within the area of the roof of the Building that is intersected by the exterior walls of the Participating Owners units extended upward through the plane of the roof. The Subject Solar System must conform to the Subject Solar System plans approved by the Association. Any changes to the location, configuration, color or other elements of the Subject Solar System (or than replacements with like material) must be approved in writing by the Association. The Participating Owners must obtain any city permits and inspections required in connection with the Solar System.

Design and Environmental Guidelines for Hyland Village

3. Maintenance. The Participating Owners are solely responsible for all maintenance, repair and replacement of the Subject Solar System. The Subject Solar System shall be maintained in a good and operable state of repair. If the Association ever needs access to the portion of the roof of the Building impacted by the Subject Solar System in order to make repairs thereto or to other common areas of the Building, the Participating Owners shall remove and re-install the solar panels in a timely manner at their sole cost and expense.

4. Rights among Participants. The Participating Owners shall have undivided interests in, rights to, and responsibility for the Subject Solar System in the proportion of their Pro Rata Shares. The costs and expenses of maintaining, operating, repairing, replacing and removing the Subject Solar System shall be borne by the Participating Owners in accordance with their Pro Rata Shares. Each Participating Owner shall have a right of contribution from the other Participating Owners for their Pro Rata Share of the expenses of the installation, repair, replacement and removal of the Subject Solar System.

5. Removal. If the Subject Solar System is inoperable for more than 120 consecutive days, the Association may require the removal of the Subject Solar System and the return of all affected areas to their original condition within sixty (60) days of the Participating Owners' receipt of a written demand for such action from the Association. If such Owners fail to comply within such period, the Association may undertake such removal and bill the costs (together with a management fee of 25% of such costs) to such Owners. If such invoice is not paid within thirty days, the invoiced amounts shall bear interest at the rate of 18% per annum and may be assessed and collected by the Association from such Owners as a specific assessment, and the Association shall have a lien on their Units for such amounts.

6. Insurance. The Participating Owners shall obtain and maintain property and casualty insurance on the Solar System with respect to their Pro Rata Share thereof.

7. Rights of Non-Participating Owners. The owner of other units within the Building (the "Non-Participating Owners") shall have no obligations or liability with respect to the Subject Solar System. The Non-Participating Owners shall have no right to participate in or expand the Subject Solar System without the written consent of the Participating Owners, except as set forth in Section 9 below. If a Non-Participating Owner desires to share in or expand the Subject Solar System, (as opposed to installing his own system) such Non-Participating Owner and the Participating Owners shall execute and amend an appropriate amendment to this Agreement to set forth their resulting Pro Rata Shares. All parties are encouraged to merge their respective systems, or agree upon a unified system to avoid duplication of efforts.

8. Sharing of Conduits. If economically and technically feasible, and to avoid the unsightly and costly duplication of facilities, the Association may require that conduits or other aspects of the Subject Solar System be sized and made available for the use of Non-Participating Owners who may elect to install their own solar systems in the future. The Association may require appropriate cost reimbursement from any Non-Participating Owner seeking to share such facilities.

9. Indemnification. The Participating Owners shall be responsible for any and all damages to Association property or any other units within the Building caused by the Subject Solar System, regarding the negligence of the Participating Owners. They shall also shall indemnify and hold the Association and the owners of other units in the

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Building harmless from any and all claims, damages, liability, or injuries caused by or related to the Subject Solar System. Each Participating Owner shall have a right of contribution from the others to the extent of any payments or obligations beyond their respective Pro Rata Share, and subject to other allocation based on the concept of contributory negligence or other equitable doctrines.

10. Amendment. This Agreement may be amended only by the execution and recordation of a written amendment signed by the then owners of all units participating in the Subject Solar System.

11. Binding on Future Owners. This Agreement shall be recorded, at the Participating Owners' expense, in the real property records of the County (or City and County) in which the Building is located. This Agreement is intended to, and shall be a covenant binding on the current Participating Owners and their respective units, and all subsequent owners of such units, and shall bind and benefit the parties hereto and their respective heirs, personal representatives, successors and assign forever.

12. Third Party Beneficiary. The Association is an intended and express third party beneficiary of this Agreement.

Executed as of the date first set forth above.

FIRST OWNER:

SECOND OWNER:

[THIRD OWNER]

[FOURTH OWNER]

EXHIBIT A

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[SEE ATTACHED LEGAL DESCRIPTION OF FIRST UNIT]

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EXHIBIT B

[SEE ATTACHED LEGAL DESCRIPTION OF SECOND UNIT]

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EXHIBIT "F"

MAP OF VOTING DISTRICTS

See attached

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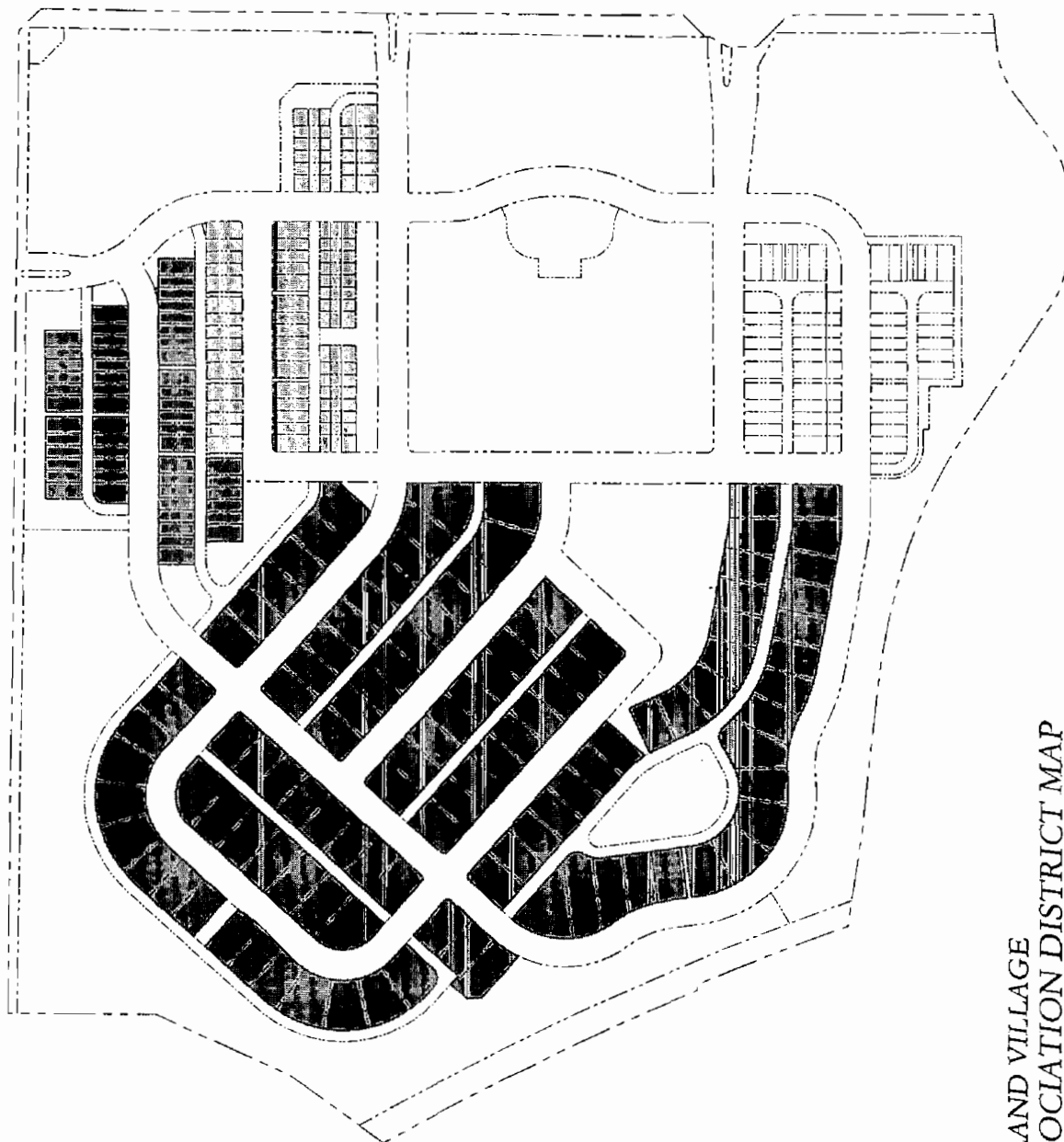


05/31/07

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HYLAND VILLAGE ASSOCIATION DISTRICT MAP

1" = 300'



LEGEND

- DISTRICT 1
- DISTRICT 2
- DISTRICT 3
- DISTRICT 4
- DISTRICT 5

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EXHIBIT "G"

"RECREATIONAL FACILITIES FUND FEE PROCEDURES"

1. **Assessable Transfers.** Upon the occurrence of any Transfer, as defined below, the Transferee (e.g. the purchaser) under such Transfer shall pay to the Association a Recreational Facilities Fund Fee equal to the Fair Market Value, as defined below, of the Residence (as defined in the Charter) subjected to such Transfer, multiplied by the Real Estate Transfer Assessment Rate.

2. **Definitions.** For purposes of this Exhibit G, the following terms shall have the following meanings:

(a) "Real Estate Transfer Rate" shall mean 0.5% (one-half of one percent).

(b) "Transfer" shall mean and include, whether in one transaction or in a series of related transactions, any conveyance, assignment, lease for period of more than thirty years, or other transfer of legal or beneficial ownership of any Residence, including but not limited to (a) the conveyance of fee simple title to any Residence, (B) the transfer of more than 50% of the outstanding shares of the voting stock of a corporation which, directly or indirectly, owns one or more Residences, and (C) the transfer of more than 50% of the ownership interest or interest in net profits or net losses of any partnership, joint venture, limited liability company or any other entity which, directly or indirectly, owns one or more Residences, but "Transfer" shall not mean or include the transfers excluded under Section 3 below.

(c) "Transferee" shall mean and include all parties to whom any interest passes by a Transfer, and each party included in the term "Transferee" shall have joint and several liability for all obligations of the Transferee.

(d) "Fair Market Value." In the case of a Transfer that is in all respects a bona fide sale, "Fair Market Value" shall mean the consideration, as such term is defined below, given for the Transfer of a Residence. In that case, the Fair Market Value would be the purchase price for the Residence. In the case of a Transfer that is a lease or is otherwise not in all respects a bona fide sale, "Fair Market Value" shall be determined by the Association. A Transferee may make written objection to the Association's determination within 15 days after the Association has given notice of such determination, in which event the Association shall obtain an appraisal, at the Transferee's sole expense, from a real estate appraiser of good reputation, who is qualified to perform appraisals in Colorado, who is familiar with Jefferson County real estate and which appraisal shall be binding on both the Association and the Transferee. The above provisions to the contrary notwithstanding, where the Transferee does not make a full report of a Transfer within 15 days after the time required by Section 4 of this Exhibit G, the Transferee shall be determined to have waived all right of the objection concerning Fair Market Value, and the Association's determination of such value shall be binding on all parties.

(e) "Consideration" shall mean and include the total of the money paid and the Fair Market Value of any property delivered, or contracted to be paid or delivered, in return for the Transfer of any Residence, and includes the amount of any note, contract indebtedness or rental payment reserved in connection with such Transfer, whether or not secured by any lien, mortgage or other encumbrance given to secure the Transfer price, or any party thereof, or remaining unpaid on the property at the time of Transfer, whether or not assumed by the Transferee. The term "Consideration" does not include the amount of any outstanding lien or encumbrance for taxes, specific benefits or improvements, in favor of the United States, the State of Colorado or a municipal or quasi-municipal governmental corporation or special district.

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3. Exclusions. The Recreational Facilities Fund Fee shall not apply to any of the following, except to the extent that they are used for the purpose of avoiding the Recreational Facilities Fund Fee:

(a) Any Transfer to the United States, or any agency or instrumentality thereof, the State of Colorado, any city, county, municipality, special district or other political subdivision of this State.

(b) Any Transfer to the Association, its successors or assigns.

(c) A Transfer of a Lot upon which a Residence has not yet been completed, with the intent that the Transferee will construct a home thereon for sale to a third party homebuyer (but the subsequent sale of the resulting Residence shall not be excluded).

(d) Any Transfer, whether outright or in trust, that is for the benefit of the Transferor or his relatives, but only if there is not more than nominal consideration for the Transfer. For the purposes of this exclusion, the relatives of a Transferor shall include all lineal descendants of any grandparent of the Transferor, and the spouses of the descendants. Any person's stepchildren and adopted children shall be recognized as descendants of that person for all purposes of this exclusion. For the purposes of this exclusion, a distribution from a trust shall be treated as a Transfer made by the grantors of the trust, in the proportions of their respective total contributions to the trust.

(e) Any Transfer arising solely from the termination of a joint tenancy or the partition of property held under common ownership, except to the extent that additional consideration is paid in connection therewith.

(f) Any Transfer or change of interest by reason of death, whether provided for in a will, trust or decree of distribution.

(g) Any Transfer made (A) to a corporation or by a corporation to the extent that no consideration is given other than issuance, cancellation or surrender of the corporation's stock, or (B) by a partner, member or a joint-venturer to a partnership, limited liability company or a joint venture to the extent that it is in exchange for an equity interest in such partnership, limited liability company or joint venture, or by a partnership, limited liability company or joint venture to a partner, member or joint-venturer to the extent that it is in exchange for (or redemption of) an equity or ownership interest in such partnership, limited liability company or joint venture.

(h) Any Transfer made solely for the purpose of conforming, correcting, modifying or supplementing a Transfer previously recorded, making minor boundary adjustments, removing clouds on titles or granting easements, rights-of-way or licenses, and any exchange of Residences between Founder and any original purchaser of a Residence from the Founder or one or more Residences being transferred to the Founder and/or such original purchaser in such exchange. To the extent that consideration in addition to previously purchased Residences is paid to the Founder in such an exchange, the additional consideration shall be a Transfer subject to assessment. To the extent that the Founder, in acquiring by exchange Residences previously purchased from the Founder, pays consideration in addition to transferring Residences, the amount of such additional consideration shall be treated as reducing the original assessable Transfer and shall entitle an original purchaser from the Founder, who exchanges with the Founder Residences previously purchased from the Founder, to a refund from the Association of the amount of the Recreational Facilities Fund Fee originally paid on that portion of the original Transfer. 137

(i) Any Transfer pursuant to any decree or order of a court of record determining or vesting title, including a final order awarding title pursuant to a condemnation proceeding, but only where such decree or order would otherwise have the effect of causing the occurrence of a second assessable Transfer in a series of transactions which includes only one effective Transfer of the right to use or enjoyment of a Residence.

(j) Any lease of any Residence (or assignment or transfer of any interest in any such lease) or a period of thirty years or less.

(k) Any Transfer solely of minerals or interests in minerals.

(l) Any Transfer to secure a debt or other obligation or to release property which is security for a debt or other obligation, including but not limited to a Transfer made in lieu of foreclosure of a deed of trust or mortgage.

The Board may determine to exclude certain other types of non-routine transfers or transactions, in addition to those described above, from time to time, provided that such policy is adopted in writing and uniformly applied.

4. Payment and Reports. The Recreational Facilities Fund Fee shall be due and payable by the Transferee to the Association at the time of the Transfer giving rise to such Recreational Facilities Fund Fee. With such payment the Transferee shall make a written report to the Association on forms prescribed by the Association, fully describing the Transfer and setting forth the true, complete and actual consideration for the Transfer, the names of the parties thereto, the legal description of the Residence transferred and such other information as the Association may reasonably require.

5. Recreational Facilities Fund Fee Lien. Any Recreational Facilities Fund Fee owed with respect to a Transfer of a Residence shall be a charge and continuing lien on the Residence so transferred until payment of the Recreational Facilities Fund Fee owed with respect to such Transfer, and may be enforced and foreclosed in the manner set forth in the Charter with respect to Annual Assessments.