

PROTECTIVE RESTRICTIONS, COVENANTS, LIMITATIONS,
EASEMENTS AND APPROVALS FOR THE SANCTUARY

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PROTECTIVE RESTRICTIONS, COVENANTS, LIMITATIONS,EASEMENTS AND APPROVALSFORTHE SANCTUARY

A Subdivision within the City of Steamboat Springs, Colorado

RECITALS

Country Club Highlands Partnership, a Colorado general partnership (the "Declarant") is the owner of certain real property located in Routt County, Colorado on which Declarant intends to develop a planned residential community to be known as The Sanctuary. Portions of such property have been subdivided and platted and are known as The Sanctuary, Filing No. 1 and The Sanctuary, Filing No. 2, according to the plats filed on MAR 20, 1992, in File 11430 and File 11431 of the official records of the Clerk and Recorder of Routt County, Colorado. The Sanctuary is a planned community which does or may hereafter contain common area and other common facilities for the benefit of the owners of interests in real property within The Sanctuary and their tenants, guests and invitees. Declarant desires to provide a framework of mutual rights and obligations for the benefit of residents within The Sanctuary, for the preservation of quality of life, amenities and aesthetic and environmental values in The Sanctuary, and for the maintenance, management, operation and improvement of common areas and property interests owned by the Association. To these ends, Declarant now desires to subject The Sanctuary to this Declaration and to the covenants, restrictions, easements, limitations, approvals, terms, conditions, uses, reservations and obligations hereinafter set forth, each and all of which is and are for the specific benefit of The Sanctuary and each owner of real property therein.

Declarant has reserved the right to annex to this Declaration all or any portion of the real property described on Exhibit A and other real property contiguous to The Sanctuary at the time of annexation. References in this Declaration to The Sanctuary shall include the property included in The Sanctuary, Filing No. 1, The Sanctuary, Filing No. 2 and any additional property subsequently annexed to this Declaration.

DECLARATION

Declarant HEREBY PUBLISHES AND DECLARES that the following restrictions, covenants, limitations, easements, approvals, terms, conditions, uses, reservations, and obligations shall be deemed to run with The Sanctuary, shall be a burden and a benefit to Declarant, its successors and assigns, and to any person acquiring or owning an interest in any real property within The Sanctuary and their grantees, successors, heirs, executors, administrators, devisees and assigns, except that this Declaration shall not run with any property or property interests that is released from this Declaration as herein provided, and from and after any such release shall not either burden or benefit the owner or owners of such released property or property interest, their grantees, successors, heirs, executors, administrators, devisees or assigns.

1. Definitions. As used in this Declaration, the following terms shall have the meanings set forth below:

(a) "Association" shall mean The Sanctuary Homeowners Association, a Colorado nonprofit corporation.

(b) "Building codes" shall mean the applicable building codes, laws, regulations and ordinances in effect at the time in question governing the construction, alteration, maintenance or use of structures.

(c) "Building envelope map" shall mean with respect to The Sanctuary, Filing No. 1 and The Sanctuary, Filing No. 2 that certain map indicating the area on each lot within which structures may be located, filed in File No. 11420 and 11421 of the Routt County, Colorado real estate records, as amended from time to time, and any similar maps, as amended, filed from time to time in the Routt County, Colorado real estate records with respect to lots located in subsequent filings in The Sanctuary.

(d) "Caretaker's unit" shall mean a portion of a single-family residence designed to be occupied as self-contained living quarters separate from the remainder of the structure and which satisfies all applicable City requirements for caretakers units.

(e) "City" shall mean the City of Steamboat Springs, Colorado.

(f) "Committee" shall mean the Architectural Control Committee of the Association, as described in paragraph 4(a) of this Declaration.

(g) "Common area" shall mean (i) any real property designated as "common area" on The Sanctuary, Filing No. 1 plat, The Sanctuary, Filing No. 2 plat or any subsequent plat of real property annexed to this Declaration, as amended or replatted from time to time, (ii) and property expressly declared to be common area in this Declaration as supplemented or amended from time to time, or (iii) any property which, with the consent of the Declarant, if any, is deeded or dedicated to and accepted by the Association as common area, as evidenced by a written instrument executed by the Declarant, if any, and by the Association and recorded in the real property records of Routt County, Colorado. Any real property so designated as "common area" may be deleted from the common area for purposes of this Declaration only in the manner described in subparagraph 6(d). Common area shall include structures owned by the Association that are located within common area and permitted under this Declaration to be constructed on common area, but shall not include structures constructed within the common area which are owned other than by the Association. Subject to the foregoing, common area may be either owned by owners in common, by the Association for the common use and enjoyment of the owners, or by one or more but less than all of the owners, provided that, without regard to ownership, common area shall be subject to all provisions of this Declaration and any rules and regulations of the Association established with respect thereto. The common area may consist of easements, licenses, property owned in fee, or any other interest in real property.

(h) "Common expenses" shall mean (i) all expenses expressly declared to be common expenses by this Declaration or by the articles of incorporation or bylaws of the Association, including amounts assessed for the creation, funding or maintenance of reserves; (ii) all expenses of administering, insuring, operating, improving, conserving, managing, cleaning, maintaining, repairing and replacing the common area (except to the extent otherwise provided in this Declaration or any proper instrument designating common area) and any real and personal property owned by the Association; (iii) property taxes and special assessments separately assessed with respect to common areas (except to the extent otherwise provided in this Declaration or any proper instrument designating common area) or with respect to property owned by the Association; (iv) operating expenses of the Association including management fees or other compensation or reimbursement to any managing agent under contract with the Association, the Association's legal and accounting fees and income taxes and assessments imposed on the Association; and (v) all expenses determined to be common expenses by the board of directors of the Association acting in good faith.

(i) "Condominium unit" shall mean the subdivided enclosed airspace, together with an undivided ownership interest in the lot underlying such airspace, in a building constructed on a

lot and submitted to condominium ownership all in accordance with Colorado's condominium laws.

(j) "Declarant" shall mean only Country Club Highlands Partnership, a Colorado general partnership, for as long as Country Club Highlands Partnership owns any ownership unit within The Sanctuary or any portion of the property described on Exhibit A which may be annexed to this Declaration, unless Country Club Highlands Partnership sooner terminates its status as Declarant as provided in paragraph 22. After Country Club Highlands Partnership ceases to be Declarant, the term "Declarant" shall mean and include all Successor Declarants, if any.

(k) "Declaration" shall mean this instrument, being the "Protective Restrictions, Covenants, Limitations, Easements and Approvals for The Sanctuary," and unless the context otherwise requires, shall also include all supplemental declarations and amendments and any supplemental declaration to this instrument hereafter recorded in the real property records of Routt County, Colorado.

(l) "Development permit" shall mean the development plans approved by the City on March 5, 1991 effective as of March 6, 1991, for the development of The Sanctuary and property that may be annexed to this Declaration, as amended or modified from time to time.

(m) "First lienor" shall mean a holder of a promissory note payment of which is secured by a first-lien mortgage or first-lien deed of trust encumbering an interest in an ownership unit. "Mortgage" shall include a deed of trust and "mortgagee" shall include the beneficiary of a deed of trust.

(n) "Homeowners' organization" shall mean any association, corporation or other legal entity that is organized, created and/or established for the purpose of providing to any group of owners within The Sanctuary, by virtue of their ownership of ownership units, services related to the maintenance, use, repair, replacement and enjoyment of such ownership units, and other real property interests appurtenant thereto, such as a condominium association, townhouse association, or property owners' association, but not including the Association. As long as the Declarant owns any lot within the area to be served by a proposed homeowners' organization or any portion of the property described on Exhibit A which may be annexed to this Declaration, no homeowners' organization may be established without the prior written consent of the Declarant.

(o) "Land" shall mean all of the surface area acreage making up The Sanctuary, exclusive of lands dedicated in fee to

governmental entities and any part of the land excluded from The Sanctuary pursuant to subparagraph 19(a).

(p) "Lot" shall mean any divided lot, parcel or tract of real property created by plat or other appropriate instrument, including any townhouse subdivision plat, but excluding (i) any condominium unit or estate in airspace above the land and (ii) any parcel of real property constituting a common element of a condominium or townhome project and which is owned by a homeowners' organization or is otherwise appurtenant to the individual condominium units or townhome units in such project.

(q) "Multi-family lot" shall mean any lot upon which condominium units or townhome units have been or may be constructed under applicable laws, ordinances, zoning and the development permit.

(r) "Owner" shall mean any person that is the record owner of an undivided fee simple interest in any ownership unit, including a contract seller but excluding those having such interest merely as security for the performance of any obligation, and, where the context clearly requires, "owner" also means all co-owners of any such real property interest.

(s) "Ownership unit" shall mean (i) any separate lot within The Sanctuary owned in fee simple and created by subdivision plat, deed or other appropriate instrument, and (ii) any separate condominium unit within The Sanctuary, and (iii) any separate townhome unit within The Sanctuary.

(t) "Percentage of common expense responsibility" means the pro rata share of liability for payment of the common expenses and general and special assessments of the Association allocated to an ownership unit and the owner thereof. The percentage of common expense responsibility allocated to each ownership unit and the owner thereof shall be the percentage determined by dividing the number of votes in the Association allocated to the owner's ownership unit (determined as provided below) by the total of all votes allocated to the owners of all ownership units and multiplying the product by 100. For the purpose of determining the percentage of common expense responsibility allocated to ownership units, the number of votes allocated to ownership units, including ownership units owned by Declarant, shall be determined pursuant to subparagraph 7(c), without regard to clause (v) of said subparagraph 7(c).

(u) "Person" shall mean any individual, group, corporation, partnership, limited liability company, association, trust or other entity.

(v) "Project" shall mean any single discrete real property development located within The Sanctuary and subject to the separate planning and development requirements of the Development Code of the City.

(w) "Single-family lot" shall mean a lot on which there has been or may be constructed one detached single-family residential dwelling unit, provided that such lot may include one caretakers' unit if caretakers' units are permitted under applicable zoning and land use regulations of the City at the time such dwelling unit is constructed.

(x) "Structure" shall mean any improvements affixed to real property, including, without limitation, any building and any and all constituent parts thereof or additions thereto; any court, terrace, patio, deck, spa, swimming pool, sauna, kiosk, sign, sidewalk, walkway, wall, fence, garage, automobile parking area or driveway; any installation, equipment and/or materials which are erected, built or constructed on or under the land for the purpose of providing any kind of utility service within The Sanctuary; any temporary structure such as a tent, shack or trailer; and any other improvement, thing or object which, when affixed to the land, may affect the appearance of the land.

(y) "Successor Declarant(s)" shall mean any successor in title to all or any portion of the land who is designated as a Successor Declarant by its predecessor in title to such land, provided that such predecessor was the Declarant or a Successor Declarant with respect to such portion of the land. Any designation of a Successor Declarant shall be by written notice executed and acknowledged by such predecessor in title and recorded with respect to the land for which the designation of a Successor Declarant is made. The relative rights and obligations of Successor Declarants shall be as set forth in paragraph 23.

(z) "The Sanctuary" shall mean the real property described in the dedications on The Sanctuary, Filing No. 1 plat, and The Sanctuary, Filing No. 2 plat, or in the dedication on any subsequent plat of real property annexed to this Declaration as provided herein.

(aa) "The Sanctuary, Filing No. 1 plat" shall mean the plat of The Sanctuary, Filing No. 1, filed on March 30, 1992 in File No. 11420, Routt County, Colorado records.

(bb) "The Sanctuary, Filing No. 2 plat" shall mean the plat of The Sanctuary, Filing No. 2, filed on March 20, 1992 in File No. 11421, Routt County, Colorado records.

(cc) "Townhome lot" shall mean a subdivided lot within The Sanctuary on which there is constructed or may be constructed one or more townhome units.

(dd) "Townhome unit" shall mean a dwelling constructed on a townhome lot which is attached to other dwellings constructed on townhome lots and which are divided by common or party walls, together with any appurtenant undivided interest in the townhome lot upon which the townhome unit is constructed and the associated rights and obligations under the applicable party wall or common wall agreement.

2. Purpose and Intent.

(a) Intent. The intent of this Declaration is to provide a framework of mutual rights and obligations for the benefit of the land and all residents of The Sanctuary; to provide guidelines for the orderly development of The Sanctuary; to achieve compatibility of architectural and landscape design within The Sanctuary; to establish procedures and processes by which a broad design and development philosophy acceptable to the future residents of The Sanctuary may be created, developed and implemented; and to establish remedies for the violation or threatened violation of this Declaration.

(b) Purposes. The purposes of this Declaration shall be: (i) to provide direction and establish efficient and appropriate guidelines for landscape and architectural creativity without unduly restricting design freedom; (ii) to protect the quality of life, amenities and aesthetic and environmental values of residents of The Sanctuary including, without limitation, natural resources, architectural design, views, noise protection and land values; (iii) to provide for the preservation, care, upkeep, repair, management, operation and improvement of the common area; (iv) to provide a guide of rational design criteria to assist developers within The Sanctuary and residents of The Sanctuary to understand the design review process and the intent of this Declaration; and (v) to establish procedures, processes, restrictions, limitations, rights, obligations, and enforcement remedies that will further the intent and purpose of this Declaration for the mutual benefit of all owners and residents of real property within The Sanctuary.

3. Relationship to City Regulations and Standards. This Declaration shall be independent of all building codes, regulations, laws and ordinances governing the design, development and construction of subdivisions, building sites and structures. All building and related activities within The Sanctuary are subject to all applicable building codes, laws, regulations and ordinances, which may be more restrictive than this Declaration.

4. Site Design and Architectural Review -- Method and Extent of Review.

(a) The Architectural Control Committee. Except as otherwise provided in paragraph 18, the board of directors of the Association shall from time to time appoint two (2) or more persons to constitute the Architectural Control Committee (the "Committee") of the Association. Unless paragraph 18 is applicable, in the absence of an appointment, three (3) members of the board of directors of the Association (in order of seniority as board members) shall constitute the members of the Committee.

(b) Submission of Plans and Specifications. No structure shall be commenced, erected, constructed, reconstructed, placed, used, moved onto or permitted to remain upon any real property within The Sanctuary, nor shall the exterior of any structure within The Sanctuary be altered in any way that affects the exterior appearance of any structure, including color, or of the land, or affects the structural integrity of any structure, unless such action has been approved in advance by the Committee and the plans and specifications therefor have been submitted to and approved in writing by the Committee. Such plans and specifications shall be in such form and shall contain such information as is required by this Declaration and such further information as may be required by the Committee.

(c) Review of Plans and Specifications. The Committee shall exercise reasonable judgment in the review of plans and specifications submitted to it, and shall have and may exercise broad discretion to the end that all improvements, construction, landscaping and alterations on the land harmonize with existing surroundings and structures, comply with this Declaration and are consistent with the purposes and intent of this Declaration. The Committee shall approve, disapprove, or approve with conditions, and plans and specifications submitted to it within thirty (30) days after submission. In the event the Committee fails to approve, approve with conditions, or to disapprove plans and specifications within such thirty (30) day period, then the Committee shall be deemed to have approved such plans and specifications. In any case where plans and specifications have not been approved or deemed approved as above-provided, approval will not be required for a structure and the requirements of this Declaration will be deemed to have been complied with and satisfied with respect to construction of such structure, if no suit to enjoin any construction has been commenced prior to the substantial completion of such structure. Any review of plans, specifications or other matters by the Declarant, the Association or the Committee shall be for the sole purpose of protecting their respective rights and interests, and no such review or approval shall constitute an express or implied warranty of any nature as to the plans, specifications or other matters in question, including whether such

plans and specifications and any structure to be built pursuant thereto satisfy building codes, are complete or correct or are properly designed or engineered.

(d) Preliminary Meeting; Submittal Requirements.

(i) Preliminary Meeting. Any person proposing to undertake any activity for which Committee approval is required shall, prior to commencing such action, meet with the Committee or its appointed representative to discuss and evaluate the proposed action and the architectural concepts involved, their consistency with this Declaration and consistency with the development permit. The Committee may charge any applicant a reasonable non-refundable fee, in an amount determined by the Committee from time to time, to cover costs of review of plans and specifications and/or review or inspection of work performed by Association consultants.

(ii) Submittal Requirements for Major Construction. If the proposed action includes the development, construction, or reconstruction of any residence, townhome project, condominium project or other major structure (as determined by the Committee in its discretion) the plans and specifications for such action submitted to the Association shall include four (4) complete copies of required drawings and one (1) accurately colored drawing or rendering of typical elevations of proposed structures and shall be drawn to scale and shall contain a legend showing scale, northpoint, date, name and address of applicant, project, person preparing plans, phone numbers of applicant and the person preparing plans and any professional stamp or other certification of the person preparing plans, and at a minimum, the following additional information:

(1) A Site Development Plan showing:

(A) site, including all existing lot lines, the building envelope, easements, utilities and lot area;

(B) grades, including existing and proposed grades as they affect the location of any building, cuts and fills and disposition of excess earth;

(C) structures, including any caretakers' unit and ancillary structures, including the location and use of existing and proposed structures, fences, walls and retaining walls (with color and size of materials), open stairways and other projections from exterior walls;

(D) use, meaning an indication of the proposed use of all buildings shown on the site;

(E) yards, meaning the distance between exterior walls of structures and property lines;

(F) parking areas, driveways, walks and landscaping;

(G) drainage facilities, including location, type and number;

(H) roof plans, including (i) snow shed diagrams that indicate, without limitation, where each roof will shed, how snow will be removed and how snow buildup will be dealt with, and (2) roof drainage concepts to include, without limitation, drainage of fallen snow;

(I) lighting, including location, size and type of all exterior lighting;

(J) garbage storage and disposal areas, including location and indication of method of screening; and

(K) landscaping plan, showing plant location, species and size of plantings, areas where existing vegetation will be disturbed or removed, areas that will be revegetated, specifications for irrigation systems and erosion control and indicating intent for providing for ongoing landscape maintenance.

(2) Building Elevation showing:

(A) all principal exterior walls, fences, roof projections and other structures with height dimensions and finish floor elevations;

(B) type and color of roof and wall material to be used;

(C) typical elevation or perspective accurately depicting color of materials to be used;

(D) location of roof equipment, exterior lights and other exterior mechanical utility equipment that may potentially be located upon the roof of a building.

(3) Written information summary indicating the square footage of lot area, area landscaped, unimproved future building sites, and each proposed structure, including percent of coverage.

(iii) Submittal Requirements for Other Activities.
Submittal requirements for proposed activities other than those

contemplated in subparagraph 4(d)(ii) above shall be as determined by the Committee based on the action proposed. The Committee may establish general submittal requirements for routine matters.

(iv) Waivers. In appropriate cases the Committee may, in its discretion, waive the meeting and/or submittal requirements set forth in this paragraph.

(e) Construction Limitation. No site development work or construction or installation of any structure shall be commenced until Committee approval is obtained or is deemed to have been given, and if conditional approval has been granted, until the conditions have been satisfied or waived by the Committee.

(f) Form and Duration of Approval. Any consent or approval of the Committee required pursuant to this Declaration shall not be deemed given or received unless such consent or approval is evidenced by a writing in the form of Exhibit B or other form specified from time to time by the Committee, executed by an authorized representative of the Committee and delivered to the person seeking consent or approval. The approval granted by the Committee shall be valid for one (1) year from the effective date specified by the Committee, or if none, one (1) year from the date of signed approval by the Committee. The purchaser, grantee or assignee of any lot may request in writing an extension of the approval prior to the expiration of the approval. Such extension may be granted or granted with conditions, as the Committee may determine in its sole discretion.

(g) Strict Conformity Requirement. All construction within The Sanctuary shall be performed in strict conformance with the plans and specifications approved by the Committee, unless a variance or exception is granted as provided in paragraph 16. Construction of structures approved by the Committee shall proceed diligently to completion. The construction of each structure shall be completed within twelve (12) months following commencement unless such period is extended by the Committee. Without limiting the scope of paragraph 17, violations of this subparagraph are subject to the remedies set forth in paragraph 17.

(h) Inspection Permitted. All construction within The Sanctuary may be inspected by the Committee, any designated member of members of the Committee, and/or by any architect, engineer or other consultant designated by the Committee, to evaluate conformance with approved plans and specifications and this Declaration. Nothing herein shall be deemed to impose upon the Committee, its members or any consultant designated by the Committee, any duty to so inspect construction or to ensure such compliance, and the Committee, its members and consultants shall not have any liability if construction does not comply.

5. Design Criteria.

All architectural, landscaping and other design elements, both as planned and as constructed, including, without limitation, the massing, forms, style, scale, shape, size, character, and exterior colors and materials of all roofs, walls, buildings and other structures or portions thereof, shall blend with and complement the natural setting and the neighborhood and shall be closely compatible with corresponding elements of existing structures within The Sanctuary. In addition and without limiting any other provision of this Declaration, all site development, improvements, landscaping and structures in The Sanctuary shall be designed and constructed consistent with the following criteria:

(a) Land Use. Subject to applicable law and the development permit, the Declarant may designate lots within The Sanctuary as single-family lots or multi-family lots. Without limitation, such designation may be made on any recorded plat of property included within The Sanctuary, by the supplemental declaration adding property to The Sanctuary or by other written instrument executed by the Declarant. Subject to applicable law and the development permit, any such designation may be amended by the Declarant by recording notice of the new designation. Subject to the foregoing, all lots in The Sanctuary, Filing No. 1 and The Sanctuary, Filing No. 2 are designated single-family lots. Only one detached single-family residential dwelling may be constructed on each single-family lot, provided that one caretakers unit may also be constructed on each single-family lot if permitted under applicable zoning and land use regulations of the City and otherwise permitted and approved pursuant to this Declaration.

(b) Architecture.

(i) Each dwelling in The Sanctuary, Filing No. 1 and The Sanctuary, Filing No. 2 shall have a minimum fully enclosed habitable floor area of at least 2,400 square feet, exclusive of caretakers' units, garages, carports, cellars, basements, unfinished areas, vent shaft areas, areas primarily for maintenance access, and areas with an unobstructed opening to the outside. Floor area shall be measured from the interior side of the exterior walls and the centerline of interior walls. Atriums and stairwells shall be counted for one floor only. Each supplemental declaration annexing additional property to The Sanctuary shall establish minimum size requirements for dwellings constructed on the annexed property.

(ii) Each dwelling on a single-family lot shall have at all times a fully enclosed garage constructed as part of such dwelling of a size sufficient to accommodate at least two ordinary size automobiles. All garages shall be attached unless otherwise approved by the Committee. No garage space shall be

converted to dwelling or other uses without the prior approval of the Committee, and no permanent conversion of garage space shall be permitted unless there will remain or will be constructed as part of the dwelling a fully enclosed garage space sufficient to accommodate at least two ordinary size automobiles. No structure shall have more than three (3) garage doors in a row.

(iii) Not less than fifteen percent (15%) of those exterior walls of each dwelling facing public streets shall be faced with natural rock, brick or other facia approved in writing by the Committee, unless the Committee, in its discretion, deems a lesser amount to be acceptable under the circumstances.

(iv) All roofs shall be covered with shingles, tile or other materials approved in writing by the Committee. Roof pitch shall be at least four (4) foot vertical drop in twelve (12) horizontal feet unless otherwise approved by the Committee. Coloration of roofing materials must be approved in writing by the Committee. No garishly colored or reflective roofing material shall be permitted or installed on any structure.

(v) Natural materials shall be used whenever possible, provided that exterior building wall and roof materials shall protect against fire hazard and combustibility. Lower areas of the exterior walls exposed to wildfire must be covered with masonry, stucco or non-wood materials. Roof surfaces shall be of materials which do not contribute to combustion or ignite from sparks or hot debris.

(vi) Chimneys, stacks, vents, and mechanical equipment should be organized to minimize adverse visual impacts. Spark arrestors are required on all fireplaces and combustion flue stacks. Exposed metal flues shall not be allowed except as otherwise required by building codes.

(vii) Accessory structures and outbuildings, if otherwise allowed, should be located in the immediate vicinity of the main structure, should be visually integrated with the main structure and blend in with the natural terrain and vegetation of the site.

(viii) All structural design and all construction should achieve a sense of human scale; windows, wall insets, balconies, window projections and other building elements that may help reduce the scale of large structures are encouraged.

(ix) Entries to structures should be protected from the elements and should afford a "sense of entry" for the structure.

(x) Exterior fire escape stairs and other appurtenances are not encouraged and will not be approved unless designed and constructed as integral, non-intrusive parts of a structure's facade.

(xi) Fences shall not be allowed except for animal control enclosures not to exceed eight (8) feet by fifteen (15) feet and for the screening of decks, refuse storage and disposal areas and similar purposes. All fenced areas should be visually integrated with the main structure and should be designed and constructed to minimize adverse visual impacts.

(c) General Siting.

(i) Building envelopes for each lot in The Sanctuary shall be as set forth on the building envelope map. No structure shall be constructed on any lot outside the building envelope established for that lot, except that, subject to the other provision of this Declaration, driveways, walkways, utility installations and other structures approved by the Committee may be constructed outside the applicable building envelope. Cantilevers and decks shall be constructed within, and may not overhang out of the applicable building envelope. Roofs may overhang outside building envelopes. Structures on lot areas of slope exceeding 30 percent shall incorporate fire break clearings or internal fire control systems. Brush and other dry combustible materials shall not be allowed within twenty (20) feet of buildings. Landscaping adjacent to buildings shall be irrigated to minimize combustibility.

(ii) Except as otherwise contemplated by subparagraph (5)(c)(i) above, grading and vegetation removal should be minimized and, whenever feasible, blend into adjacent land forms through the utilization of contour grading. Cutting, filling, padding or terracing of a site should be limited to the minimum amount necessary for the construction of structures and paved areas. Grading or removal of vegetation which could contribute to erosional instability, prolonged soil exposure and interruption of adequate surface runoff is not permitted.

(iii) Introduced vegetation should be located so as not to block critical views from uphill structures, streets and/or vista points.

(iv) Construction on ridgelines is not encouraged except in cases where there is no other feasible building location, in which case construction on ridgelines should complement the existing silhouette and enhance the ridgeline silhouette.

(v) Structures should be designed and sited so as to provide a strong functional relationship to the site.

Required side and rear yards should be utilized and should be integrated into the spatial arrangement of the overall site. Inaccessible yards and similar outdoor spaces that tend to encourage accumulation of trash should be avoided.

(d) Landscaping and Streetscape.

Streetscape is the architectural and landscape design of paths, streets, walkways, driveways and the areas that border them.

(i) Trees and shrubs should be of species that flourish in the natural habitat and climatic zone in which The Sanctuary is located and should be adequately rooted and of a sufficient size when planted to avoid damage.

(ii) Street trees should be of low maintenance and water demand and of species compatible with the area. Street trees shall be properly planted in terms of soil conditioning and staking should be maintained for two years, and more if necessary, to assure the healthy establishment of the plant.

(iii) Driveways within lots should include drainage swales or natural waterways when appropriate and should not in any case create standing water.

(iv) Paved areas, such as parking lots, driveways and sidewalks, should be well-integrated into the site and should relate to existing and proposed structures and should be landscaped to reduce visual impact.

(v) Driveways and parking areas must be located as approved by the committee. Driveways must be located within any applicable common driveway easement. Parking areas should be designed and landscaped so as to minimize glare, reflection and the visual impact of cars, and should be screened from, but readily accessible to, residential structures.

(vi) Surface scars, cut and fill slopes and all other excavated or graded areas shall be filled and replanted with vegetative cover or otherwise landscaped to prevent erosion and settling. Vegetation outside of lawn areas shall approximate native plant materials affected by the excavation or grading and shall be installed no later than the next planting season following the end of construction.

(vii) Lawn and other landscaped areas should be serviced by underground irrigation systems.

(e) Setbacks and Building Heights.

(i) No structures shall be constructed outside the applicable building envelope except as otherwise provided in subparagraph 5(c)(i). Building setbacks shall be the greater of that required by the applicable building envelope or that required by the City from time to time. If within the applicable building envelope, variances from building setback requirements granted by the City shall not require the consent or approval of the Committee, the Association or any owner.

(ii) No structure or addition shall be more than three (3) stories in height, provided that the Committee may, in its discretion and in appropriate cases, grant variances from the foregoing restriction and authorize structures of more than three (3) stories in height. No such variance shall be binding on the City or other governmental authority having jurisdiction over building heights, and building codes regulating building heights may be more restrictive than this Declaration or any variance granted hereunder. Building height shall be measured in stories in accordance with the definitions contained in the City's Community Development Code from time to time or the corresponding provision of any subsequent similar law.

(f) Drainage, Snow Removal and Storage.

(i) Drainage paths and facilities shall be designed and constructed to restrict direct drainage into Fish Creek.

(ii) Where possible, lot drainage should be directed to the street on which the lot fronts. Positive drainage shall be maintained away from structures and structures on adjoining lots.

(iii) Any drainage easements now or hereafter existing within The Sanctuary shall remain free and clear and undisturbed during and after construction. Construction and landscaping shall not alter drainage patterns established by the drainage plan for The Sanctuary.

(iv) Each site plan shall make provision for snow storage in landscaped areas or other areas of the finished site, so that snow can be easily removed and stored away from parking areas and walkways. Snow shall not be stored where it might create spring drainage or runoff problems. If snow storage facilities cannot be designed according to these design criteria, the Committee may require the implementation of a snow removal plan that runs with the land as a restriction on the applicable lots.

(g) Utilities and Trash.

(i) All utility lines and appurtenances within The Sanctuary shall be located underground except for switches and transformers which may be located above ground.

(ii) Electric or telephone junctions or transformers shall be colored and landscaped to blend with the surrounding site and structures. Service entries and meters shall be screened or concealed from public view.

(iii) Trash containers and storage areas shall be concealed from public view by walls or landscaping, and structures without sufficient exterior space for concealed trash storage shall provide interior trash storage. Structures or landscaping to conceal trash containers shall blend with the surrounding landscape and shall be designed and constructed to prevent drainage problems and vandalism by humans or animals.

(h) Signs and Lighting.

(i) Exterior lighting should be minimized and designed and constructed as to be a complementary part of architectural and landscaping themes. Area lighting should be predominately down-directed to minimize splay of light off-site. Lower intensity illumination with adequate shielding and warm colors is encouraged.

(ii) Street signing should be designed to complement surrounding architectural and landscaping context and constructed or assembled from materials that complement street furniture, light fixtures and surrounding structures and landscaping.

(iii) Location, design, size and appearance of all signs advertising new project development in The Sanctuary shall be approved by the Committee before commencement of construction activity on a project.

6. Common Area.

(a) Ownership. Common area shall be owned by the Association or a successor homeowners organization, provided that with the consent of the board of directors of the Association or the applicable homeowners organization, common area may be conveyed to and owned by owners in common, jointly, in undivided percentages. For common area previously owned by the Association, such undivided percentages shall be equal to each owner's percentage of common expense responsibility. Notwithstanding the ownership of common area by the Association, a homeowners organization or by the owners, the use and enjoyment of common area

is subject to applicable rules, regulations and limitations, and to easements granted or retained for the benefit of third parties.

(b) Easement. Each owner of an ownership unit, by virtue of such owner's ownership and membership in the Association, shall have during the period of ownership only, for such owner's own use and the use of such owner's guests, employees, agents and invitees, a non-exclusive easement (the "Easement") to use and enjoy the common area, but only for the purposes for which the common area is intended to be used and subject to all the provisions of this Declaration, provided that (i) the use of any part of the common area or any structure thereon under this grant of easement shall be limited by all provisions of this Declaration, any restriction in any conveyance or other instrument establishing common area and the articles of incorporation, bylaws and rules and regulations of the Association in effect from time to time, (ii) all rights of a member derive solely through the Association and are not exercisable if prohibited by the Association, (iii) this Easement shall terminate on, under and over any part of the common area on which a structure is properly constructed and owned by a person or entity other than the Association, so that this Easement shall never extend to or encumber any structure or the land underlying such structure within the common area, which is not owned by the Association, (iv) this Easement is subordinate to the easement for encroachments described in subparagraph 6(f) below, and any and all easements now or hereafter granted or retained for the benefit of third parties, and (v) this Easement may be vacated, released or relocated as provided in subparagraph 6(c) below. The Easement shall include the right in the Association to construct, install, operate, manage, repair, maintain, modify and remove structures in those of the common area where structures are allowed pursuant to this Declaration, provided the structures and the use thereof are consistent with the use of common area as provided herein and further provided that the Declarant shall have given its prior written consent to the construction of such structure.

(c) Release or Relocation of Easement. The Association, acting on its own behalf with respect to common area owned by the Association and as agent of all owners with respect to common area owned by the owners in common, may at any time, with the written consent of Country Club Highlands Partnership if it is then acting as Declarant but without the consent of any other owner or lienor, vacate and release any part of the Easement encumbering any portion of the land, or relocate any part of the Easement to other common area. The Easement shall be deemed to have been vacated and released, and thus made of no further force or effect with respect to any portion of the land, if the Association and Country Club Highlands Partnership if it is then acting as Declarant: (i) execute and record in the real property records of Routt County, Colorado, a quit claim deed conveying to the then fee owner of the portion of the land which is burdened by the Easement, any and all

of their respective rights, titles and interests in and to the Easement with respect to such portion of the land, or (ii) execute and record in the real property records of Routt County, Colorado, a document referring to this Declaration and stating that the Easement is vacated and released with respect to a described portion of the land. The Easement may be relocated by the Association and Country Club Highlands Partnership if it is then acting as Declarant executing and recording in the real property records of Routt County, Colorado, a document describing the portion of the Easement to be relocated.

(d) Deletion as Common Area. Any portion of any real property now or hereafter designated as common area may be deleted and excluded from being common area for purposes of this Declaration if (i) if required, City approval for such action is obtained, (ii) written approval of such action, in recordable form, has been obtained from each Declarant who, at the time of such proposed deletion and exclusion, is the owner in fee simple of any ownership unit or any portion of the property described on Exhibit A which may be annexed to this Declaration, and (iii) the Association executes, acknowledges and records in the real property records of Routt County, Colorado, a document referring to this Declaration and particularly describing the land that is deleted and excluded from being common area and further stating that the Easement described in subparagraph 6(b) above is vacated and released with respect to such described part of the land. Such portion of land shall not, however, be excluded from The Sanctuary or the land except in compliance with subparagraph 19(a).

(e) Use of Common Area. Subject to any specific conditions, restrictions or limitations on use which may be set forth on any plat of real property included in The Sanctuary, as amended, or set forth in or established pursuant to this Declaration or amendments to this Declaration, or established by the instrument creating the common area or by the articles of incorporation, bylaws or rules and regulations of the Association, each owner shall be entitled to use the common area burdened by the Easement in accordance with the purposes for which such common area is intended, without hindering, impeding or imposing upon the rights of the other owners and in accordance with rules and regulations duly established from time to time by the Association. Without limiting the Association's authority over common area, the Association may from time to time, establish and enforce, and may alter, amend, suspend, revoke and waive rules, regulations, restrictions and limitations pertaining to the use, enjoyment and operation of common area.

(f) Encroachments. If any portion of the common area encroaches upon any ownership unit, or if any ownership unit encroaches upon any other ownership unit or upon any portion of the common area, or if any portion of the common area encroaches upon

any real property owned by the Association, or if any ownership unit encroaches upon any real property owned by the Association, as a result of the construction of a structure, or if any such encroachment shall occur hereafter as a result of settling or shifting of a structure, a valid easement for the encroachment and for the maintenance of the same, so long as such structure stands, shall exist. In the event a structure, any ownership unit, any adjoining ownership unit, or any adjoining portion of common area shall be partially or totally destroyed as a result of fire or other casualty or as a result of condemnation or eminent domain proceedings, and then rebuilt, encroachment of any part of the common area upon any ownership unit or upon any real property owned by the Association, and encroachment of any part of the real property owned by the Association upon any ownership unit or upon any portion of the common area, and encroachment of any part of any ownership unit upon any other ownership unit or upon any common area or upon any real property owned by the Association, due to such rebuilding, shall be permitted, and valid easements for such encroachments and the maintenance thereof shall exist so long as the restored or reconstructed structure shall stand. Each ownership unit and every portion of the common area shall have an easement for lateral and subjacent support from every other ownership unit and portion of the common area and property owned by the Association. Nothing in this paragraph 6(f) authorizes any setback or building envelope encroachments without required approvals.

(g) Taxes on Common Areas. All real and personal property taxes, assessments, and similar impositions on all or any portion of the common area owned by the Association or on real or personal property owned by the Association shall be a common expense of the Association, notwithstanding restrictions or limitations on the use and enjoyment of common area by owners. Real property taxes on common area not owned by the Association shall not be a common expense or the obligation of the Association unless otherwise agreed by the Association in writing.

(h) Association as Attorney-in-Fact. Each owner hereby appoints the Association as such owner's true and lawful agent and attorney-in-fact for purposes of executing, acknowledging, delivering and recording any instrument, dealing with the common area or the Easement and taking any action with respect thereto, including any vacation, release or relocation of the Easement or any deletion of common area as contemplated by subparagraphs 6(c) and 6(d) above. Such appointment is irrevocable and coupled with an interest, and shall continue for as long as such owner owns an undivided fee simple interest in any ownership unit.

7. Administration.

(a) Administration and Managing Agent. The common area shall be administered and managed pursuant to this Declaration and the articles of incorporation, bylaws and rules and regulations of the Association. The board of directors of the Association may contract with or employ one or more managing agent(s) to perform, inter alia, any of the duties, services, powers and responsibilities of the Association. The Association may from time to time record in the real property records of Routt County, Colorado, its acknowledged certification of the name(s) and address(es) of its managing agent(s), which certificate shall be conclusive evidence of the identity of such managing agent(s) until a later certificate is recorded.

(b) Membership in Association. Each owner of an ownership unit (including each Declarant with respect to ownership units from time to time owned by such Declarant, but not including the Association with respect to ownership units at any time owned by the Association) shall be a member of the Association and shall remain a member until such person ceases to be an owner. Each owner of an undivided fee interest in an ownership unit amounting to less than the entire fee interest in such ownership unit, including a co-owner as tenant in common or joint tenant, shall be a member of the Association. Each owner and such owner's family, guests, tenants, invitee and agents shall comply strictly with the provisions of this Declaration and of the articles of incorporation, bylaws and rules and regulations of the Association.

(c) Votes. The owner or owners of each ownership unit shall be allocated votes in the Association as follows:

(i) Any ownership unit within The Sanctuary shall, for purposes of allocating votes in the Association, be deemed to be a "condominium unit", a "townhome unit", a "single-family lot" or a "multi-family lot", as defined in paragraph 1.

(ii) Each single-family lot shall be allocated one vote in the Association.

(iii) Each multi-family lot that is not subject to a recorded condominium declaration and condominium map or a recorded townhome plat shall be allocated four (4) votes per acre of land within such lot.

(iv) Votes shall not be allocated to multi-family lots which are subject to a recorded condominium declaration and condominium map or a recorded townhome plat, but instead shall be allocated to the condominium units or townhome units located on such lot. The total number of votes allocable to all condominium units or townhome units located on such lot shall be determined

pursuant to subparagraph 7(c)(iii) above as if such multi-family lot were not subject to a recorded condominium declaration and condominium map or townhome plat. The number of votes so allocated shall be further allocated to the condominium units or townhome units located on the lot in proportion to the relative undivided interests, as tenants in common, of the land upon which such condominium units or townhome units are located and which is appurtenant to the condominium units or townhome units in question.

(v) Except for the purpose of determining the percentage of common expense responsibility allocated to the Declarant, for each ownership unit owned by the Declarant, the Declarant shall be allocated five (5) times the number of votes that would otherwise be allocated to such ownership unit if it were owned by a person other than the Declarant.

(vi) In allocating votes, fractional votes (to two decimal places) shall be permitted.

The Association and any governmental entity shall not be entitled to vote with respect to any ownership unit owned by the Association or such governmental entity, and no ownership unit owned by the Association or by any governmental entity shall be allocated any votes during the period of such ownership.

(d) Association Rules, Regulations, Etc. The Association may from time to time establish, adopt, alter, repeal and amend rules and regulations which shall be binding on owners and their family, guests, invitee and agents. Without limiting other remedies, the Association may from time to time establish and collect liquidated damage sums for violation of specific provisions of this Declaration or the Association's articles of incorporation, bylaws or rules and regulations. At the option of the Association and after notice to the owner involved, such liquidated damage sums shall be a special assessment against such owner's ownership unit, for which the Association shall have the lien and collection rights provided in this Declaration. During any period that a violation of this Declaration or the Association's articles of incorporation, bylaws or rules and regulations is continuing, the Association may suspend the voting privileges of the owner of the ownership unit with respect to which such violation has occurred. Suspension of voting privileges may be imposed only after the Association has given at least three (3) days prior written notice to the owner and any registered first-lienor of the affected ownership unit. No suspension of voting privileges shall affect the rights of any registered first-lienor pursuant to a proxy granted prior to the suspension and of which the Association has received notice pursuant to the Association's bylaws.

8. Maintenance and Repairs. The common area and all structures thereon owned by the Association shall be administered,

insured, conserved, managed, maintained, operated, improved, repaired and replaced by the Association. Except as otherwise provided in the following sentence, all of the costs and expenses of administering, insuring, conserving, managing, maintaining, operating, improving, repairing and replacing common area, any structures owned by the Association and situated in the common area, and all other property of the Association, are common expenses of all owners. Each owner shall pay all costs of repairing, renovating and replacing any common area or structure or improvement owned by the Association on the common area which is required by reason of damage thereto proximately caused by the willful and wanton act or the negligence of such owner, or such owner's family, tenants, guests, invitee or agents, which costs shall be a special assessment against such owner's ownership unit only.

9. Assessments for Common Expenses; Collection of Assessments; Remedies of Association; and Estoppel Certificate of Assessments.

(a) Obligation to Pay Assessments. The owner of each ownership unit shall pay the full amount of any special assessment assessed specifically against such owner's ownership unit, his pro rata share of the common expenses allocated to such ownership unit as general assessments, and his pro rata share of all special assessments allocated to such ownership unit, such pro rata shares being the percentage of common expense responsibility of such ownership unit except as otherwise provided herein. Notwithstanding the foregoing, as long as Country Club Highlands Partnership is acting as Declarant, Country Club Highlands Partnership may from time to time elect to either (i) pay its pro rata share of common expenses and general and special assessments allocated to ownership units owned by Country Club Highlands Partnership, or (ii) not to pay such amount, in which case Country Club Highlands Partnership shall be obligated to pay to the Association any actual shortfall in operating, maintenance and repair costs during the applicable period (not to exceed the amount Country Club Highlands would pay pursuant to clause (i) above, after considering the portion of such operating, maintenance and repair costs payable by other owners.

(b) Association to Levy Assessments. The Association is hereby authorized and empowered to fix, determine, levy and collect general and special assessments from the owners (i) to pay for the common expenses, (ii) to pay for special expenses authorized by the board of directors of the Association and permitted as a special assessment by this Declaration or by the bylaws of the Association, (iii) to fund and contribute to any reserves deemed appropriate by the board of directors, including (without limitation) a capital reserve for repairs, maintenance, replacement and acquisition of Association property and a contingency reserve to meet

unanticipated common expenses and the reserve contemplated by subparagraph 17(c), and (iv) to collect penalties and liquidated damages and other amounts owing by an owner pursuant to this Declaration or the articles of incorporation, bylaws or rules and regulations of the Association. Assessments for the capital reserve for repairs, maintenance, replacement and acquisition of Association property shall be made on a regular and periodic basis.

(c) Procedures for Payment. The Association shall establish procedures by which the general and special assessments shall be made known to and paid by the owners. Such procedures may include the determination and levying of such assessments as a periodic and advance (but not less often than annually) installment billing of an annual budget, including funding of reserves, in which event the common expenses shall be deemed to have been severally incurred as of the respective dates of the installment billings. Such procedures may also include billing of assessments to homeowners' organizations for payment by such organization of the amounts due from all members of the Association who are also members of such organization. Unpaid general and special assessments more than 30 days past due shall bear interest from the date the same became due until paid at the rate established by the Association's board of directors from time to time, not to exceed three percent (3%) per month. The Association may also levy uniform late charges on delinquent owners, and may collect from delinquent owners all costs and expenses of collecting assessments, including court costs, witness and expert fees, discovery costs and reasonable attorney's fees, whether or not suit is brought (any and all of which are referred to in this Declaration as "collection costs"). All interest, late charges and collection costs shall be special assessments against delinquent owner(s) and such owners' ownership units.

(d) Suit. Without limiting other remedies, action may be brought by the Association in any court of competent jurisdiction to recover unpaid general and special assessments, late charges, interest and collection costs from the owner or owners liable for payment thereof, with or without foreclosing the lien of the Association described in subparagraph 9(g) below. In any such action in which the Association is the primarily prevailing party the Association shall also be entitled to judgment against such owner or owners for all of the Association's collection costs.

(e) Assignment of Rents and Receiver.

(i) If any general or special assessment, accrued interest, late charges, collection costs, or other amount payable to the Association pursuant to this Declaration or the Association's articles of incorporation, bylaws or rules and regulations is not paid when due by the owner of the ownership unit

against which such amount is assessed, then the Association shall at once become entitled to the possessions, occupancy and use of such ownership unit and all furniture, furnishings, appliances, equipment and fixtures therein, and to all of the rents and income therefrom, from and after the date such assessments and sums became delinquent until such assessments, and all interest, late charges and collection costs, are paid in full or until the end of the periods of redemption from the sale on foreclosure of the Association's lien, whichever first occurs; and such possession shall at once be delivered to the Association on request, and in the event of refusal, the delivery of such possession may be enforced by the Association by any appropriate suit or proceeding, and the Association shall be entitled to a receiver for said ownership unit and for all furniture, furnishings, appliances, equipment and fixtures situated therein, and of the rents, issues and profits therefrom, after such delinquency, including the time covered by foreclosure proceedings in the period of redemption, if any there be, and shall be entitled thereto as a matter of right without regard to the solvency or insolvency of the then owner of said ownership unit and personal property and without regard to the value thereof, and such receiver may be appointed by the Routt County District Court upon ex parte application and without notice - notice being hereby expressly waived by all owners - and all rents, issues and profits, income and revenue therefrom shall be applied by such receiver first to the expenses of such receivership (including a reasonable receiver's fee and any attorney's fees incurred by the receiver), then to the payment of general and special assessments of the Association levied and coming due during the period of the receivership, then to the indebtedness secured by the first-lien mortgage encumbering such ownership unit, and then to prior unpaid Association interest, charges, fees and assessments, including collection costs, with respect to such unit, according to the law and the orders and directions of the Court. All owners shall be deemed to have confessed the jurisdiction of the Routt County District Court to appoint a receiver for the ownership unit and the furniture, furnishings, appliances, equipment and fixtures therein. All provisions of this subparagraph 9(e)(i) are subject and subordinate to the exercise of lawful rights to a receivership by the first lienor of the first lien mortgage encumbering such ownership unit, and to the lawful exercise by such first lienor of foreclosure of its security interest, if any, in the furniture, furnishings, appliances, equipment and fixtures in such ownership unit.

(ii) Each owner hereby conditionally assigns to the Association as additional security for unpaid general and special assessments, late charges, interest, collection costs and other amounts payable to the Association pursuant to this Declaration or the Association's articles of incorporation, bylaws or rules and regulations, all rights in and to any rental management contract affecting the owner's ownership unit(s) and all net rents and net

income otherwise payable to the owner for the occupancy of its ownership unit for and during all periods any assessment or other sums remain unpaid to the Association after the same were due, and during all such periods the rental management agent for the ownership unit of the delinquent owner shall forthwith pay over to the Association upon written demand of the Association all rents and income otherwise payable to the delinquent owner, but not to exceed the amounts due and unpaid to the Association. All net rentals and net income received by the Association pursuant to this subparagraph 9(e)(ii) shall be applied first, to the expenses incurred by the Association in obtaining such rentals and income (including attorneys' fees incurred), second to payment to the Association of late charges and collection costs owed to it by the owner, third to payment to the Association of the accrued interest on the unpaid assessments, fourth to payment to the Association of delinquent general and special assessments levied against such unit, in the chronological order such assessments became due, and then last to payment to the first lien mortgage encumbering such unit, if any, and if none, to payment to the delinquent owner. All provisions of this subparagraph 9(e)(ii) are subject and subordinate to the exercise of lawful rights to assignment of rents to the first lienor of the first lien mortgage encumbering such ownership unit. Any rental management agreement respecting any ownership unit shall be subject and subordinate to exercise by the Association of its rights under subparagraph 9(e)(ii) herein.

(f) Lien. All unpaid general and special assessments (including contributions to any reserves), accrued interest, late charges, collection costs and other amounts payable to the Association pursuant to this Declaration or the Association's articles of incorporation, bylaws or rules and regulations as are levied against an ownership unit and the owner of such ownership unit, shall each and all constitute a lien on such ownership unit in favor of the Association. The Association's lien shall be a first, prior and superior lien to all other liens, mortgages, charges and encumbrances on the ownership unit(s) in question, except and subject only to (i) encumbrances recorded in the real property records of Routt County, Colorado prior to the date of recording of this Declaration, (ii) the lien for real property taxes and special assessments imposed against such ownership unit(s) by a governmental entity, and (iii) the lien of a first lienor against such ownership unit(s), as to all of which the Association's lien shall be subordinate. The Association's lien shall attach the date of the initial recording of this Declaration in the real property records of Routt County, Colorado, but such lien shall be inchoate until any assessment levied against such ownership unit(s) has become past due. The Association's lien against any ownership unit(s) may be evidenced by a notice thereof executed on behalf of the Association and recorded in the real property records of Routt County, Colorado, setting forth (i) the amount of the unpaid sums (itemized showing general and special

assessments, interest, late charges and collection costs), (ii) the name of the reputed owner(s) and the legal description of the ownership unit(s) against which such lien is asserted, and (iii) a statement that such lien includes collection costs incurred in enforcing such lien. The Association's failure to record any such notice or any error or omission in the content of such notice shall not defeat such lien of the Association nor affect its priority.

(g) Foreclosure. The Association's lien against an ownership unit as described in subparagraph 9(f) above may be foreclosed by the Association in like manner as foreclosure of a mortgage on real property under Colorado law, and in any such foreclosure the Association shall recover judgment against the owner of such ownership unit for all collection costs incurred by the Association. The Association shall be entitled to purchase the ownership unit at the foreclosure sale, and thereafter to acquire, hold, lease, mortgage or convey the same. Each owner, by accepting a deed to an interest in an ownership unit, shall conclusively be deemed to have waived the homestead exemption of such owner with respect to the liability of such ownership unit at any time for the lien securing payment of unpaid general and special assessments, interest, fees, late charges, and collection costs as described in subparagraph 9(f) above.

(h) No Exception. No owner shall be exempt from liability for payment of general or special assessments or other amounts due to the Association by waiver of the use or enjoyment of the common area or property of the Association, by abandonment of such owner's ownership unit, or by operation of subparagraphs 9(d), 9(e), 9(f) or 9(g) above.

(i) Liability of Transferee. In case of sale or other voluntary transfer of an ownership unit or an interest therein with respect to which general or special assessments, interest, late charges, or collection costs are accrued and unpaid as of the date of transfer, the purchaser or other transferee shall be jointly and severally liable with the seller or transferor for such unpaid sums. Therefore, if any lienor (including a first lienor) of an ownership unit obtains title to such ownership unit by a voluntary deed in lieu of foreclosure, then such lienor shall be jointly and severally liable for all unpaid general and special assessments, late payment charges, interest, costs and fees accrued against such ownership unit as of the date of transfer, and such lienor shall be deemed an owner for all purposes from and after such transfer. However, if a first lienor obtains title to an ownership unit by sheriff's deed or public trustee's deed upon foreclosure of the first lien mortgage against such ownership unit, then such first lienor is not liable for any unpaid assessments, charges, interest, costs or fees which accrued against such ownership unit prior to the acquisition of title by such first lienor; provided, however, that such first lienor shall be deemed an owner for all purposes

from and after the time such sheriff's deed or public trustee's deed could have been issued.

(j) Estoppel Certificate. Within ten (10) days after written request of any owner, mortgagee, prospective mortgagee, purchaser or other prospective transferee of an ownership unit, or of any title insurer, the Association shall issue a written statement to the requesting party setting forth, along with any other information the Association may choose to include, with respect to the ownership unit, the amount of any unpaid assessments or other amounts due with respect to such ownership unit, the dates on which such assessments respectively became or shall become due, the amount of any credits to the account of such ownership unit, and the amounts of any interest, late charges, collection costs, attorneys' fees or costs due with respect to such ownership unit. Such statement, for which a reasonable fee may be charged, is binding upon the Association in favor of the person or entity who requested such statement and who has relied thereon in good faith, and when such request was made by a title insurer, shall be binding upon the Association also in favor of the person or entity whose interest in such ownership unit was insured by such insurer. If the Association fails to issue and mail such statement to the person or entity who made written request therefor within ten (10) days after actual receipt by the Association of such written request, all unpaid general and special assessments, charges, fees, interest and costs which became due prior to the date such request was actually received by the Association shall be subordinated to the lien or other interest in the ownership unit of the person or entity whose interest in the ownership unit was insured by such insurer. The Association shall have current copies of this Declaration and the articles of incorporation, bylaws and rules and regulations of the Association, and the books, records, records of receipts and expenditures of the board of directors, and financial statements of the Association available for inspection by any owner and any holder, insurer or guarantor of a first lien mortgage on an ownership unit during normal weekday business hours. If any time an audited financial statement for the preceding fiscal year is not available, then any holder, insurer or guarantor of a first-lien mortgage shall be allowed to have an audited financial statement prepared at the sole expense of such holder, insurer or guarantor of a first lien mortgage.

(k) Liability of Owners. Each owner shall be personally liable, and if an ownership unit is owned by two or more persons then each co-owner of such ownership unit shall be personally, jointly and severally liable with all other co-owners of such ownership unit, to the Association for payment of all general and special assessments, collection costs (as defined below), interest and late charges levied against or with respect to such ownership unit, and for the performance and observance of all of the duties

and responsibilities of an "owner" with respect to such ownership unit.

(1) Lienor Right to Pay. Any first lienor of an ownership unit may (but shall not be required to) pay any unpaid general or special assessments, accrued interest, late charges, or collection costs with respect to such ownership unit, and upon such payment such first lienor shall have a lien on such ownership unit for the amount so paid of the same rank as the lien described in subparagraph 9(f) above and shall be subrogated to the rights and remedies of the Association to collect such amount.

10. Insurance.

(a) Policies to be Maintained. The board of directors of the Association shall:

(i) Keep all structures owned by the Association on the common area or otherwise, and all personal property owned by the Association, insured at all times against loss or damage by fire, with extended coverage "all risks" endorsement, in an amount not less than one hundred percent (100%) of the maximum insurable value thereof (being one hundred percent (100%) of the current replacement cost excluding land and excavations if such insurance is generally available at commercially reasonable rates);

(ii) Provide and keep in force, for the protection of the Association, its officers and directors, and all the owners, general public liability insurance against claims for bodily injury or death or property damage occurring upon or in the common area or upon or in property owned by the Association, in limits of not less than \$1,000,000 per occurrence and not less than \$1,000,000 aggregate for bodily injury or death to persons or damage to property, and if higher limits shall at any time be customary to protect against possible tort liability, such higher limits shall be carried; and

(iii) Provide and keep in force such other insurance as the board of directors may consider necessary or advisable against such other insurable hazards as from time to time are commonly insured against in the case of similar property in similar locations elsewhere and in the case of entities similar to the Association.

(b) Premiums. Premiums on all insurance policies carried pursuant to this paragraph 10 by the Association shall be common expenses of all of the owners.

11. Quality of Work. Any construction, installation, repairs, renovation, improvement or restoration of any structures in the common area by the Association shall be done and performed

diligently, in good faith, and in a good and workmanlike manner, using good quality materials, all consistent with the quality of workmanship, materials and style of The Sanctuary, to the extent then reasonably and economically feasible.

12. Amendment or Revocation.

(a) Subject to subparagraph (b) below, this Declaration may be amended or revoked upon (1) the written approval in recordable form of the owners of ownership units entitled to cast more than fifty percent (50%) of the votes then entitled to be cast in the Association and by the first lienors of more than fifty percent (50%) of the ownership units then subject this Declaration; and, in addition, (2) the written approval in recordable form of the Declarant. In addition to the foregoing, (i) the provisions of paragraph 23 may not be amended without the consent of all Successor Declarants, if any, (ii) the provisions of subparagraph 9(f) with respect to the priority of a first mortgage lien over the lien of the Association shall not be amended without the prior written consent of all the existing first lienors of ownership units, and (iii) the provisions of subparagraph 7(c) relating to the voting rights of members, the provisions of subparagraph 9(a) relating the method of prorating assessments among the owners, and the provisions of this paragraph 12, may be amended only by written consent in recordable form of all owners. Supplemental declarations, if any, may be amended pursuant to the above procedure, provided that, for purposes of voting pursuant to clause (1), only owners and first lienors of ownership units subject to the supplemental declaration shall be entitled to vote, and the specified percentages shall be applied with respect to such owners and first lienors only. Amendments must be in writing, duly executed and acknowledged by at least the required number of owners, first lienors and by the Declarant and recorded in the real property records of Routt County, Colorado.

(b) Declarant hereby reserves and is granted the right and power, but not the obligation, to record amendments or supplemental declarations amending this Declaration at any time and from time to time to (i) correct typographical or technical errors, (ii) annex additional property pursuant to subparagraph 19(b), or (iii) comply with the requirements of the Federal Loan Mortgage Corporation, the Federal Housing Association, the Government National Mortgage Association, the Veteran's Administration or any other governmental agency or any other public, quasi-public or private entity which performs functions similar to those currently performed by such entity and/or to induce any such agencies or entities to make, purchase, sell, insure or guarantee mortgages covering ownership units. In furtherance of the foregoing, a power coupled with an interest is hereby reserved and granted to Declarant to make or consent to such amendments or supplemental declarations on behalf of each owner. Each deed, mortgage, or

other evidence of obligation or other instrument affecting an ownership unit and the acceptance thereof shall be deemed to be a grant and acknowledgement of, and consent to, the reservation of the power of declarant to make or consent to such amendments or supplemental declarations while declarant has such power. No such amendment or supplemental declaration made by declarant shall impair the lien of a first lienor upon any ownership unit or any warranties made by an owner or mortgagee in order to induce any of the above agencies or entities to make, purchase, insure or guarantee a mortgage on such owner's lot.

13. Special Areas.

(a) Declarant intends to convey to the Association an easement with respect to that area designated "Sign and Sculpture Easement Area 1" on The Sanctuary, Filing No. 1 plat for the installation, maintenance and display of entry and subdivision identification signs and/or sculptures to be owned by or licensed to the Association and related landscaping and facilities, some or all of which may be illuminated. Such area and the Association's rights with respect to the signs, sculptures, landscaping and other facilities installed therein shall be common area and shall be insured and maintained by the Association. Declarant may convey to the Association, easements for other sign and/or sculpture areas and sculptures within The Sanctuary, which areas may become common area as provided herein. The Association's costs and expenses with respect to such areas and the signs, sculptures, landscaping and other facilities therein shall be common expenses. No person shall enter upon, use, or alter in any way such easement area or the signs, sculptures, landscaping and other facilities therein, except persons authorized by the Association for Association purposes.

(b) Declarant intends to convey to the Association areas that may be designated as "Ridge Preservation Area" and/or "Aspen Grove Preservation Area" on plats of land now or hereafter included in The Sanctuary. Parcels designated as Ridge Preservation Area or Aspen Grove Preservation Area shall be maintained in their natural state and no structure of any kind other than trails and related facilities shall be constructed thereon, nor shall any vehicles, equipment or materials of any kind be placed or stored therein except as approved by the Association in connection with the construction, maintenance and use of such trails and related facilities. Such areas shall be common areas maintained and insured by the Association, and the Association's costs and expenses thereof shall be common expenses.

14. Registration of Owners and First-Lienors. Each owner and each first lienor shall register its mailing address with the Association as provided in its bylaws. Periodic statements for general assessments, notices or special assessments, notices of meetings, and other routine notices from the Association to an

owner or to a homeowners' organization shall be sent by regular mail, postage prepaid, addressed to (i) the name of the owner at such registered mailing address, or (ii) the name of the homeowners' organization at its usual place of business or at the address of its managing agent. All other notices or demands intended to be served by the Association upon an owner or first lienor shall be sent by certified mail, postage prepaid, addressed to the name of the owner or first lienor at such registered mailing address. All notices, demands or other notices intended to be served upon the Association shall be sent certified mail, postage prepaid, to the address of the Association as designated by the bylaws of the Association.

15. Prohibited Activities and Affirmative Obligations.

(a) No noxious or offensive activities shall be conducted upon or within the common area or upon or within any ownership unit, nor shall anything be done thereon or therein which may be or may become an annoyance, disturbance or nuisance to owners.

(b) No trailer, boat, boat trailer, camper or camping trailer, tent, mobile home, or other similar structure shall be installed, parked, used, located or stored within The Sanctuary and outside of a building at any time; except, however, that tents or pavilions may be installed and used for picnics, common events or performances, when approved in advance by the Committee. No inoperable, wrecked or unsightly vehicles shall be parked or stored at The Sanctuary unless wholly enclosed in a garage.

(c) No animals, livestock or poultry of any kind shall be raised, bred, or kept within The Sanctuary, except that dogs, cats and other domestic pets may be kept, provided, in all cases, that they are not kept, bred or maintained for any commercial purpose, and provided further that rules and regulations promulgated by any homeowners' organization do not prohibit them, and that all such pets must at all times be kept inside buildings or other enclosed areas, or on leashes, and shall not be permitted to run at large or to bother or injure wildlife.

(d) No refuse, garbage, trash, plant clippings, plant waste, compost, scrap, or debris of any kind shall be kept, stored or allowed to accumulate on any ownership unit except within a sanitary structure which is enclosed or otherwise appropriately screened from view, except that any container containing such materials may be placed outside at such times as may be necessary to permit garbage or trash pick-up. No incinerators shall be used or maintained within or upon any ownership unit.

(e) No activity shall be conducted and no structure shall be constructed within The Sanctuary which is unsafe or

hazardous to any person. Without limiting the generality of the foregoing, no firearms shall be discharged within The Sanctuary and no open fires shall be lighted or permitted on any property except in a contained barbecue unit while attended and in use for cooking purposes or within an exterior or interior fireplace designed to prevent the dispersal of burning embers and which complies with all applicable laws and ordinances.

(f) Pipes for water, gas, sewer, drainage or other purposes and wires, antennae and other facilities for the transmission or reception of audio or visual signals or electricity and utility meters or other utility facilities shall be kept and maintained, underground or within an enclosed structure or otherwise appropriately screened from view. No exterior radio antenna, television antenna, satellite dish, or other antenna of any type shall be erected or maintained within The Sanctuary, except with the prior written consent of the Committee.

(g) No sound or odor shall be emitted from any property with The Sanctuary which is noxious or unreasonably offensive to others, except such as may be necessary to concomitant to the activities carried on under any valid license or permit issued by applicable government entities for building or construction purposes, without the approval of the Committee. Without limiting the generality of the foregoing, no exterior speakers, horns, whistles, bells or other sound devices, other than security devices used exclusively for security purposes, shall be located or used upon any ownership unit except with the approval of the Committee.

(h) There shall be no interference with the established drainage patterns over any property within The Sanctuary except as approved in writing by the Committee. Approval shall not be granted unless provision is made for adequate alternate drainage. The "established drainage pattern" shall mean the drainage pattern which exists at the time the overall grading of any property is completed and shall include any established drainage pattern shown on any plans approved by the Committee.

(i) No cesspool, septic tank or other sewage or waste disposal system shall be installed within The Sanctuary without the prior written consent of the Committee, except the central sewage disposal collection system installed and maintained by the Mount Werner Water and Sanitation District or other sanitation agency providing sewage disposal services to a significant portion of The Sanctuary.

(j) No individual water supply system shall be installed or maintained within The Sanctuary unless such system is approved in writing by the Committee. No water wells shall be constructed, drilled or otherwise established within The Sanctuary for domestic

or irrigation purposes, and in no event shall any water be diverted for any use from Fish Creek, without the approval of the Committee.

(k) No ownership unit within The Sanctuary may be submitted to timeshare ownership.

(l) Each dwelling must have available off-street parking sufficient for all occupants of the dwelling and all persons using such lot. Automobiles, trucks, or other vehicles and equipment shall not be parked or permitted to remain outside of a fully enclosed garage for more than seven (7) consecutive days. The Committee may require that screening be in the form of landscaping with earth berms or vegetation. Construction equipment shall not be kept or stored on any lot except during construction on the lot. In reviewing and considering plans and specifications for dwellings, the Committee shall encourage, and may in appropriate circumstances require, the construction of guest parking spaces on the lot. All driveways and parking areas on a lot shall be paved with asphalt or concrete within one (1) year after substantial completion of the dwelling on such lot. Basketball hoops and similar items shall not be erected without the prior written consent of the Committee.

(m) Each Owner shall maintain its ownership unit and all structures and landscaping thereon, including paving, in good condition and repair and in a safe, clean and attractive condition, free of trash, rubbish, dead wood and beetle kill. Landscaping and revegetation shall be installed on a lot no later than the end of the planting season following substantial completion of a dwelling on such lot. Repair of landscaping damage from wildlife or other causes is the responsibility of the Owner of the affected lot.

(n) The design, construction, installation, maintenance and use of fireplaces, wood stoves, or other solid fuel heating devices must comply with all applicable federal, state and local laws, regulations and ordinances.

(o) Each owner shall maintain all landscaping and vegetation on its ownership unit in a healthy condition and shall treat trees and shrubs as necessary to prevent plant diseases.

(p) Caretakers' units shall not be occupied by more than two (2) unrelated persons. No structure within The Sanctuary shall be rented on a nightly or short-term basis without the Association's consent, provided that each dwelling and related structures may be rented not more than two (2) times per calendar year for periods of at least fourteen (14) consecutive days each. For purposes of the foregoing, "short-term" rentals shall be rentals of less than thirty (30) consecutive days. The Association's consent to any particular rental shall not obligate its consent to any other rental period. The Association may

establish rules and regulations applicable to rentals, including without limitation, rules and regulations limiting the number of occupants of rental properties.

(q) No lot within The Sanctuary shall ever be resubdivided or further subdivided, nor shall a divided interest in any lot ever be separately conveyed, mortgaged, or encumbered, except in connection with a partition pursuant to Colorado law; and provided that nothing in this subparagraph shall prohibit ownership or conveyance of lots in undivided interests as tenants-in-common, joint tenants or otherwise, the creation of future interests, grants or reservations of easements for limited purposes or the creation of townhome units or condominium units on multi-family lots.

16. Variances. The board of directors of the Association may in its discretion grant variances and exceptions in writing to the requirements or procedures of paragraphs 4 or 5 above and to the prohibited activities and affirmative obligations described in paragraph 15 above, when the board determines that it is appropriate and just to do so after the request for a variance has been submitted in writing by or on behalf of an owner.

17. Violations; Remedies.

(a) The Association and any aggrieved owner shall have the right of action in equity and at law against any person or entity other than the Association who violates or fails to comply with the provisions of this Declaration or the articles of incorporation, bylaws or rules or regulations of the Association. If the Association or any aggrieved owner commences any suit in equity or at law against any person other than the Association who violates or fails to comply with the provisions of this Declaration or the articles of incorporation, bylaws or rules or regulations of the Association, and prevails therein, then such person shall be liable for, and the Association or such aggrieved owner shall recover judgment against such person for all attorneys' fees and costs of discovery and suit incurred by the Association or such aggrieved owner.

(b) Any owner shall have the right of action in equity and at law against the Association if the Association fails to comply with the provisions of this Declaration or the articles of incorporation, bylaws or rules or regulations of the Association. In no case, however, shall any owner who commences any suit in equity or at law against the Association have any right under this Declaration to recover judgment against the Association for such owner's attorneys' fees or costs of discovery or suit.

(c) The board of directors of the Association shall establish a reserve with which to pay the Association's costs and expenses, including attorneys' fees, in connection with the

enforcement of this Declaration or the articles of incorporation, bylaws or rules and regulations of the Association. Such reserve shall be funded from regular and special assessments to members.

(d) Nothing in this paragraph 17 is intended to limit other rights and remedies available pursuant to this Declaration or the articles of incorporation, bylaws or rules and regulations of the Association.

18. General Reservations in Declarant.

(a) Right to Select Association Directors. Notwithstanding any other provisions expressly or impliedly to the contrary contained in this Declaration, the articles of incorporation or bylaws of the Association, Declarant reserves the exclusive right until twenty-five (25) years after the date this Declaration is first recorded in Routt County, Colorado, to elect, select and replace all the members of the board of directors of the Association.

(b) Right to Select Members of the Architectural Control Committee. Notwithstanding any other provisions expressly or impliedly to the contrary contained in this Declaration, the articles of incorporation or bylaws of the Association, Declarant reserves the exclusive right until twenty-five (25) years after the date this Declaration is first recorded in Routt County, Colorado, to select and replace the members of the Architectural Control Committee of the Association.

(c) Right to Erect Signs. Declarant reserves until twenty-five (25) years after the date this Declaration is first recorded in Routt County, Colorado, a license and right to erect, maintain and use within the common area of The Sanctuary one or more signs which comply with applicable governmental regulations, and to relocate and remove same, all in the sole discretion of the Declarant.

(d) Reserve and Relocate Easements. The Declarant may reserve and/or grant exclusive or non-exclusive private easements or rights-of-way on or across common area at or before the time such common area are established, which private easements and/or rights-of-way shall be superior to the rights of the owners in such common area. The beneficiary of any such private easement or right-of-way shall have the right, at its sole expense, to relocate such easement or right-of-way within the common area, provided such beneficiary restores, at its sole expense, the common area previously subject to the easement or right-of-way to a condition consistent with the surrounding common area.

(e) Right of Release and Termination. The Declarant shall have the right and ability to assign or to release and

terminate any rights reserved to the Declarant pursuant to this Declaration by execution of a document expressing the Declarant's intent to assign or to release and terminate any such right, which document shall be recorded in the real property records of Routt County, Colorado.

19. General Provisions.

(a) Partial Release of this Declaration and Deletion from The Sanctuary. Any portion of the land within The Sanctuary may be deleted and excluded from The Sanctuary and the land, within the meaning, intent and restrictions of this Declaration, if (i) the board of directors of the Association approves such deletion and exclusion and (ii) the Association, the owner of such portion of the land, and each Declarant who, at the time of such proposed deletion and exclusion, is the owner in fee simple of any ownership unit within The Sanctuary or property described on Exhibit A which may be annexed to this Declaration, execute, acknowledge and record in the real property records of Routt County, Colorado, a document stating that a portion of the land as particularly described in such document is deleted and excluded from The Sanctuary and from the land, and that this Declaration and any amendments or additions hereto shall not thereafter encumber, restrict or affect such portion of the land. Upon compliance with conditions (i) and (ii) immediately above, and recording of the documents therein generally described, such portion of the land described in such document shall thereafter be deleted and excluded from The Sanctuary and the land and shall not thereafter be encumbered, restricted or affected by this Declaration or any amendments or additions hereto.

(b) Annexation or Addition of Property. Any real property described on Exhibit A or any other real property, the boundary of which adjoins a boundary of The Sanctuary at the time of annexation, may be annexed and added to the land and to The Sanctuary upon the execution, acknowledgment and recording in the real property records of Routt County, Colorado, of a supplemental declaration signed by the Declarant, if any, and the owner of the real property to be annexed, declaring such real property to be and become a part of The Sanctuary and subjecting such real property to all of the terms, covenants, benefits, burdens, conditions and restrictions of this Declaration. Any such supplemental declaration may impose covenants, conditions, restrictions or limitations on the property annexed that are in addition to the provisions of this Declaration. Upon recording the supplemental declaration, the owner or owners of the annexed property shall be deemed "owners" hereunder, and such added property shall be encumbered by, and entitled to the benefits of, this Declaration and the applicable supplemental declaration.

(c) Reallocation of Voting Rights. Upon deletion of any portion of the land from, or addition of any real property to, The

Sanctuary as provided in subparagraphs 19(a) and 19(b) above, the voting rights of all owners shall be reallocated in conformance with the provisions of subparagraph 7(c) of this Declaration to reflect the effect of such deletion or addition.

(d) Duration. This Declaration shall run with and bind the land (except for any part thereof deleted and excluded herefrom as provided in subparagraph 19(a) above) and shall inure to the benefit of and be enforceable by the Association and each owner of any real property subject to this Declaration, their respective legal representatives, heirs, successors and assigns, for a term of forty (40) years from the date this Declaration is recorded, after which time this Declaration shall be automatically extended for successive periods of ten (10) years unless there has been recorded, prior to the commencement of any such ten (10) year period, an instrument terminating this Declaration, which is executed and acknowledged in recordable form by the then owners of at least sixty-seven percent (67%) of the ownership units within The Sanctuary, and in addition, by each Declarant who, at the time of such proposed termination is an owner in fee simple of any ownership unit.

(e) Limitation on Liability. The Declarant, the Association and the Committee shall exercise their own judgment in administering, enforcing and interpreting the provisions of this Declaration. The Declarant, Association or Committee and their respective employees, officers, directors, shareholders, Committee members and agents shall not be liable to any owner or other person for actual or alleged acts or omissions, failures, mistakes and judgments or non-enforcement in connection with actions taken or omitted to be taken pursuant to this Declaration, unless such acts or omissions constitute gross negligence or willful and wanton conduct.

(f) Invalidity. If any of the provisions of this Declaration or any paragraph, sentence, clause, phrase or word, or the application thereof in any circumstance be invalidated, such invalidity shall not affect the validity of the remainder of this Declaration and the application of any such provision, paragraph, sentence, clause, phrase or word in any other circumstances shall not be affected thereby.

(g) Gender and Number. Whenever used herein, unless the context shall otherwise provide, the singular number shall include the plural, the plural the singular, and the use of any gender shall include all other genders.

(h) Headings. The captions and the headings of paragraphs in this Declaration are for convenience of reference only, and shall not be deemed to expand, limit or define any of the provisions hereof.

(i) Exhibits. All Exhibits attached hereto are incorporated into this Declaration by reference.

20. Limitations on Declarant's Obligations. Nothing contained in this Declaration or in the articles of incorporation, bylaws or rule and regulations of the Association shall be deemed to impose upon Declarant or any of its successors or assigns any obligation to annex property to this Declaration, build, construct, or provide any buildings or improvements or warrant any buildings or improvements which are in fact constructed. All obligations upon a Declarant of this nature shall arise only from any executed purchase agreement signed by such Declarant and a prospective owner.

21. Vacation of Easements. Certain easements are or may hereafter be dedicated within The Sanctuary for the installation, replacement, repair, and maintenance of public utilities, for common private driveways and snow removal and snow storage, for signs or other purposes. Such easements may be created on the plats of property included in The Sanctuary or by other instruments. Any such easement dedicated to the City may be released and vacated, in whole or in part, at the discretion of the City Council of the City. Any such release and vacation will be in favor of the record fee simple owner of the lot encumbered by such easement and shall be effective upon the recording in the real property records of Routt County, Colorado of a certified copy of an ordinance of the City Council of the City vacating such easement or any portion thereof. No approval of the Committee or any lot owner shall be required prior to such vacation, but the City may consider the desires of the Committee or any lot owner prior to adoption of a vacation ordinance. Easements granted to the Association may be released or vacated, in whole or in part, by action of the Association's board of directors and upon the recording in the real property records of Routt County, Colorado, of an instrument to that effect executed on behalf of the person holding the Easement. No approval of the Committee or any owner, as such, shall be required for any such release or vacation. Termination or vacation of an easement granted shall be in favor of the record fee simple owner of the lot previously burdened by such easement. The Easement created pursuant to subparagraph 6(b) may be vacated, released or relocated, in whole or in part, by the procedure specified in subparagraph 6(c).

22. Transfer and Termination of Declarant Status. Country Club Highlands Partnership shall act as the sole Declarant for as long Country Club Highlands Partnership owns any ownership unit within the Sanctuary or any of the property described on Exhibit A which may be annexed to this Declaration unless it relinquishes its status as Declarant with respect to all such property as provided in this paragraph. The status as Declarant and all rights and obligations of Declarant pursuant to this Declaration and the

articles of incorporation, bylaws and rules and regulations of the Association may be transferred as to all or any portion of The Sanctuary, by the person then acting as Declarant with respect to such property, without the consent of any owner, effective upon the recording in Routt County, Colorado of written notice of such transfer executed by the transferring Declarant and describing the property as to which such transfer of Declarant status is effective. In addition, the status of Declarant and all rights and obligations of Declarant pursuant to this Declaration and the articles of incorporation, bylaws and rules and regulations of the Association may be relinquished and terminated as to all or any portion of the property within The Sanctuary, without the consent of any owner, by recording a notice to that effect in Routt County, Colorado signed by the relinquishing Declarant and specifying the portion of The Sanctuary as to which such relinquishment is effective. Any transferring or relinquishing Declarant shall be released from any future obligation or liability as Declarant, but not from any such obligation or liability existing at the time of the transfer or relinquishment.

23. Rights and Obligations of Successor Declarants. Each Successor Declarant shall have the rights, powers, duties and responsibilities of the Declarant with respect to that portion of The Sanctuary for which such party is acting as Successor Declarant and for matters affecting that portion of the property of The Sanctuary only. On all other matters, including without limitation, exercising the rights of the Declarant to appoint directors of the Association and members of the Committee, Successor Declarants shall vote, with each Successor Declarant being entitled to vote the number of votes that all owners of property within such Successor Declarant's portion of The Sanctuary would be entitled to cast in the Association. Unless otherwise expressly provided herein, each action by Successor Declarant shall require at least the affirmative vote of a majority of the votes entitled to be cast by Successor Declarants. The status of Successor Declarant with respect to any portion of The Sanctuary shall terminate as to any Successor Declarant when such Successor Declarant no longer owns any ownership unit within the portion of the Sanctuary for which the appointment as Successor Declarant was effective.

24. Association Membership does not Include Golf or Ski Touring Membership. Membership in the Association does not include membership in the golf club located on property adjacent to a portion of the land that may be included in The Sanctuary, or membership in or the right to use the ski touring club and facilities, including trails, that may be now or hereafter located within The Sanctuary. Each owner desiring to use such golf or ski touring facilities shall be required to make separate arrangements for such use with the operators of such facilities.

IN WITNESS WHEREOF, Declarant has duly executed this Declaration on this 7th day of February, 1992.

COUNTRY CLUB HIGHLANDS PARTNERSHIP,
A COLORADO GENERAL PARTNERSHIP

By: STEAMBOAT INVESTMENTS
CORPORATION, 1989,
a Delaware corporation,
General Partner

By: Martin T. Hart
Martin T. Hart, President

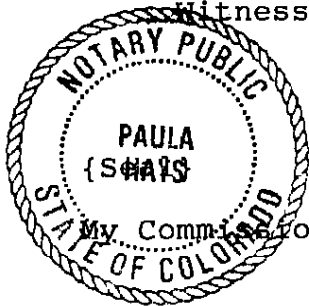
By: STEAMBOAT DEVELOPMENT
CORPORATION, a Delaware
corporation, General Partner

By: Masanori Senno
Masanori Senno,
Authorized Agent

State of Colorado)
 ss:
County of Routt)

The foregoing Declaration was acknowledged before me this 7th day of February, 1992 by MARTIN T. HART, as President of STEAMBOAT INVESTMENTS CORPORATION 1989, A Delaware Corporation, as General Partner of COUNTRY CLUB HIGHLANDS PARTNERSHIP, A GENERAL PARTNERSHIP.

Witness my hand and official seal.



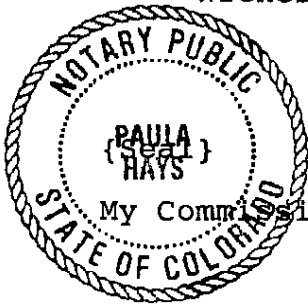
Paula Hays
Notary Public

My Commission Expires: May 16, 1995

State of Colorado)
 ss:
County of Routt)

The foregoing Declaration was acknowledged before me this
7th day of February, 1992 by Masanori Senno, as
Authorized Agent of STEAMBOAT DEVELOPMENT CORPORATION, A Delaware
Corporation, as General Partner of COUNTRY CLUB HIGHLANDS
PARTNERSHIP, A GENERAL PARTNERSHIP.

Witness my hand and official seal.



Paula Hays
Notary Public

My Commission Expires: May 16, 1995

EXHIBIT A

DESCRIPTION OF PROPERTY THAT MAY BE
ANNEXED INTO THE SANCTUARY

Any or all of the following property may be annexed to The Sanctuary (except the portions thereof subject to The Sanctuary Filing No. 1 plat and The Sanctuary Filing No. 2 plat):

The real property as conveyed by deeds recorded in Book 646, Page 496 and Book 646, Page 506 of the Routt County records

EXHIBIT B

FORM OF ARCHITECTURAL CONTROL APPROVAL.

NOTIFICATION OF APPROVAL

The Sanctuary Owners Association
Architectural Control Committee

Property Description:

Owner:

Effective Date of Approval:

As of the effective date noted above, the Architectural Control Committee of The Sanctuary Owners Association hereby evidences its approval of the project described below, subject to the conditions hereinafter noted.

Project Description: _____

_____.

Conditions of Approval:

1. The project is subject to all the provisions of the Protective Restrictions, Covenants, Limitations, Easements and Approvals for The Sanctuary (the "Covenants").

2. This approval is effective for a period of 12 months from the effective date indicated above, unless extended prior to the expiration of such 12-month period.

3. Additional Conditions: _____

_____.

THE SANCTUARY OWNERS ASSOCIATION
ARCHITECTURAL CONTROL COMMITTEE

Date: _____

By _____
Authorized Representative

**SUPPLEMENTAL DECLARATION OF PROTECTIVE RESTRICTIONS,
COVENANTS, LIMITATIONS, EASEMENTS AND APPROVALS OF THE
SANCTUARY, FILING NO. 3**

This Supplemental Declaration of Protective Restrictions, Covenants, Limitations, Easements and Approvals for The Sanctuary Filing No. 3 (the "Filing 3 Supplemental Declaration") is made as of January 24, 1995 by Country Club Highlands Partnership, a Colorado general partnership (the "Declarant").

RECITALS

The Declaration of Protective Restrictions, Covenants, Limitations, Easements and Approvals of The Sanctuary was recorded by Declarant on March 20, 1992 in Book 671 at Pages 1615 through 1661 of the Routt County, Colorado real estate records (the "Original Declaration"). Capitalized terms used but not defined in this Filing No. 3 Supplemental Declaration shall have the meanings set forth in the Original Declaration. Unless the context otherwise requires, references to the Declaration in the Original Declaration and this Filing 3 Supplemental Declaration shall be to the Original Declaration as modified by this instrument and any subsequent supplemental declarations or amendments. Paragraph 19(b) of the Original Declaration provides that any portion of the real property described on Exhibit A to the Original Declaration and other real property may be annexed to The Sanctuary and made subject to the Declaration. Declarant is the owner of the real property platted as The Sanctuary, Filing No. 3, which is a portion of the property described on Exhibit A to the Original Declaration. Declarant desires to annex such property to The Sanctuary and subject such property to the benefits and burdens of the Declaration.

SUPPLEMENTAL DECLARATION

444929
1. Pursuant to the rights and powers reserved to the Declarant in the Original Declaration, all of the real property subdivided and platted in Routt County, Colorado under the name The Sanctuary, Filing No. 3 (the "Annexed Property") according to the plat thereof in File No. 12170 of the Routt County, Colorado real estate records (the "Filing No. 3 Plat") is hereby annexed to and made a part of The Sanctuary and made subject to all of the terms, conditions, benefits, burdens, reservations and restrictions of the Declaration, all of the terms and provisions of which are incorporated herein by this reference. Declarant hereby publishes and declares that the Annexed Property is and shall be subject to all of the restrictions, covenants, limitations, easements, approvals, terms, conditions, uses, reservations and obligations of the Declaration, which shall run with the land and shall be a burden and benefit to Declarant, its successors and assigns, and to any person acquiring or owing any interest in the Annexed Property and their grantees, successors, heirs, executors, administrators, devisees and assigns, except that the Declaration shall not run with any property or property interest that is released from the Declaration as therein provided, and from and after any such release shall not either burden or benefit the owner or owners of

such released property or property interest, their grantees, successors, heirs, executors, administrators, devisees or assigns.

2. Notwithstanding any other provision of the Declaration, for so long as a golf course is located on the real property described in that certain Settlement Agreement recorded in Book 608 beginning at Page 312 of the Routt County, Colorado records (the "Golf Course Property"), the building envelopes for Lots 31, 32, 33 and 34 of The Sanctuary Filing No. 3 as shown on the Filing No. 3 Plat shall not be relocated to the north by variance or similar approval or action of the Association, modification of the Declaration or otherwise, without the prior written consent of the owner of the Golf Course Property at the time of the relocation.

3. The amendment to the Original Declaration effected by this Filing 3 Supplemental Declaration is made pursuant to law in effect prior to July 1, 1992 and is not made under the Colorado Common Interest Ownership Act (Article 3.3 of Title 38, C.R.S.).


IN WITNESS WHEREOF, the Declarant has duly executed this Filing 3 Supplemental Declaration as of the day and year first above written.

COUNTRY CLUB HIGHLANDS
PARTNERSHIP, a Colorado general
partnership

By: Steamboat Investments Corporation 1989,
a Delaware corporation, General Partner

By: 
Martin T. Hart, President

By: Steamboat Development Corporation,
a Delaware corporation, General Partner

By: 
Masanori Senno, Authorized Agent

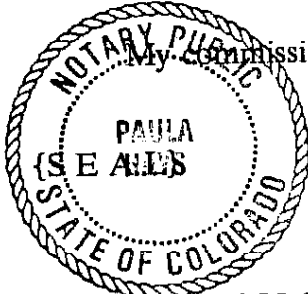
STATE OF COLORADO)

SS:

COUNTY OF Routt)

The foregoing instrument was acknowledged before me this 34th day of January, 1995, by Martin T. Hart as President of Steamboat Investments Corporation 1989, General Partner of COUNTRY CLUB HIGHLANDS PARTNERSHIP, a Colorado General Partnership.

Witness my hand and official seal.



My commission expires: May 16, 1995

Paula Hays
Notary Public

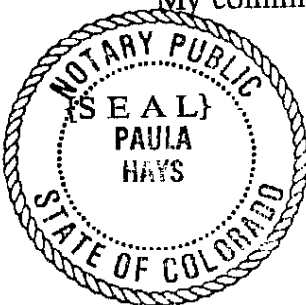
STATE OF COLORADO)

SS:

COUNTY OF ROUTT)

The foregoing instrument was acknowledged before me this 25th day of January, 1995, by Masanori Senno as Authorized Agent of Steamboat Development Corporation, General Partner of COUNTRY CLUB HIGHLANDS PARTNERSHIP, a Colorado General Partnership.

Witness my hand and official seal.



My commission expires: May 16, 1995

Paula Hays
Notary Public

4

**SUPPLEMENTAL DECLARATION OF PROTECTIVE RESTRICTIONS,
COVENANTS, LIMITATIONS, EASEMENTS AND APPROVALS OF THE
SANCTUARY, FILING NO. 4**

This Supplemental Declaration of Protective Restrictions, Covenants, Limitations, Easements and Approvals for The Sanctuary Filing No. 4 (the "Filing 4 Supplemental Declaration") is made as of November 26, 1996 by Country Club Highlands Partnership, a Colorado general partnership (the "Declarant").

RECITALS

The Declaration of Protective Restrictions, Covenants, Limitations, Easements and Approvals of The Sanctuary was recorded by Declarant on March 20, 1992 in Book 671 at Pages 1615 through 1661 of the Routt County, Colorado real estate records (the "Original Declaration"). Capitalized terms used but not defined in this Filing No. 4 Supplemental Declaration shall have the meanings set forth in the Original Declaration. Unless the context otherwise requires, references to the Declaration in the Original Declaration and this Filing 4 Supplemental Declaration shall be to the Original Declaration as modified by this instrument and any other supplemental declarations or amendments. Paragraph 19(b) of the Original Declaration provides that any portion of the real property described on Exhibit A to the Original Declaration and other real property may be annexed to The Sanctuary and made subject to the Declaration. Declarant is the owner of the real property platted as The Sanctuary, Filing No. 4, which is a portion of the property described on Exhibit A to the Original Declaration. Declarant desires to annex such property to The Sanctuary and subject such property to the benefits and burdens of the Declaration.

SUPPLEMENTAL DECLARATION

1. Pursuant to the rights and powers reserved to the Declarant in the Original Declaration, all of the real property subdivided and platted in Routt County, Colorado under the name The Sanctuary, Filing No. 4 (the "Annexed Property") according to the plat thereof in File No. 12425 of the Routt County, Colorado real estate records (the "Filing No. 4 Plat") is hereby annexed to and made a part of The Sanctuary and made subject to all of the terms, conditions, benefits, burdens, reservations and restrictions of the Declaration, all of the terms and provisions of which are incorporated herein by this reference. Declarant hereby publishes and declares that the Annexed Property is and shall be subject to all of the restrictions, covenants, limitations, easements, approvals, terms, conditions, uses, reservations and obligations of the Declaration, which shall run with the land and shall be a burden and benefit to Declarant, its successors and assigns, and to any person acquiring or owing any interest in the Annexed Property and their grantees, successors, heirs, executors, administrators, devisees and assigns, except that the Declaration shall not run with any property or property interest that is released from the Declaration as therein provided, and from and after any such release shall not either burden or benefit the owner or owners of

- 1 -

IN WITNESS WHEREOF, the Declarant has duly executed this Filing 4
Supplemental Declaration as of the day and year first above written.

COUNTRY CLUB HIGHLANDS
PARTNERSHIP, a Colorado general
partnership

By: Steamboat Investments Corporation 1989,
a Delaware corporation, General Partner

By: *Martin T. Hart*
Martin T. Hart, President

By: Steamboat Development Corporation,
a Delaware corporation, General Partner

By: *Masanori Senno*
Masanori Senno, Authorized Agent

STATE OF COLORADO)

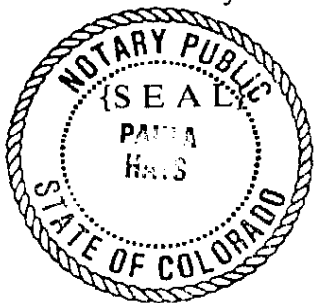
SS:

COUNTY OF)

The foregoing instrument was acknowledged before me this 26th day of November, 1996, by Martin T. Hart as President of Steamboat Investments Corporation 1989, General Partner of COUNTRY CLUB HIGHLANDS PARTNERSHIP, a Colorado General Partnership.

Witness my hand and official seal.

My commission expires: 5-16-99



Pamela Hays
Notary Public

STATE OF COLORADO)

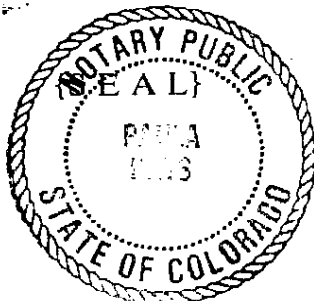
SS:

COUNTY OF ROUTT)

The foregoing instrument was acknowledged before me this 26th day of November, 1996, by Masanori Senno as Authorized Agent of Steamboat Development Corporation, General Partner of COUNTRY CLUB HIGHLANDS PARTNERSHIP, a Colorado General Partnership.

Witness my hand and official seal.

My commission expires: 5-16-99



Paula Hays
Notary Public

**SUPPLEMENTAL DECLARATION OF PROTECTIVE RESTRICTIONS,
COVENANTS, LIMITATIONS, EASEMENTS AND APPROVALS OF
THE SANCTUARY, FILING NO. 5**

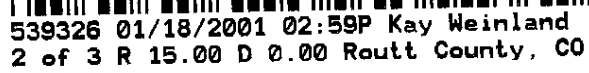
This Supplemental Declaration of Protective Restrictions, Covenants, Limitations, Easements and Approvals for The Sanctuary Filing No. 5 (the "Filing 5 Supplemental Declaration") is made as of November 1, 2000 by COUNTRY CLUB HIGHLANDS PARTNERSHIP, LLP, a Colorado limited liability partnership (the "Declarant").

RECITALS

The Declaration of Protective Restrictions, Covenants, Limitations, Easements and Approvals of The Sanctuary was recorded by Declarant on March 20, 1992 in Book 671 at Pages 1615 through 1661 of the Routt County, Colorado real estate records (the "Original Declaration"). Capitalized terms used but not defined in this Filing No. 5 Supplemental Declaration shall have the meanings set forth in the Original Declaration. Unless the context otherwise requires, references to the Declaration in the Original Declaration and this Filing 5 Supplemental Declaration shall be to the Original Declaration as modified by this instrument and any other supplemental declarations or amendments. Paragraph 19(b) of the Original Declaration provides that any portion of the real property described on Exhibit A to the Original Declaration and other real property may be annexed to The Sanctuary and made subject to the Declaration. Declarant is the owner of the real property platted as The Sanctuary, Filing No. 5, which is a portion of the property described on Exhibit A to the Original Declaration and other real property, the boundary of which adjoins The Sanctuary. Declarant desires to annex such property to The Sanctuary and subject such property to the benefits and burdens of the Declaration.

SUPPLEMENTAL DECLARATION

1. Pursuant to the rights and powers reserved to the Declarant in the Original Declaration, all of the real property subdivided and platted in Routt County, Colorado under the name The Sanctuary, Filing No. 5 (the "Annexed Property") according to the plat thereof in File No. 12951 of the Routt County, Colorado real estate records (the "Filing No. 5 Plat") is hereby annexed to and made a part of The Sanctuary and made subject to all of the terms, conditions, benefits, burdens, reservations and restrictions of the Declaration, all of the terms and provisions of which are incorporated herein by this reference. Declarant hereby publishes and declares that the Annexed Property is and shall be subject to all of the restrictions, covenants, limitations, easements, approvals, terms, conditions, uses, reservations and obligations of the Declaration, which shall run with the land and shall be a burden and benefit to Declarant, its successors and assigns, and to any person acquiring or owing any interest in the Annexed Property and their grantees, successors, heirs, executors, administrators, devisees and assigns, except that the Declaration shall not run with any property or property interest that is released from the Declaration as therein provided, and from and after any such release shall not either burden or benefit the owner or owners of such released property or property interest, their



2. The amendment to the Original Declaration effected by this Filing 5 Supplemental Declaration is made pursuant to law in effect prior to July 1, 1992 and is not made under the Colorado Common Interest Ownership Act (Article 33.3 of Title 38, C.R.S.).

[illegible]

IN WITNESS WHEREOF, the Declarant has duly executed this Filing 5 Supplemental Declaration as of the day and year first above written.

COUNTRY CLUB HIGHLANDS PARTNERSHIP, LLP,
a Colorado limited liability partnership

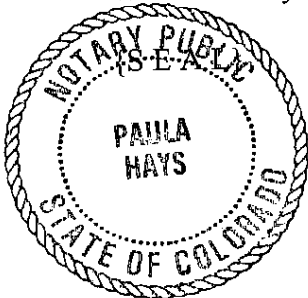
By: Steamboat Investments Corporation 1989,
a Delaware corporation and CCHP Holdings, LLC
a Colorado limited liability company, General Partners

By: *Martin T. Hart*
Martin T. Hart, as President of Steamboat Investments
Corporation 1989, a Delaware corporation and as Manager
of CCHP Holdings, LLC, a Colorado limited liability company

STATE OF COLORADO)
 ss.
County of Routt)

The foregoing Supplemental Declaration of Protective Restrictions, Covenants, Limitations, Easements and Approvals of The Sanctuary, Filing No. 5 was acknowledged before me this 2nd day of November, 2000 by Martin T. Hart as President of Steamboat Investments Corporation 1989, a Delaware corporation and as Manager of CCHP Holdings, LLC, General Partners of COUNTRY CLUB HIGHLANDS PARTNERSHIP, LLP, a Colorado limited liability partnership.

WITNESS my hand and official seal.



Paula Hays
Notary Public
My commission expires: 5/16/03

ARTICLES OF INCORPORATION
FOR
THE SANCTUARY HOMEOWNERS ASSOCIATION

The undersigned, desiring to establish a nonprofit corporation pursuant to the Colorado Nonprofit Corporation Act, hereby certifies:

ARTICLE I
Definitions

Terms used but not defined herein shall have the meanings set forth in the Protective Restrictions, Covenants, Limitations, Easements and Approvals for The Sanctuary to be recorded in the real property records of Routt County, Colorado (the "Declaration"). References to the Declaration shall include all amendments and supplemental declarations recorded from time to time.

ARTICLE II
Name

The name of the corporation shall be: The Sanctuary Homeowners Association. The corporation is sometimes hereinafter called the "Association."

ARTICLE III
Duration

The Association shall have perpetual existence.

ARTICLE IV
Purposes and Powers

(a) **Purposes.** The objects and purposes of the Association shall be: (i) to provide for the administration, care, upkeep, operation, maintenance and supervision of the common area (as defined in the Declaration) located within The Sanctuary, a subdivision within the City of Steamboat Springs, Routt County, Colorado (the "Subdivision"); (ii) to provide for architectural and aesthetic control within the Subdivision; (iii) to enforce the provisions of the Declaration, these articles of incorporation, the bylaws and the rules and regulations of the Association; (iv) to define membership in the Association and the voting rights of the members; (v) to regulate and control the relationships among the owners, and (vi) to exercise any and all powers and authority delegated, described or provided, expressly or implicitly, to the Association in the Declaration.

(b) **Powers.** In furtherance of the foregoing purposes, the Association shall have and may exercise all of the following powers:

(i) **Real and Personal Property.** To acquire, by gift, purchase, trade or any other method and to own, operate, build, manage, rent, sell, develop, encumber and otherwise deal in and with and dispose of interests in real property in the Subdivision or in real property adjacent to the Subdivision and interests in personal property of every kind and character, tangible and intangible, used or useful in connection with the Subdivision, including the granting or dedication of roads, trails, paths, walks, and easements for access, utility, public and other purposes.

(ii) **Borrowing.** To borrow funds or raise monies in any amount for any of the purposes of the Association, and from time to time to execute, accept, endorse and deliver as evidence of such borrowing all kinds of instruments and securities including, without limitation, promissory notes, drafts, bills of exchange, warrants, bonds, debentures, property certificates, trust certificates and other negotiable or non-negotiable instruments and evidences of indebtedness, and to secure the payment and performance of such obligations by mortgage on, or pledge, conveyance, deed or assignment in trust of, the whole or any part of the assets of the Association, real, personal or mixed, including contract rights, whether at the time owned or thereafter acquired, and specifically including without limitation, the Association's rights with respect to assessments for common expenses and liens. In connection with any such borrowings the Association is specifically authorized and empowered to provide information and make disclosures regarding its financial condition and assessments, fees and charges to members and any associated liens.

(iii) **Contracts.** To enter into, make, amend, perform and carry out, or cancel and rescind contracts, leases, permits, licenses, concessions and agreements or undertakings of any nature.

(iv) **Guaranties.** To make any guaranty respecting securities, indebtedness, notes, interests, contracts or other obligations created by any individual, partnership, association, corporation or other entity, and to secure such guaranties by encumbrance upon any and all assets of the Association, to the extent that such guaranty is made in pursuance of the purposes herein set forth.

(v) **Loans and Investments.** To lend money for Association purposes and invest Association funds from time to time, and take and hold real and personal property as security for funds loaned or invested.

(vi) **Assessments.** To fix, determine, assess, levy and collect periodic, general and special assessments and other fees and charges to cover common expenses and other costs and expenses incurred in connection with the operation and administration of the Association and common areas, including without limitation,

assessments to fund any reserve deemed appropriate by the board of directors or required by the Declaration. The Association is specifically empowered to establish procedures by which such assessment, fees and charges are made known to and collected from the parties obligated for the payment thereof; and with respect to unpaid assessments, fees and charges the Association shall have and may exercise all rights and remedies available pursuant to applicable law, the Declaration, these articles of incorporation or the bylaws and rules and regulations of the Association. Without limitation, the Association is empowered to assess, levy and collect penalties and liquidated damages for specific violations or infractions, and to assess, levy and collect costs of collection and enforcement, including attorneys' fees, late charges, costs and interest.

(vii) **Rule Making.** To make and enforce rules and regulations with respect to activities within the Subdivision subject to the Association's powers or control.

(viii) **Construction, Management, Maintenance and Repair.** To provide for the administration, management, maintenance and repair of the common areas within the Subdivision.

(ix) **General Powers.** To do everything and anything necessary, suitable, proper or convenient for the accomplishment of any of the purposes of the Association, the attainment of its objects, or the furtherance of any of the powers above set forth, either alone or in connection with other corporations, firms or individuals, and either as principal or agent, and to do every act or thing incidental or appurtenant to, or growing out of, or connected with any of the aforesaid objects, purposes or powers.

(x) **Other Powers.** In addition to the foregoing, the Association shall have and may exercise all the rights and powers set forth in the Declaration and bylaws of the Association, and all rights and powers that may from time to time be conferred by applicable law. The foregoing enumeration of specific powers shall not limit or restrict in any manner the general powers of the Association and the enjoyment and exercise thereof as now or hereafter conferred by applicable law.

(c) **Restrictions Upon Purposes and Powers.** The purposes and powers of the Association are subject to the following limitations:

(i) The directors of the Association may, for any taxable year of the Association, elect to have Section 528 of the Internal Revenue Code apply to the Association. During any taxable year that the directors have elected that said Section 528 shall apply to the Association:

(A) The Association shall be organized and operated solely as a "homeowners' association," as defined in and limited by Section 528(c) of the Internal Revenue Code, for such year;

(B) The Association shall not for such taxable year receive more than 40 percent of its gross income from amounts other than membership dues, fees and assessments from owners of condominium units; and

(C) The Association shall not for such taxable year expend more than 10 percent of its gross expenditures for purposes other than the acquisition, construction, management, maintenance and care of real and personal property held by the Association and other property qualifying as "association property" under Section 528(c)(4) of the Internal Revenue Code.

(ii) No part of the net earnings of the Association shall inure to the benefit of any member of the Association (other than by acquiring, constructing or providing management, maintenance, and care of such property of the Association qualifying as "association property" under Section 528(c)(4) of the Internal Revenue Code, and other than by a rebate of excess membership dues, fees or assessments);

(d) Dividends, Distributions, etc. The Association shall not pay any dividends. Except as otherwise provided in the Declaration, no distribution of the Association's assets to members (as such) shall be made except upon dissolution of the Association and then only after all the Association's debts are paid.

(e) Dissolution. The Association may be dissolved by the affirmative vote of the Declarant, if any, and the vote of members casting sixty-six and two-thirds percent (66-2/3%) or more of the votes cast by members at any regular or special meeting called for that purpose at which a quorum (as defined in the bylaws) shall be represented. Upon such dissolution, the affairs of the Association shall be wound up and its assets liquidated and any proceeds remaining after payment of all debts and cancellation of all liens shall be distributed among the members of the Association in the manner specified in the Declaration, or if not so specified, in proportion to their respective obligations for common expenses of the Association.

ARTICLE V **Registered Office and Agent**

The operations of the Association shall be conducted at such place within or outside of the United States as may from time to time be determined by the board of directors. The address of the initial registered office of the corporation is P. O. Box 880550, 2155 Resort Drive, Steamboat Springs, Colorado, 80488. The name of its initial registered agent at such address is Ward L. Van Scoyk.

ARTICLE VI

Members

(a) **Members.** Any individual, corporation, partnership, limited liability company, association, trust or other legal entity or combination of entities owning an undivided fee simple interest in an ownership unit shall automatically be a member of the Association. Such membership shall be continuous throughout the duration of such ownership. A membership shall terminate automatically, without any Association action, whenever such individual, organization or group ceases to own an ownership unit. Termination of the membership shall not relieve or release any former member from any liability or obligation incurred by virtue of or in any way connected with the ownership of an ownership unit, nor shall it impair any rights or remedies which the Association or others may have against such former member arising out of or in any way connected with such ownership or membership.

(b) **Classes of Membership.** The Association shall have one class of membership.

(c) **Rights of Members.** The rights of the members of each class, including voting rights, shall be as set forth herein, in the bylaws of the Association and in the Declaration. Voting rights in the Association shall be as follows:

(i) Any ownership unit within The Sanctuary shall, for purposes of allocating votes in the Association, be deemed to be a "condominium unit", a "townhome unit", a "single-family lot" or a "multi-family lot", as defined in the Declaration.

(ii) Each single-family lot shall be allocated one vote in the Association.

(iii) Each multi-family lot that is not subject to a recorded condominium declaration and condominium map or a recorded townhome plat shall be allocated four (4) votes per acre of land within such lot.

(iv) Votes shall not be allocated to multi-family lots which are subject to a recorded condominium declaration and condominium map or a recorded townhome plat but instead shall be allocated to the condominium units or townhome units located on such lot. The total number of votes allocable to all condominium units or townhome units located on such lot shall be determined pursuant to subparagraph (iii) above as if such multi-family lot were not subject to a recorded condominium declaration and condominium map or townhome plat. The number of votes so allocated shall be further allocated to the condominium units or townhome units located on the lot in proportion to the relative undivided interests, as tenants in common, of the land upon which such condominium units or townhome units are located and which is appurtenant to the condominium units or townhome units in question.

(v) Except for the purpose of determining the percentage of common expense responsibility allocated to the Declarant, for each ownership unit owned by the

Declarant, the Declarant shall be allocated five (5) times the number of votes that would otherwise be allocated to such ownership unit if it were owned by a person other than the Declarant.

(vi) In allocating votes, fractional votes (to two decimal places) shall be permitted.

Cumulative Voting shall not be allowed in the election of directors or for any other purpose. The Association and any governmental entity shall not be entitled to vote with respect to any ownership unit owned by the Association or such governmental entity, and no ownership unit owned by the Association or by any governmental entity shall be allocated any votes during the period of such ownership. This paragraph (c) may be amended only by the affirmative vote of the Declarant, if any, and the unanimous vote of all the members.

(d) **Designation of Voting Member.** If a lot is owned by one person, the record owner shall have the right to cast any vote associated with such owner's lot. If a lot is owned by more than one person, the individual entitled to cast the vote for the lot shall be as designated in a written statement made for such purpose, which statement shall be in a form acceptable to the board of directors, signed by at least a majority in interests of all of the record owners of the lot and filed with the secretary of the Association. If a lot is owned by a corporation, partnership, limited liability company, association, trust or other legal entity (an "organizational member"), the individual entitled to cast the vote of the lot for the organizational member shall be as designated in a written statement made for such purpose, which statement shall be in a form acceptable to the board of directors, duly executed on behalf of the organizational member and filed with the secretary of the Association. The person designated in any such written statement as the party entitled to cast the vote for a lot shall be known as the "voting member." Except as hereinafter provided with respect to lots owned by a husband and wife, if a voting member has not been designated for any lot owned by more than one person or by an organizational member, no vote may be cast with respect to such lot and the vote of such lot shall not be considered in determining the requirement for a quorum, the requirement for taking action or for any other purpose. Any designation of a voting member shall remain in effect until superseded by a subsequent written statement made as provided above or until a change in ownership of the ownership unit concerned. Notwithstanding the foregoing, if an ownership unit is owned jointly by a husband and wife, the following provisions shall be applicable:

(i) They may, but shall not be required to, designate a voting member.

(ii) If they do not designate a voting member and if both are present at a meeting they may vote jointly, but if they are unable to concur in their decision on any subject requiring a vote, they shall lose their right to vote on that subject at that meeting.

(iii) Where they do not designate a voting member and only one is present at a meeting, the person present may cast the lot vote, just as though he or she owned the ownership unit individually and without establishing the concurrence of the absent person.

ARTICLE VII

Board of Directors

(a) **Board of Directors.** The control and management of the affairs of the Association and the disposition of its funds and property shall be vested in a board of directors consisting of not less than one nor more than seven (7) persons, subject to the foregoing, the number of directors shall be determined as provided in the bylaws. The initial board of directors shall consist of the two (2) directors named below who (along with any replacements appointed pursuant to the bylaws) shall hold office until the first election or appointment of the directors as provided in the bylaws. At the first annual meeting of the members and all subsequent annual meetings, the members of the Association shall elect or appoint directors as set forth below:

(i) Until twenty-five (25) years after the date the Declaration is first recorded in Routt County, Colorado, Declarant reserves and shall have the exclusive right to select and replace all members of the board of directors of the Association, subject to Declarant's right to transfer or terminate its status as Declarant, as provided in the Declaration.

(ii) From and after the time Declarant is no longer entitled to appoint all of the members of the board of directors pursuant to clause (i) above, the members of the board of directors of the Association shall be elected by the members.

The first and subsequent annual meeting of the members shall be held on the dates specified pursuant to the bylaws. The classifications, if any, qualifications, terms of office and the manner of selection or election of directors shall be determined according to the articles of incorporation and bylaws of the Association from time to time in effect. The names and addresses of those comprising the first board of directors, to serve until their successors are duly appointed or elected are as follows:

<u>Name</u>	<u>Address</u>
Martin T. Hart	P. O. Box 61307 Denver, Colorado 80206
Masanori Senno	2305 Mt. Werner Circle Steamboat Springs, Colorado 80487

(b) **Committees of the Board of Directors.** The board of directors may, by resolution, designate two or more of their number to constitute executive, architectural

control or other committees which shall have and exercise all of the powers of the board of directors in the management of the business and affairs of the Association or such lesser authority as may be set forth in such resolution. No delegation of the authority of the board shall relieve the board or any member of the board from any responsibility imposed by law.

ARTICLE VIII

Officers

The Association shall have such officers as may from time to time be prescribed by the bylaws. Their terms of office and the manner of their designation or selection shall also be determined according to the bylaws.

ARTICLE IX

Conveyance of Property

Authority to convey or encumber the property of the Association and to execute any deed, contract or other instrument on behalf of the Association, for itself or as attorney-in-fact for one or more of the members, is vested in the president, any vice president, or any other officer or agent of the Association authorized to do so by the board of directors.

ARTICLE X

Management

The following provisions are inserted for the management of the business and for the conduct of the affairs of the Association, and the same are in furtherance of and not in limitation or exclusion of the powers conferred by law:

(a) **Contracts with Directors, Officers or Members.** No contract or other transaction of the Association with any other person, firm or corporation shall be affected or invalidated by reason of (i) the fact that any one or more of the directors, officers or members of the Association is interested in, or is a director, trustee or officer of another corporation, or (ii) the fact that any director, officer or member, individually or jointly with others, may be a party to or may be interested in any such contract or transaction. Each person who may become a director, officer or member, individually or jointly with others, may be a party to or may be interested in any such contract or transaction. Each person who may become a director, officer or member of the Association is hereby relieved from any liability that might otherwise arise by reason of his contracting with the Association for the benefit of himself or any firm or corporation in which he may be in anywise interested.

(b) **Board of Directors to Exercise General Power.** All corporate powers except those which by law or by these articles of incorporation expressly require the consent of the members, shall be exercised by the board of directors, a committee of the board or by officers of the Association authorized to do so by the articles of incorporation, the Association's bylaws or resolution of the board of directors.

(c) **Removal of Directors.** After the first election of directors by members, when the notice of meeting indicates the purpose any director who was not appointed by the Declarant may be removed and the vacancy filled by vote of the members. Directors may be removed with or without cause. Removal of directors whose terms expire at the next annual meeting of the members shall require at least a majority of the votes entitled to be cast by members present in person or by proxy, and removal directors whose terms do not expire at the next annual meeting of members shall require at least sixty-six and two-thirds percent (66-2/3%) of the votes entitled to be cast by members present in person or by proxy. Until the first election by members, the Declarant may remove any director with or without cause and appoint directors to fill any vacancy. In addition, the Declarant, if any, may at any time remove and appoint a replacement for any director appointed by the Declarant.

(d) **Compensation of Directors, Officers and Members.** Directors shall serve without compensation. The bylaws may provide for the reimbursement of directors' expenses. The board of directors shall fix the basis and conditions upon which such reimbursement shall be paid. Any director of the Association may also serve in any other capacity and receive compensation and reimbursement for such other work.

(e) **Indemnity.** The Association shall indemnify Association directors, officers, employees and agents to the fullest extent permitted by Section 7-22-101.5 of the Colorado Nonprofit Corporation Act or the corresponding provision of any subsequent applicable law, as either are amended from time to time. Such indemnification shall be in addition to any other indemnification allowed by law provided for pursuant to the provisions of these articles of incorporation, or any bylaw, resolution or insurance policy of the Association.

(f) **Limitation on Personal Liability.** The personal liability of a director to the Association or to the members for monetary damages for breach of fiduciary duty as a director is hereby eliminated; except that such provision shall not eliminate or limit the liability of a director to the Association or to the members for monetary damages for:

- (i) Any breach of the duty of loyalty to the Association or to the members;
- (ii) Acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law;
- (iii) Acts specified as being prohibited in Section 7-24-111 of the Colorado Nonprofit Corporation Act, as amended, or any successor thereto; or
- (iv) Any transaction from which the director derived an improper personal benefit.

ARTICLE XI
Bylaws

The initial bylaws of the Association shall be as adopted by its board of directors. The board shall have power to alter, amend or repeal the bylaws except to the extent the bylaws expressly limit such power. The bylaws may contain any provisions for the regulation or management of the affairs of the Association.

ARTICLE XII
Amendment

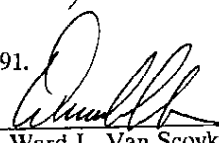
The Association reserves the right to amend, alter, change or repeal any provision contained in these articles of incorporation by, unless a higher voting requirement is set forth herein with respect to any particular provision, the approval of the Declarant, if any, and the approval of the members entitled to vote sixty-six and two-thirds percent (66-2/3%) or more of the votes entitled to be cast by members at any regular or special meeting called for the purpose at which a quorum shall be represented.

ARTICLE XIII

The name and address of the incorporator is:

Ward L. Van Scoyk
Weiss and Van Scoyk
P.O. Box 880550
Steamboat Springs, CO 80488

Dated this 3RD day of February, 1991.



Ward L. Van Scoyk

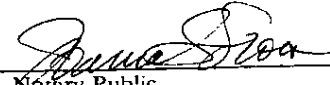
ACKNOWLEDGEMENT

The foregoing document was acknowledged before me this 3 day of February, 1991 by Ward L. Van Scoyk.

Witness my hand and official seal.

My commission expires: 2/4/94

{S E A L}



Notary Public