

**DECLARATION OF COVENANTS, CONDITIONS,
RESTRICTIONS, AND EASEMENTS
FOR
NORTH RIDGE SUBDIVISION**

THIS DECLARATION is made by 1175 Development, LLC, a Colorado limited liability company, with an address of 1175 County Road 154, Suite 101, Glenwood Springs, CO 81601 (“Declarant”).

**ARTICLE I
STATEMENT OF PURPOSE AND DECLARATION**

Section 1.1. Owner. Declarant is the owner of the real property located in Garfield County, Colorado, described in *Exhibit A* (the “Property”).

Section 1.2. Purpose and Intent. The purpose of this Declaration is to create a residential planned community as defined in the Colorado Common Interest Ownership Act, C.R.S. § 38-33.3-101 et seq. (the “Act”), which will be known as “North Ridge”, and shall be subject to the Act. Declarant intends to protect the value and desirability of the Project, further a plan for the improvements, sales and ownership of the Project, create a harmonious and attractive development, and promote and safeguard the health, comfort, safety, convenience and welfare of the Owners of Lots in the Project.

Section 1.3. Initial Plan for Development. The Project shall initially contain eleven (11) Lots. The Project may be expanded as provided in that Article entitled Development Rights, and upon completion may consist of a maximum of thirty five (35) Lots. The identification number of each Lot is shown on the Plat recorded as a part of this Declaration in the Garfield County, Colorado real property records (the “Plat”).

Section 1.4. Imposition of Covenants. To accomplish the purposes indicated above, Declarant declares that upon recording this Declaration, the Property and any property which is made a part of the Project in the future shall constitute a planned community, and shall be held, sold and conveyed subject to the following covenants, conditions, restrictions and easements. These covenants shall run with the Property and will inure to the benefit of and are binding upon all persons having any right, title or interest in all or any part of the Property, including Declarant, the Association, Owners and their heirs, successors and assigns, and their tenants, employees, guests and invitees. Any right or any interest reserved or contained in this Declaration to or for the benefit of Declarant may be transferred or assigned by Declarant, either separately or with one or more of such rights or interests, to any Person

**ARTICLE II
DEFINITIONS**

Section 2.1. Definitions. The following words when used in this Declaration, unless inconsistent with the context of this Declaration, shall have the following meanings:

a. “Act” means the Colorado Common Interest Ownership Act, C.R.S. §§ 38-33.3-101, et seq., as it may be amended from time to time.

b. “Accessory Dwelling Unit” or “ADU” means a separate and complete single family dwelling unit that is built on the same Lot and attached to another single-family dwelling unit.

c. “Agencies” means the Federal National Mortgage Association (“FNMA”), the Government National Mortgage Association (“GNMA”), the Department of Housing and Urban Development (“HUD”), the Federal Housing Administration (“FHA”), the Veterans Administration (“VA”), the Colorado Housing Finance Authority (“CHFA”) or any other governmental or quasi-governmental agency or any other public, quasi-public or private entity which performs functions similar to those currently performed by any of such entities.

d. “Allocated Interests” means the votes in the Association and the percentage of the Common Expense liability assigned to each Lot as set forth in *Exhibit B*.

e. “Articles” means the Articles of Incorporation of North Ridge Owners Association on file with the Colorado Secretary of State, as amended.

f. “Assessments” means all the assessments for Common Expenses levied by the Association against a Lot or its Owner pursuant to this Declaration or the Act.

g. “Association” means the North Ridge Owners Association, a Colorado nonprofit corporation, and any successor entity by whatever name, charged with the duties and obligations of administering the Project.

h. “Association Documents” means this Declaration, the Plat, the Articles and the Bylaws of the Association, and any procedures, rules, regulations or policies by the Association and any amendments.

i. “Bylaws” means the Bylaws adopted by the Association as amended.

j. “Common Elements” means all the Property so labeled on the Plat, except the Lots, which the Association owns for the common use and enjoyment of the Owners on a non-exclusive basis, if any. It includes Limited Common Elements as defined in the Act. Declarant has not included any Common Elements in its initial plan for development. However, Common Elements may be added to or created within the Property pursuant to this Declaration and the Act.

k. “Common Expense” means:

i. any and all of the Association’s costs, expenses and liabilities including, without limitation, costs, expenses and liabilities incurred for (A) managing, operating, insuring, improving, repairing, replacing and maintaining the Property; (B) providing facilities, services and other benefits to Owners and Guests; (C) administering and enforcing the Association Documents, (D) levying, collecting and enforcing the Assessments; (E) regulating and managing the Project; (F) operating the Association;

ii. other expenses declared to be Common Expenses pursuant to the Association Documents or the Act, or agreed upon as Common Expenses by the Association; and

iii. reserves for any such costs, expenses and liability.

l. “**Declarant**” means 1175 Development, LLC, a Colorado limited liability company, and its successors and assigns.

m. “**Declarant Control Period**” means the period of time described in Section 3.4, subject to the limitations set forth in this Declaration or in the Act.

n. “**Declaration**” means this Declaration of Covenants, Conditions, Easements and Restrictions for North Ridge Subdivision.

o. “**Design Guidelines**” means the North Ridge Design Guidelines adopted pursuant to Article XI.

p. “**Development Rights**” means those rights reserved by the Declarant in Article VI.

q. “**Director**” means a member of the Executive Board.

r. “**Executive Board**” means the Association’s governing body elected to perform the Association’s obligations relative to the operation, maintenance, and management of the Property and all Improvements.

s. “**Expansion Property**” means the real estate described in *Exhibit C* and shown on the Plat which may be converted into additional Lots, or Common Elements.

t. “**First Mortgage**” means any Deed of Trust or Mortgage which has priority over all other security interests in any Lot.

u. “**First Mortgagee**” means any person named as a mortgagee or beneficiary in any First Mortgage, and any successor to the interest.

v. “**Guest**” means an Owner’s family members, tenants, invitees, licensees, employees, contractors or agents.

w. “**Improvement**” means any construction, structure, equipment, fixture or facilities existing, or to be constructed, on the Property including, without limitation, single family dwelling units, walkways, sidewalks, parking areas, driveways, landscaping, sprinkler systems, and utility installation improvements including without limitation, utility conduits, wires, pipes, and light poles.

x. “**Lot**” refers to a portion of the Property depicted on the Plat, which may be independently owned. Lot is synonymous with “Unit” as defined in the Act.

y. “**Manager**” means a person or entity that the Executive Board may engage to perform certain duties, powers or functions.

z. “**Member**” means a Person holding a membership in the Association.

aa. “**Mortgage**” means any mortgage, deed of trust or other document which

encumbers any Unit or interest therein as security for payment of a debt or obligation.

bb. “Mortgagee” means any person named as a mortgagee or beneficiary in any Mortgage, or any successor to the interest of any such person under such Mortgage.

cc. “Owner” means any record owner including, without limitation the Declarant or a contract vendor, whether one or more persons or entities, of a fee simple title interest to any Lot. Owner does not include a Person having only a security interest or any other interest in a Lot solely as security for an obligation.

dd. “Person” means an individual, corporation, trust, partnership, limited liability company, association, joint venture, government, government subdivision or agency, or other legal or commercial entity.

ee. “Plat” means the Final Plat for North Ridge recorded in the office of the Clerk and Recorder of Garfield County, Colorado.

ff. “Project” means the planned community created by this Declaration, consisting of the Property, the Lots and any Improvements constructed on the Property.

gg. “Property” means the real property described in Exhibit A and subject to this Declaration.

hh. “Rifle Code” means all the laws of the City of Rifle including without limitation City ordinances, together with rules, regulations and other governmental requirements adopted pursuant thereto.

ii. “Special Declarant Rights” means those rights reserved for the benefit of the Declarant, including Development Rights.

jj. “Successor Declarant” means any party or entity to whom Declarant assigns any or all of its rights, obligations, or interest as Declarant, as evidenced by an assignment or deed recorded with the Garfield County, Colorado Clerk and Recorder, designating such party as a Successor Declarant. Upon such recording, Declarant’s rights and obligations under this Declaration shall cease and terminate to the extent provided in such document.

kk. “Supplemental Declaration” means a recorded instrument that subjects additional property to this Declaration or imposes additional restrictions and obligation on the land described in such instrument.

ll. “Supplemental Plat” means a recorded instrument that depicts additional property subjected to the Declaration.

ARTICLE III **MEMBERSHIP, VOTING & ASSOCIATION OPERATIONS**

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

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

Section 3.3. Votes. Except as otherwise provided for in this Declaration, each Owner shall be entitled to vote in Association matters on the basis of one vote for each Lot owned. When more than one Person holds an interest in any Lot, all such Persons shall be Members.

Section 3.4. Declarant Control Period. During the Declarant Control Period, Declarant or any successor who takes title to all or part of the Property for the purpose of development and sale of the Property and who is designated as Successor Declarant, will have exclusive power to appoint and remove Directors and officers subject to the limitations in the Act. The Declarant Control Period begins the date this Declaration is first recorded in Garfield County, and will terminate the earlier occurrence of the following:

- a. sixty (60) days after conveyance of 75% of the Lots that may be created to Owners other than Declarant;
- b. two (2) years after Declarant's last conveyance of a Lot in the ordinary course of business; or
- c. two (2) years after Declarant last exercised its right to add new Lots.

Notwithstanding the foregoing, Declarant may voluntarily surrender the right to appoint and remove officers and Directors before termination of Declarant Control Period, but, in that event, Declarant may require for the duration of the Declarant Control Period, that specified Association or Board actions, as described in an instrument executed and recorded in the Garfield County by the Declarant, be approved by Declarant before those actions become effective.

Section 3.5. Compliance with Association Documents. Each Owner shall abide by and benefit from each provision contained in the Association Documents. The obligations, burdens and benefits of Association membership concern the land and shall be covenants running with each Lot for the benefit of all other Lots.

Section 3.6. Books and Records. The Association shall make available for inspection, upon advance request, during normal business hours or under other reasonable circumstances, to Owners and to Mortgagees, current copies of the Association Documents and the books, records, and financial statements prepared pursuant to the Bylaws. The Association may recover expenses and charge reasonable fees for copying or delivering such materials.

Section 3.7. Manager. The Executive Board may employ a Manager and delegate certain Association powers, functions, or duties, as provided in the Bylaws.

Section 3.8. Implied Rights and Obligations. The Association may exercise any right or privilege expressly granted in the Association Documents, or by applicable law, and every other right or privilege reasonably implied from the existence of any right or privilege under the Association Documents or reasonably necessary to affect any such right or privilege. The Association shall perform all of the duties and obligations expressly imposed upon it by the Association Documents, and every other duty or obligation implied by the express provisions of

the Association Documents or necessary to reasonably satisfy any such duty or obligation.

Section 3.9. Executive Board Powers, Limitations.

a. Powers. The Executive Board shall have power to take the following actions:

i. Adopt and publish rules and regulations governing the personal conduct of Owners and Guests on the Property; and establish penalties, including, without limitation, fines for violating the Association Documents;

ii. Suspend a Member's voting rights during any period in which such Member is in default on payment of any Assessment, or otherwise in violation of the Association Documents;

iii. Exercise all powers, duties, and authority vested in or delegated to the Executive Board and not reserved to the Members or Declarant under the Association Documents or as provided by the Act; and

iv. Assign its right to future income, including the right to receive Common Expense Assessments.

b. Limitations. Pursuant to C.R.S. § 38-33.3-303(3)(a), the Executive Board may not act on the Association's behalf to amend the Declaration, terminate the common interest community, elect Directors or determine the qualifications, powers and duties, or terms of office of Directors.

Section 3.10 Indemnification of Officers, Directors and Others. Subject to Colorado law, the Association shall indemnify every officer, Director, and committee member against all damages and expenses, including attorney fees, reasonably incurred in connection with any action, suit, or other proceeding to which they may be a party by reason of being or having been an officer, Director, or committee member, subject to the limitations in this Section.

a. The officers, Directors, and committee members shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual willful misfeasance, malfeasance, misconduct, or bad faith, and shall have no personal liability with respect to any contract or other commitment made or action taken in good faith on the Association's behalf.

b. The Association shall indemnify and forever hold each such officer, Director, and committee member harmless from any and all liability to others on account of any such contract, commitment, or action, and may maintain adequate general liability and officers' and directors' liability insurance to fund this obligation, if such insurance is reasonably available.

ARTICLE IV
MAINTENANCE OF THE PROPERTY

Section 4.1. Maintenance by the Association. If any Common Elements are added to or created in the Project, the Association, or its designated agent, shall maintain, repair, and replace the Common Elements, and shall otherwise manage and operate such property as it deems

necessary or appropriate.

Section 4.2. Maintenance of Lots. Each Lot Owner, at such Owner's expense, shall maintain, repair, and replace all portions of such Owner's Lot. Each Lot Owner shall be responsible for removing snow, leaves, and debris from their Lot.

ARTICLE V **PROPERTY RIGHTS AND EASEMENTS**

Section 5.1. Legal Description. An agreement for the sale of a Lot entered into prior to the recording of the Plat and this Declaration with the Garfield County, Colorado Clerk and Recorder may legally describe such Lot as set forth below and may indicate that the Plat and this Declaration are to be recorded. After the Plat and this Declaration are recorded, instruments of conveyance of Lots, and every other instrument affecting title to a Lot shall describe such Lot as set forth below, and may include such omissions, insertions, recitals of fact, or other provisions that may be necessary or appropriate under the circumstances:

Lot ____, North Ridge, according to the Plat recorded with the Garfield County, Colorado Clerk and Recorder on _____, 2022 at Reception No. _____, and the Declaration, recorded on _____, 2022 at Reception No. _____, Garfield County, Colorado.

Section 5.2. Easement of Encroachment. Declarant grants reciprocal appurtenant easements of encroachment, and for maintenance and use of any permitted encroachment, between each Lot and any adjacent Common Elements and between adjacent Lots, due to the unintentional placement or settling or shifting of the Improvements constructed, reconstructed, or altered thereon to a distance of not more than three feet, as measured from any point on the common boundary along a line perpendicular to such boundary.

Section 5.3. Utility Easements.

a. Installation and Maintenance. Declarant reserves for itself, so long as Declarant owns any property described in *Exhibit A or C*, and grants to the Association and all utility providers, perpetual non-exclusive easements throughout the Property (but not through a structure) to the extent reasonably necessary for the purpose of: installing utilities and infrastructure to serve the Property, cable and other systems for sending and receiving data, or other electronic signals, security systems, walkways, pathways and trails, drainage systems, street lights and signage on Declarant owned property, or within public right-of-way or easements reserved for such purpose on recorded plats; inspecting, maintaining, repairing and replacing the utilities, infrastructure and other improvements described in this Section; and access to read utility meters.

b. Specific Easements. Declarant reserves for itself the non-exclusive right and power to grant and record such specific easements as may be necessary, in its sole discretion, in connection with the orderly development of any property described in *Exhibit A or C*.

c. Minimal Interference. All work associated with the exercise of the easements described in subsections (a) and (b) of this Section shall be performed in such a manner as to minimize interference with the use and enjoyment of the burdened property. Upon

completion of the work, the Person exercising the easement shall restore such property, to the extent reasonably possible, to its condition prior to the commencement of the work.

Section 5.4. Easements to Serve Expansion Property. Declarant hereby reserves for itself and its duly authorized agents, successors, assigns, and mortgagees, an easement over the any portion of the Property for the purpose of enjoyment, use, access, and development of the Expansion Property, whether or not such property is made subject to this Declaration. This easement includes, but is not limited to, a right of ingress and egress for construction of roads and for connecting and installing utilities on such property.

Section 5.5. General Maintenance and Emergency Easement. Declarant reserves an easement for itself, the Association, any Director or the Manager, and their respective officers, agents, employees, and assigns, upon, in and under the Property and a right to make such use of the Property as may be necessary or appropriate to make emergency repairs or to perform the duties and functions which the Association is obligated or permitted to perform pursuant to the Association Documents, including the right to enter upon any Lot.

Section 5.6. Declarant's Rights Incident to Construction. Declarant, for itself and its successors and assigns, hereby reserves an easement for construction, utilities, drainage, ingress and egress over, in, upon, under and across the Property, together with the right to store materials on the Property, to build and maintain temporary walls, and to make such other use of the Property as may be reasonably necessary or incident to any construction of Improvements on the Property or other real property owned by Declarant, or other properties abutting and contiguous to the Property.

Section 5.7. Easement for Access. Declarant reserves for itself, its successors, assigns, and designees, a perpetual easement over the roads, trails, and walkways within the Property for access by employees, independent contractors, and accompanied guests of Declarant in connection with real estate sales activities within the Property.

Section 5.8. Recorded Easements. The Property is subject to additional existing easements according to documents recorded in Garfield County prior to this Declaration.

Section 5.9. Easement to Inspect and Right to Correct. Declarant reserves for itself and others it may designate the right to inspect, monitor, test, redesign, and correct any structure, improvement, or condition which may exist on any portion of the Property, and a perpetual nonexclusive easement of access across, over and through the Property to the extent reasonably necessary to exercise such right. Except in an emergency, entry into a Lot shall be only after reasonable notice to the Owner and with the Owner's consent. The person exercising this easement shall promptly repair, at such person's own expense, any damage resulting from such exercise.

ARTICLE VI **RIGHTS RESERVED BY DECLARANT**

Section 6.1. Expansion Rights. Declarant expressly reserves the right to use all or any part of the Expansion Property to develop additional Lots or Common Elements. Declarant may exercise such rights on all or any portion of the Expansion Property in whatever order of development that Declarant, in its sole discretion, determines. The existing Owners or

Mortgagees' consent is not required for any such expansion, and Declarant may proceed with such expansion without limitation at its sole option.

a. Declarant makes no assurances as to the boundaries of the Expansion Property that will be added at any time or the order that such portions will be added. Furthermore, Declarant has no obligation to subject the Expansion Property to the provisions of this Declaration.

b. Exercise of this Development Right with respect to any portion of the Expansion Property shall not obligate the Declarant to exercise such Development Right in any other portion of the Expansion Property. Any portion of the Expansion Property that is not subjected to this Declaration may be developed as Declarant may determine.

c. The addition of any Expansion Property to the Project shall be achieved by recording a Supplemental Declaration, or Supplemental Plat containing a legal description of the real estate to be added to the Project and such other terms and provisions as Declarant may prescribe.

Section 6.2. Reservation of Withdrawal Rights. Declarant reserves the right to withdraw Declarant owned Lots from the Project and the provisions of this Declaration. If property is withdrawn from the Property ("Withdrawn Property"):

a. Owners of real estate within the Property or the Withdrawn Property will have whatever easements are necessary or desirable, if any, for access, utility service, repair, maintenance and emergencies over and across the Property and Withdrawn Property.

b. Declarant will prepare and record whatever documents are necessary to evidence such easements and will amend the Plat to include reference to the recorded easement(s). Declarant's preparation and recordation of an easement pursuant to this Section will conclusively determine the existence, location and extent of the reciprocal easements that are necessary or desirable as contemplated by this Section.

Section 6.3. Reservation of Additional Development Rights. In addition to any rights reserved elsewhere in this Declaration, Declarant reserves the following Development Rights:

a. The right to subdivide any portion of the Property to develop additional Lots or Common Elements.

b. The right to subject any portion of the Property to additional covenants and easements. Such additional covenants and easements may be set forth in a Supplemental Declaration subjecting such property to this Declaration or referencing property previously subjected to this Declaration. Any such Supplemental Declaration may supplement, create exceptions to, or otherwise modify the terms of this Declaration as it applies to the subject property in order to reflect the different character and intended use of such property.

c. The right to enlarge or reduce the size of the Lots; the right to relocate boundaries between adjoining or otherwise contiguous Lots, and the right to complete or make Improvements approved by the governmental authorities having jurisdiction over the Project.

Section 6.4. Exercise of Development Rights. Declarant shall exercise its Development Rights by recording a Supplemental Declaration, Supplemental Plat, or any other Declaration or Plat amendments that may be appropriate in Garfield County.

Section 6.5. Interpretation. Recording of Declaration and Plat amendments or supplements in Garfield County shall:

a. Automatically vest in each existing Owner any additional rights or interest appurtenant to their Lot; and

b. Automatically vest in each existing Mortgagee a perfected security interest in the additional rights or interest appurtenant to the encumbered Lot.

c. Properly amend the Allocated Interests as necessary to preserve the share ratios established in this Declaration.

d. Apply the definitions used in this Declaration to the Property as it exists after Declarant's exercise of a Development Right.

Section 6.6. Special Declarant Rights. Declarant reserves the right to perform the acts and exercise the rights hereinafter specified (the "Special Declarant Rights") including, without limitation, the following:

a. Completion of Improvements. The right to complete Improvements indicated on the Plat filed with the Declaration.

b. Exercise of Development Rights. The right to exercise any Development Right reserved in this Article. The fact that Declarant may exercise one or more Development Rights or Special Declarant Rights on one portion of the Property will not operate to require Declarant to exercise any such right with respect to any other portion of the Property.

c. Sales Management and Marketing. The right to maintain sales offices, management offices, signs advertising the Project and models. The offices, model Lot and signs will be of sizes and styles determined by Declarant and may be relocated from time to time. At all times, the offices, model Lot and signs will remain Declarant's property and may be removed from the Property at any time.

d. Construction Easements. The right to use easements through the Common Elements for the purpose of making improvements within the Project.

e. Merger. The right to subject the Property or the Expansion Property to one or more common interest communities, the right to annex any such common interest community into the Association, and the right to merge or consolidate the Project with another project operated as a planned community.

f. Control of Association and Executive Board. The right to appoint or remove any Officer or any Director during the Declarant Control Period.

g. Control of Construction, Design Review. The right to control any

construction, design review, or aesthetic standards committee or process.

h. Amendment of Association Documents. The right to amend any Association Document in connection with the exercise of any Development Rights or Special Declarant Rights.

Section 6.7. Right to Notice of Design or Construction Claims. No Owner shall retain an expert for the purpose of inspecting the design or construction of any structures or improvements within the Project in connection with or in anticipation of any potential or pending claim, demand, or litigation involving such design or construction unless Declarant and any builder involved in the design or construction have been first notified in writing and given an opportunity to meet with the Owner to discuss the Owner's concerns and conduct their own inspection.

Section 6.8. Right to Approve Additional Covenants. No Person shall record any instrument affecting any portion of the Property without Declarant's review and written consent. Any attempted recordation without such consent shall result in such instrument being void and of no force and effect unless subsequently approved, signed and recorded by Declarant.

Section 6.9. Right to Approve Changes in Standards. No amendment to or modification of any restrictions, rules or architectural guidelines shall be effective without the Declarant's prior written approval so long as Declarant owns property subject to this Declaration.

Section 6.10. Transfer and Termination of Declarant Rights.

a. Transfer. The rights created or reserved under this Article for Declarant's benefit may be transferred to any person by an instrument describing the rights transferred, signed by the transferor Declarant and the transferee, and recorded in Garfield County. These rights are appurtenant to, benefit, and burden all of the Property, and a Successor Declarant may exercise such Development Rights to the same extent as Declarant, subject to any limitations imposed by Declarant, this Declaration or applicable law.

b. Termination. The rights created or reserved under this Article for Declarant's benefit shall terminate twenty (20) years after the recording of this Declaration, unless such rights are: (i) earlier terminated by recording of Declarant's written relinquishment of such rights; or (ii) extended as allowed by law.

ARTICLE VII
INSURANCE

Section 7.1. Coverage. To the extent reasonably available, the Executive Board shall obtain and maintain insurance coverage as set forth in this Article. If such insurance is not reasonably available, and the Executive Board determines that any insurance described in this Article will not be maintained, it shall cause notice of that fact to be delivered to all Owners and First Mortgagees at their respective last known addresses.

Section 7.2. General Insurance Provisions. All such insurance coverage obtained by the Executive Board shall be governed by the following provisions.

a. As long as Declarant owns any Lot on which a certificate of occupancy has

been issued, Declarant shall be protected by all such policies as an Owner.

b. The deductible amount, if any, on any insurance policy the Executive Board purchases may be treated as a Common Expense. The Association may enforce payment of any amount due from an individual Owner toward the deductible in the same manner as an Assessment.

c. The insurance coverage described in this Article shall be considered minimum coverage and the Association will be obligated to secure and maintain such other or additional coverage as may be required by law or C.R.S. § 38-33.3-313, which is also applicable to supplement the provisions of this Article.

d. Except as otherwise provided in this Declaration, insurance premiums for the insurance coverage obtained and maintained pursuant to this Article shall be a Common Expense to be paid by regular Assessments levied by the Association.

Section 7.3. Physical Damage Insurance on Improvements. The Association shall obtain and maintain in full force and effect physical damage insurance on all insurable Common Elements and related Improvements within the Project, if any, in an amount equal to full replacement value.

Section 7.4. Liability Insurance. The Executive Board shall obtain and maintain in full force and effect commercial general liability insurance with such limits as the Executive Board may from time to time determine, insuring the Association, each Director, the Manager, and their respective employees and agents. The liability policy will cover claims and liabilities arising out of or incident to the ownership existence, management, operations, maintenance or use of the Common Elements, and shall cover claims of one or more insured parties against other insured parties.

Section 7.5. Provisions Common to Physical Damage Insurance, and Liability Insurance. Any insurance coverage the Association obtains pursuant to this Article shall be subject to the following provisions and limitations:

a. The named insured under any such policies shall include Declarant, until all the Lots have been conveyed, and the Association, as attorney-in-fact for the use and benefit of the Owners, or the Association's authorized representative who shall have exclusive authority to negotiate losses and receive payments under such policies, and the "loss payable" clause should designate the Association or the Insurance Trustee, if any, who will act as trustee for each Owner and the holder of each Lot's Mortgage.

b. The insurance coverage obtained and maintained pursuant to this Article shall not be brought into contribution with insurance purchased by the Owners or their Mortgagees;

c. The policies shall provide that coverage shall not be prejudiced by (i) any act or neglect of any Owner or Guest that is not within the control of the Association, or (ii) any act or neglect or failure of the Association to comply with any warranty or condition with regard to any portion of the Property over which it has no control.

d. The policies shall contain the standard mortgagee clause commonly accepted by private institutional mortgage investors in the area in which the Property is located,

and provide that coverage may not be canceled nor may the insurer refuse to renew without at least thirty (30) days' written notice to the Association, each Owner and any First Mortgagee listed as an insured in the policies.

e. The policies shall contain a waiver of subrogation by the insurer as to any and all claims against Declarant, the Executive Board, the Association, the Manager, and any Owner or Guest; and of any defenses based upon co-insurance or upon invalidity arising from the acts of the insured.

Section 7.6. Other Insurance. The Executive Board may obtain other insurance as it shall deem appropriate with respect to the Association's responsibilities and duties.

Section 7.7. Insurance Obtained by Owners. An insurance policy issued to the Association does not preclude Owners from obtaining insurance for their own benefit.

ARTICLE VIII ASSESSMENTS

Section 8.1. Obligation and Purpose of Assessments. Owners, by accepting a deed for a Lot, covenant to pay the Association: (1) the Periodic Assessments to meet the Common Expenses of maintenance, operation, and management of the Property and to perform the Association's functions; (2) Supplemental Assessments for the purpose of providing the additional funds required to meet unexpected increases in budgeted Common Expenses; (3) Special Assessments for capital improvements and other purposes as stated in this Declaration; (4) Specific Assessments for Common Expenses associated with the Associations' maintenance, repair or replacement any portion of the Property or any Improvement for the benefit of less than all of the Lots as determined by the Executive Board; and (5) Default Assessments which may be assessed against a Lot for the Owner's failure to perform an obligation under the Association Documents or because the Association has incurred an expense on the Owner's behalf. No Owner is exempt from liability for Assessments by non-use of the Property, abandonment of their Lot, or any other means. The obligation to pay Assessments is a separate and independent covenant on the part of each Owner. No diminution or abatement of Assessments or set-off shall be claimed or allowed for any alleged failure of the Association or Board to take some action or perform some function required of it, or for inconvenience or discomfort arising from the making of repairs or improvements, or from any other action. The Assessments shall be used exclusively to promote the health, safety and welfare of the Owners and Guests and for the improvement and maintenance of the Property all as more fully set forth in this Declaration and on the Plat.

Section 8.2. Budget. The Executive Board will adopt a budget with Assessments sufficient to pay all Common Expenses and adequate reserves on an annual basis before the commencement of each calendar year. Within ninety (90) days after adoption of any proposed budget, the Executive Board will provide the budget to all the Owners with notice of a date for a Owners meeting to consider ratification of the budget. The budget will be deemed approved unless at that meeting a majority of all Owners vote to veto the budget. If the proposed budget is vetoed, the last approved periodic budget shall be continued until a subsequently proposed budget is not vetoed by the Owners.

Section 8.3. Periodic Assessments. Periodic Assessments for Common Expenses shall be based upon the estimated cash requirements as the Executive Board shall from time to

time determine to be paid by all of the Owners. The Periodic Assessments shall be due in advance, without notice on the first day of the year. Owners may pay their Periodic Assessment in monthly installments, due on the first of each month, without notice, or such other installments as the Executive Board may determine. The Association's failure to fix the Periodic Assessments for any assessment period shall not be deemed a waiver, modification, or release of the Owners' obligation to pay.

Section 8.4. Apportionment of Common Expenses. Common Expenses shall be apportioned pro-rata amongst the Lots as more particularly shown in *Exhibit B*.

Section 8.5. Special Assessments. The Association may levy in any fiscal year one or more Special Assessments payable over such a period as the Board may determine, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of improvements or for any other expense the Association incurs or may incur as provided in this Declaration. Written notice of the Special Assessment amount and payment schedule shall be given promptly to the Owners, and no payment shall be due less than thirty (30) days after the date of such notice.

Section 8.6. Default Assessments. All fines assessed against an Owner pursuant to the Association Documents, or any Association expense which is an Owner's obligation or which the Association incurs on an Owner's behalf pursuant to the Association Documents, shall be a Default Assessment. Such a Default Assessment shall be a lien against such Owner's Lot which may be foreclosed or otherwise collected as provided in this Declaration. Notice of the amount and due date of such Default Assessment shall be sent to the Owner subject to such Assessment at least thirty (30) days prior to that due date.

Section 8.7. Commencement of Assessments. Assessments shall begin on the first day of the month following the first conveyance of a Lot to an Owner other than the Declarant. Assessments shall be levied against all Lots that are subject to this Declaration and payable by the Owners of all Lots, including Lots still owned by Declarant that are subject to this Declaration. Declarant shall be responsible for all Common Expenses until Assessments commence.

Section 8.8. Assessment Lien.

a. The Association is hereby granted, and shall have, a lien on a Lot for an Assessment levied against the Lot or fines imposed against its Owner. Fees, charges, late charges, attorneys' fees, fines, and interest charged pursuant to the Act and the Association Documents are enforceable as Assessments. The amount of the lien shall include all those items set forth in this Section from the time such items become due. If an Assessment is payable in installments, each installment is a lien from the time it becomes due, including the due date set by any valid Association acceleration of installment obligations.

b. A lien under this Section is prior to all other liens and encumbrances on a Lot except: (1) prior recorded liens and encumbrances; (2) a security interest recorded before the date on which the Common Expense Assessment sought to be enforced became delinquent; and (3) liens for real estate taxes and other governmental assessments or charges against the Lot. A lien under this Section is also prior to all security interests to the extent that the Common Expense Assessments (not including fees, charges, late charges, attorneys' fees, fines, and interest pursuant to C.R.S. §§ 38-33.3-302(1)(j), (k), and (l); 313(6); and 315(2), are based on the Association's

periodic budget and would have become due in the absence of acceleration, during the six months immediately preceding an action or a non-judicial foreclosure either to enforce or extinguish either the Association's lien or a security interest. The Assessment lien shall be superior to and prior to any homestead exemption provided now or in the future by applicable law. Transfer of any Lot shall not affect the Association's lien except that sale or transfer of any Lot pursuant to foreclosure of any First Mortgage, or any proceeding in lieu thereof, or cancellation or forfeiture shall only extinguish the Association's lien as provided in the Act. The extinguished lien amount may be reallocated and assessed to all Lots as a Common Expense at the Executive Board's direction.

c. Recording of the Declaration constitutes record notice and perfection of the lien. Further recording of a statement or claim of lien is not required.

d. This Section does not prohibit an action to recover sums for which this Section creates a lien or prohibit the Association from taking a deed in lieu of foreclosure. A judgment or decree in any action brought under this Section shall include the Association's costs and reasonable attorneys' fees, which shall be additional Assessments, and enforceable under Colorado law.

e. The Association's lien may be foreclosed by the same judicial procedure by which a mortgage on real estate is foreclosed under Colorado law.

f. In any action by the Association to collect Assessments or to foreclose a lien, the court may appoint a receiver for the Lot who shall collect all sums due from that Lot Owner or a tenant of the Lot Owner prior to or during the pendency of the action. The court may order the receiver to pay any sums held by the receiver to the Association during the pendency of the action to the extent of the Association's Assessments according to the budget.

Section 8.9. Reserve Fund. The Association shall establish and maintain an adequate reserve fund for the replacement of Common Element Improvements, if any. This reserve fund shall be a line item in the periodic budget and shall be collected as part of the Periodic Assessments.

Section 8.10. Effect of Nonpayment. Any Assessment, or an installment thereof, shall be delinquent if not paid within thirty (30) days of its due date. If an Assessment, or installment, becomes delinquent, the Association, in its sole discretion, may take any or all of the following actions:

a. Assess a late charge for each delinquency in such amount as the Executive Board may determine.

b. Assess interest on the delinquent amount at a rate the Executive Board determines is appropriate, but not to exceed twenty-one percent (21%) per annum (Default Rate), accruing from the due date until paid in full;

c. Suspend the Owner's voting rights or the right to use any Common Element during any period of delinquency;

d. Accelerate any portion or all remaining Assessment installments so that unpaid Assessments for the remainder of the fiscal year shall be immediately due and payable;

e. Bring an action at law against any Owner personally obligated to pay the delinquent Assessments; and

f. File a statement of lien with respect to the Lot and proceed with foreclosure as set forth below.

Section 8.11. Successor's Liability for Assessment. In addition to each Owner's personal obligation to pay all Assessments and the Association's perpetual lien for such Assessments, all successors to ownership of a Lot, except as otherwise provide in this Article, shall be jointly and severally liable with the prior Lot Owner(s) for any and all unpaid Assessments, interest, late charges, costs, expenses and attorney's fees against such Lot without prejudice to such successor's right to recover from any prior Owner any amounts paid. The successor's liability shall not be personal and shall terminate upon termination of such successor's ownership of the Lot. In addition, the successor shall be entitled to rely on the Association's statement of status of assessments as set forth below.

Section 8.12. Notice to Mortgagee. The Association may report to any Mortgagee any unpaid Assessments remaining unpaid for longer than sixty (60) days and upon the Mortgagee's written request.

Section 8.13. Statement of Assessments. The Association shall furnish to an Owner, their designee, or to a holder of a security interest upon written request, delivered personally or by certified mail, first-class postage prepaid, return receipt, to the Association's registered agent, a statement setting forth the amount of unpaid assessments currently levied against such Owner's Lot. A reasonable fee, established by the Executive Board, may be charged for such statement.

ARTICLE IX **DURATION OF COVENANTS AND AMENDMENT**

Section 9.1. Covenants Binding. Each provision of this Declaration and a promise, covenant and undertaking to comply with each such provision (i) shall be incorporated in each deed or other instrument by which any right, title or interest in any of the Property is granted, devised or conveyed; (ii) shall, by virtue of an Owner's acceptance of any right, title or interest in any of the Property, be accepted, ratified, adopted and declared as such Owner's personal covenant and shall be binding on such Owner or his or her respective heirs, personal representatives, successors or assigns, to, with and for the benefit of the Declarant and all Owners within the Project; (iii) shall be a covenant, obligation and restriction secured by a lien binding, burdening and encumbering the title to all of such Owner's right, title and interest to any of the Property, which lien shall be deemed a lien in favor of the Declarant, as its interest may appear, and all Owners within the Project; and (iv) shall run with the land.

Section 9.2. Amendment.

a. Except as otherwise provided in this Declaration, any provision of this Declaration may be amended at any time by the affirmative vote or written consent, or any combination thereof, of at least 67% of the Owners. Any amendment must be executed by the President and recorded.

b. Notwithstanding anything to the contrary contained in this Declaration:

i. The Declarant reserves and is granted the right and power to record technical amendments to this Declaration at any time for the purpose of correcting spelling, grammar, dates, typographical errors or as may otherwise be necessary to clarify the meaning of any provision without the consent of the Owners or First Mortgagees.

ii. The Declarant reserves and is granted the right and power to record special amendments to the Declaration, the Articles and Bylaws at any time in order to comply with any requirement of any of the Agencies or to induce any of the Agencies to make, purchase, sell, insure or guarantee First Mortgages, to comply with the Act, or to conform with any amendments, modifications, revisions or revocations of the Rifle Code, without the consent of the Owners or any First Mortgagees.

Section 9.3. When Modifications Permitted. Notwithstanding any provisions in this Declaration to the contrary, no termination, extension, modification, or amendment of this Declaration made prior to the termination of Declarant's control shall be effective without Declarant's prior written approval.

Section 9.4. Termination. This Project may be terminated as provided in the Act upon agreement of all Owners evidenced by a written instrument duly recorded.

ARTICLE X INITIAL PROTECTIVE COVENANTS

Section 10.1. Plan of Development, Applicability, Effect. Declarant has established a general plan of development for the Property in order to protect the Owners' collective interests and the aesthetics and environment within the Project. In furtherance of that general plan, this Declaration and the Association Documents establish affirmative and negative covenants, easements, and restrictions on the Property, subject to certain rights vested in the Executive Board and the Owners to enable them to respond to changes in circumstances, conditions, needs and desires within the Project.

Section 10.2. Authority to Promulgate Use Restrictions. Initial use restrictions applicable to the Project are set forth below. The Executive Board, with the consent of the Declarant during the Declarant Control Period, may adopt rules and regulations that modify, limit, create exceptions to, or expand the initial use restrictions set forth in this Article.

Section 10.3. Owners Acknowledgment. Use of any Lot is limited by the Association Document provisions as they may be amended, expanded and otherwise modified from time to time. Each Owner, by acceptance of a deed, acknowledges and agrees that the use and enjoyment and marketability of their Lot can be affected by this provision and that restrictions upon the use and occupancy of a Lot may change from time to time.

Section 10.4. Rights of Owners. The Executive Board shall not adopt any Rule or Regulation in violation of the following provisions:

a. Equal Treatment. Similarly situated Owners and Guests shall be treated similarly.

b. Speech. An Owners right to display political signs and symbols in or on their Lot of the kinds normally displayed in Lots located in a residential project shall not be abridged, except that the Association may adopt reasonable rules and regulations regarding same.

c. Religious and Holiday Displays. An Owners right to display religious and holiday signs, symbols, and decorations on Lots of the kinds normally displayed in Lots located in a residential project shall not be abridged, except that the Association may adopt reasonable rules and regulations regarding same.

d. Activities within Lots. No rule shall interfere with the activities carried on within the confines of a Lot, except that the Association may prohibit activities not normally associated with property restricted to residential use, and it may restrict or prohibit any activities that create monetary costs for the Association or other Owners, that create a danger to the health or safety of Owners or Guests, that generate excessive noise, odors or traffic, that create unsightly conditions visible outside the Lot, or that create an unreasonable source of annoyance.

e. Reasonable Rights to Develop. No rule shall impede the Declarant's right to develop in accordance with the provisions of this Declaration.

Section 10.5. Initial Use Restrictions. The following restrictions shall apply to the Property and the Project:

a. Residential Use. Except for the Declarant's activities permitted elsewhere in this Declaration, the use of each Lot is restricted to residential purposes as defined in the Rifle Code for associated underlying zone districts.

b. Pets. Raising, breeding, or keeping animals, livestock, or poultry of any kind is prohibited, except as permitted by the Rifle Code. Owners may keep a reasonable number of dogs, cats, or other usual and common domestic pets in their Lot subject to reasonable rules and regulations regarding same.

c. Subdivision. A Lot may be subdivided into two or more Lots only in conformance with the PUD and the Rifle Code.

d. Leases. The term "lease," as used herein, shall include any agreement for the lease or rental of a Lot and shall specifically include, without limitation, term or month to month rental. The short term rentals are prohibited such that no Lot may be rented for a term of thirty (30) days or less. However, Owners shall have the right to lease their Lots for term of more than 30 days subject to reasonable rules and regulations regarding same.

e. Timeshare Restriction. No Lot Owner shall offer or sell any interest in their Lot under a "timesharing" or "interval ownership" plan, or any similar plan.

f. Compliance with Laws. Each Owner shall comply with all applicable laws, regulations, ordinances, and other governmental or quasi-governmental regulations with respect to all or any portion of the Property.

g. No Hazardous Use. No Owner shall dispose or allow release or discharge

of any material on the Property that is designated as hazardous or toxic under any applicable law. Furthermore, any and all uses or activities that may increase the rate of insurance for or any portion of the Property, or that negatively effect the value of any portion of the Property, are prohibited.

h. Nuisances. Any use, activity, or practice which is the source of disturbance to or unreasonably interferes with the peaceful enjoyment or possession of a Lot or any portion of the Project, is a prohibited nuisance.

i. Parking. Parking of commercial vehicles or equipment, mobile homes, recreational vehicles, golf carts, boats and other watercraft, trailers, stored vehicles, abandoned or inoperable vehicles in places other than enclosed garages, or within the exterior parking spaces depicted on a Lot's approved site plan, is prohibited. Notwithstanding the forgoing, construction, service and delivery vehicles shall be exempt from this provision during daylight hours for such time periods as is reasonably necessary to provide service or to make a delivery to a Lot.

Section 10.6. Construction, Alteration or Modification. Except as permitted in this Declaration, Owners are prohibited from submitting an application for governmental approval of any proposed construction, alteration or modification within the Property without the Association's prior written approval. Subject to exceptions set forth in this Declaration, Owner's shall not commence construction of any Improvement, or any alteration or modification thereof, without the Association's prior written consent. In addition to such restrictions, policies, rules or regulations addressed elsewhere in the Association Documents, construction on a Lot is subject to the following:

a. Single Family Home. Only one single family home may be constructed on a Lot. Any home constructed on a Lot shall consist of no less than 1,400 square feet of living space, or any minimum size specified in the Rifle Code, whichever is larger.

b. ADU. Each Lot may include one ADU of any size permitted in the Rifle Code.

ARTICLE XI **ARCHITECTURE AND LANDSCAPING, DESIGN REVIEW**

Section 11.1. General. No Improvement, structure or thing shall be constructed, placed, erected, or installed upon any Lot including, without limitation staking, clearing, excavation, grading or other site work, and no exterior alterations of existing Improvements shall occur, except in compliance with this Declaration and the Design Guidelines. All Improvements constructed on any portion of the Property shall be designed by and built in accordance with the Rifle Code, as amended. All structures requiring a building permit shall have a foundation designed by a Colorado licensed engineer. This Article shall not apply to Declarant's activities during the Declarant Control Period.

Section 11.2. Alterations or Modifications by Owners. Subject to forgoing, no approval shall be required to repaint the exterior of a structure in accordance with the originally approved color scheme or to rebuild in accordance with originally approved plans and specifications. Owners may construct, alter, modify, remodel, paint, or redecorate the interior of their home without approval.

Section 11.3. Declarant's Design Review. Each Owner acknowledges that Declarant has a substantial interest in ensuring that the Improvements within North Ridge enhance Declarant's reputation as a community developer and do not impair Declarant's ability to market, sell, or lease its property. Therefore, each Owner agrees that no activity within the scope of this Article shall be commenced on such Owner's Lot unless and until the Declarant, or its designee(s), has given its prior written approval for such activity.

a. Declarant shall be acting solely in its own interest and shall owe no duty to any other Person in reviewing and acting upon any request for approval. Declarant's rights under this Article shall continue so long as Declarant may exercise Development Rights or Special Declarant Rights.

b. Declarant may delegate all or a portion of the rights reserved in this Article to a Design Review Committee ("DRC"), which may consist of Declarant, Persons appointed by the Declarant, the Executive Board, or Persons appointed by the Board.

Section 11.4. Design Review Committee. Upon Declarant's delegation, or the expiration or termination of Declarant's rights under this Article XI, the Association, acting through the DRC, shall assume jurisdiction over design review matters. The DRC, when appointed by the Board, shall consist of at least three (3) Persons who may or may not be Members. Exercise of the Board appointed DRC's authority shall require the affirmative vote of a majority of its members.

Section 11.5. Fees; Assistance. The DRC may establish and charge reasonable fees for application review and may require such fees to be paid in full prior to review. Such fees may include the reasonable costs incurred in having any application reviewed by architects, engineers, or other professionals. Declarant and the Association may employ architects, engineers, or other Persons as deemed necessary to perform the review.

Section 11.6. Design Guidelines. Declarant may prepare the initial Design Guidelines, which may contain general provisions applicable to all of North Ridge as well as specific provisions which vary between Lots. The Design Guidelines are intended to provide guidance to Owners and Builders regarding matters of particular concern to the DRC in considering applications.

a. Declarant shall have sole and full authority to amend the Design Guidelines as long as it may exercise Expansion Rights pursuant to this Declaration.

b. Any Design Guideline amendments shall be prospective only and shall not apply to require modifications to or removal of structures previously approved once the approved construction or modification has commenced. There shall be no limitation on the scope of Design Guideline amendments, and such amendments may remove requirements previously imposed or otherwise make the Design Guidelines less restrictive.

c. The DRC shall make the Design Guidelines available to Owners and Builders who seek to engage in development or construction within the Property.

Section 11.7. Procedures. Except for Declarant's activities during the Declarant Control Period, or as otherwise specifically provided in the Design Guidelines, no activities shall

commence on the Property until an application for approval has been submitted to and approved by the DRC. Applications shall include plans and specifications showing site layout, structural design, exterior elevations, exterior materials and colors, landscaping, drainage, exterior lighting, irrigation, and other features of proposed construction as applicable. The Design Guidelines or the DRC may require the submission of such additional information as may be reasonably necessary to consider any application.

a. In reviewing each application, the DRC may consider any factors that it determines are relevant including, without limitation, harmony of external design with surrounding structures and environment. Decisions may be based on purely aesthetic considerations. Each Owner acknowledges that such determinations are purely subjective and opinions may vary as to the desirability, or attractiveness, of particular Improvements. The DRC shall have the sole discretion to make determinations on matters of aesthetic judgment, which shall not be subject to review if made in good faith.

b. The DRC shall make a determination on each application within a reasonable time after receipt of the completed application and all required information.

c. Until Declarant's rights under this Article expire or terminate, the DRC shall give Declarant written notice within 3 business days after the DRC has approved an application. The notice shall include a copy of the application and any additional information Declarant may require. Declarant shall have 10 days after receipt of such notice to veto any such action by written notice to the DRC.

d. The DRC shall give the applicant written notice of any DRC determination subject to Declarant's veto right, within 5 days after the expiration of the 10 day period for exercise of Declarant's veto. If an application is disapproved, the DRC shall specify, in writing, the reasons for any objections, or offer suggestions for curing any objections.

e. Approval of any application may be conditioned on the Owner's execution of a written agreement setting forth the terms, conditions, and limitations for the authorization of an Improvement including, without limitation, provisions addressing the standards for completion of the work, continuing maintenance, repair or replacement obligations, and indemnification of the Association from all expense, damage or claims that may result from the work.

f. No application shall be deemed to be approved due to the DRC's untimely response.

g. DRC approval shall automatically expire one year after the date of approval if the approved work does not commence within that time-period. In such circumstances, the applicant must resubmit its application before commencing any activities, unless the DRC grants an extension. Once approved work commences, it shall be diligently pursued to completion within twelve (12) months of commencement unless otherwise specified in the DRC's notice of approval, or if an extension is granted. If approved work is not completed within the required time, it shall be considered nonconforming and may be subject to an enforcement action.

Section 11.8. Variances. The DRC may authorize variances from compliance with any of its guidelines and procedures when circumstances such as topography, natural obstructions, hardship, or aesthetic or environmental considerations require, but only in accordance with duly

adopted rules and regulations. No variance shall: (a) be effective unless in writing; or (b) estop the DRC from denying a variance in other circumstances.

Section 11.9. No Waiver, Limitation of Liability.

a. Each Owner acknowledges that the Persons on the DRC will change from time to time and that aesthetic opinions, and interpretation and application of the Design Guidelines, may vary accordingly. Approval of any application shall not constitute a waiver of the right to withhold approval of applications subsequently or additionally submitted.

b. The standards and procedures established by this Article are intended as a mechanism for maintaining and enhancing the overall aesthetics of North Ridge; they do not create any duty to any Person. Review and approval of any application pursuant to this Article is made on the basis of aesthetic considerations only, and the DRC shall not bear any responsibility for ensuring the structural integrity or soundness of approved construction or modifications, nor for ensuring compliance with building codes and other governmental requirements.

c. Declarant, the Association, the Board, any committee, or member of any of the foregoing shall not be held liable for soil conditions, drainage, or other general site work; any defects in plans revised or approved hereunder; any loss or damage arising out of the action, inaction, integrity, financial condition, or quality of work of any contractor or its subcontractors, employees or agents, or any injury, damages, or loss arising out of the manner or quality or other circumstances of approved construction on or modifications to any Lot. In all matters, the Association shall defend and indemnify the Board, the DRC, and the members of each as provided in the Association Documents.

ARTICLE XII
MORTGAGEE'S RIGHTS

Section 12.1. Title Taken by Mortgagee. Any Mortgagee holding a First Mortgage of record against a Lot who obtains title to the Lot pursuant to remedies exercised in enforcing the Mortgage, including foreclosure of the Mortgage or acceptance of a deed in lieu of foreclosure, will be liable for all Assessments due and payable as of the date title to the Lot is acquired.

Section 12.2. Distribution of Insurance or Condemnation Proceeds. If distribution of insurance proceeds or condemnation awards is allocable among the Lots, neither the Owner nor any other person shall take priority in receiving the distribution over the right of any First Mortgagee related to such Owner's Lot.

Section 12.3. Financial Statement. Upon written request from any Agency or Mortgagee, which has an interest or prospective interest in any Lot or the Project, the Association shall prepare and furnish within 90 days the Association's financial statement for the immediately preceding fiscal year at the expense of such Mortgagee.

Section 12.4. Notice of Action. Any Mortgagee and any Agency, which holds, insures or guarantees a First Mortgage, upon written request to the Association, will be entitled to written notice of:

a. Any proposed Association Document amendment effecting a change in (i)

the boundaries of any Lot or the exclusive easement rights appertaining thereto, (ii) the number of votes in the Association relating to any Lot, or (iii) the uses to which any Lot is restricted or any amendment set forth in Section 12.5 below;

- b. Any proposed termination of the common interest community;
- c. Any condemnation loss or any casualty loss which affects a material portion of the Project or any Lot on which there is a First Mortgage held, insured or guaranteed by such Agency;
- d. Any delinquency in the payment of Assessments owed by the Lot Owner subject to the Mortgage which has continued for of 60 days or more;
- e. Any lapse, cancellation or material modification of any insurance policy maintained by the Association.

Section 12.5. Amendment of Association Documents. The Association shall obtain prior approval from 51% of First Mortgagees of any Association Document amendment that proposes to add or delete any provisions addressing: voting; Assessments, Assessment liens or subordination of such liens; reserves for Common Element maintenance or repair and replacement; insurance or fidelity bonds; responsibility for maintenance and repair of the Project; expansion or contraction of the Project; boundaries of any Lot; imposition of any lease restrictions; imposition of any restriction on the right of an Owner to sell, transfer, or otherwise convey his Lot; establishment of self-management by the Association where professional management has been required by any Agency; any provision that expressly benefits an Agency or First Mortgagee; hazard or fidelity insurance requirements; and restoration or repair of the Project other than as specified herein.

Section 12.6. Action by Mortgagee. If this Declaration or any Association Documents require the approval of any Agency or Mortgagee then, if any Mortgagee or Agency fails to respond to any written proposal for such approval within 60 days after such Mortgagee receives the proposal, the Mortgagee shall be deemed to have approved such proposal if delivered to the Mortgagee by certified or registered mail, return receipt requested.

ARTICLE XIII **DISPUTE RESOLUTION AND LIMITATION ON LITIGATION**

Section 13.1. Agreement to Encourage Resolution of Disputes Without Litigation.

a. Declarant, the Association and its officers, Directors, and committee members, Owners, all persons subject to this Declaration and any person not otherwise subject to this Declaration who agrees to submit to this Article (collectively, "Bound Parties"), agree that it is in the best interest of all concerned to encourage the amicable resolution of disputes involving the Project without the emotional and financial costs of litigation. Accordingly, each Bound Party agrees not to file suit in any court with respect to a Claim described in subsection (b), unless and until it has first submitted such Claim to the alternative dispute resolution procedures set forth in Section 13.2 in good faith effort to resolve such Claim.

- b. As used in this Article, the term "Claim" shall refer to any claim, grievance,

or dispute arising out of or relating to:

i. the interpretation, application, or enforcement of the Association Documents;

ii. the rights, obligations and duties of any Bound Party under the Association Documents; or

iii. the design or construction of improvements within the Project, other than matters of aesthetic judgment, which shall not be subject to review;

iv. any claim asserted by the Association on its own behalf, or on behalf of the Owners of two or more Lots, for damages or other relief arising out of any alleged defect in the design or construction of improvements within the Project at any time while this Declaration is in force ("Construction Defect Claims").

c. The following shall not be considered "Claims" unless all parties to the matter otherwise agree to submit the matter to the procedures set forth in Section 13.2:

i. any suit by the Association to collect assessments or other amounts due from any Owner;

ii. any suit by the Association to obtain a temporary restraining order (or emergency equitable relief) and such ancillary relief as the Court may deem necessary in order to maintain the status quo and preserve the Association's ability to enforce the provisions of this Declaration;

iii. any suit between Owners, which does not include Declarant or the Association as a party, if such suit asserts a Claim which would constitute a cause of action independent of the Association Documents;

iv. any suit in which any indispensable party is not a Bound Party; and

v. any suit as to which any applicable statute of limitations would expire within 180 days of giving the Notice required by Section 13.2(a), unless the party or parties against whom the Claim is made agree to toll the statute of limitations as to such Claim for such period as may reasonably be necessary to comply with this Article.

Section 13.2. Dispute Resolution Procedures.

a. Notice. The Bound Party asserting a Claim ("Claimant") against another Bound Party ("Respondent") shall give written notice to each Respondent and to the Board stating plainly and concisely: the nature of the Claim, including the Persons involved and the Respondent's role in the Claim; the legal basis of the Claim (*i.e.* the specific authority out of which the Claim arises); the Claimant's proposed resolution or remedy; and the Claimant's desire to meet with the Respondent to discuss in good faith ways to resolve the Claim.

b. Negotiation. The Claimant and Respondent shall make every reasonable effort to meet in person and confer for the purpose of resolving the Claim by good faith negotiation.

If requested in writing, accompanied by a copy of the Notice, the Board may appoint a representative to assist the parties in negotiating a resolution of the Claim.

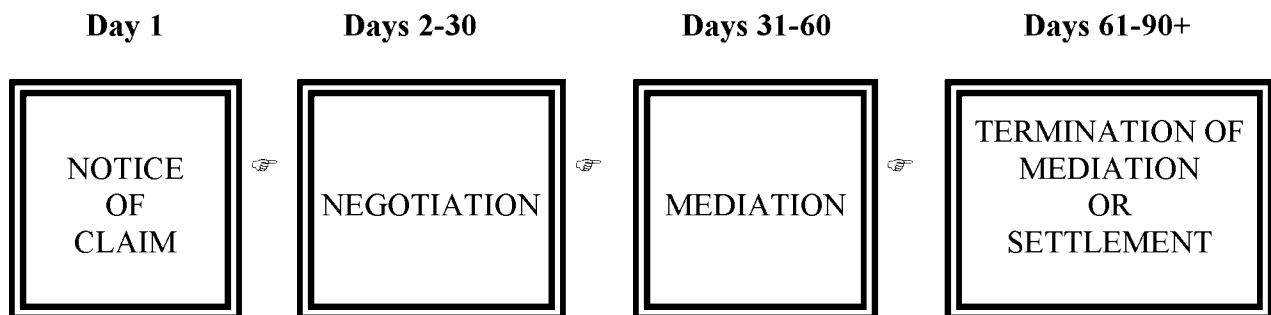
c. Mediation. If the parties have not resolved the Claim through negotiation within 30 days of the date of the notice described in Section 13.2(a)(or within such other period as the parties may agree upon), the Claimant shall have 30 additional days to submit the Claim to mediation with an entity designated by the Association (if the Association is not a party to the Claim) or to an independent agency providing dispute resolution services in Colorado.

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

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

iii. Each Party shall bear its own costs of the mediation, including attorneys' fees and each Party shall share equally all fees charged by the mediator.

ALTERNATIVE DISPUTE RESOLUTION PROCESS



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

Section 13.3. Construction Defect Claims. To the extent of any insurance proceeds realized from the Association's property insurance the Association waives its claims for damages against any contractor or subcontractor involved in the construction of the Lots or the Common Elements. In addition to any requirements for initiating judicial proceedings provided in the Association Documents or the Act, the Executive Board shall not initiate a judicial

proceeding with respect to a Construction Defect Claim, unless it proposes that the Association act on behalf of at least two Owners, and without first (i) distributing to all Owners a written description of the basis for the Construction Defect Claim, including a good faith estimate of the range of probable costs for legal fees and other expenses that the Association may incur in pursuing the Construction Defect Claim; and (ii) obtaining the written approval of Owners to which 100% of all of the eligible votes in the Association are allocated. In addition, the following procedures shall govern all Construction Defect Claims whether brought by the Association or by any Owner:

a. Final and Binding Arbitration of Construction Defect Claims.

i. If the parties do not agree in writing to a settlement of the Construction Defect Claim within 15 days of the Termination of Mediation, Claimant shall have 15 additional days to submit the Construction Defect Claim to arbitration in accordance with the Construction Industry Arbitration Rules of the American Arbitration Association then in effect. If not timely submitted to arbitration, or if Claimant fails to appear for the arbitration proceeding, the Construction Defect Claim shall be deemed abandoned, and Respondent shall be released and discharged from any and all liability to Claimant arising out of such Construction Defect Claim; provided, nothing herein shall release or discharge Respondent from any liability to persons other than Claimant.

ii. This Section 13.3 is an agreement to arbitrate and is specifically enforceable under the laws of the State of Colorado. Such agreement to arbitrate and all terms relating thereto in this Section 13.3 (including, without limitation, restrictions on Claimants rights to damages) shall apply, without limitation, to any "action" as defined in the Colorado Construction Defect Action Reform Act, C.R.S. § 13-20-802.5(1). The arbitration decision and the award, if any (the "Decision"), shall be final and binding, and judgment may be entered upon it in any court of competent jurisdiction to the fullest extent permitted under the laws of the State of Colorado.

b. Allocation of Costs of Resolving Construction Defect Claims. Each party, including, without limitation, any Owner and the Association, shall share equally all fees, expenses and charges payable to the mediator(s) and all fees, expenses and charges payable to the arbitrator(s) and the arbitration firm for conducting the arbitration proceeding. Under no circumstances, however, shall any party be entitled to recover any of its attorneys' fees, expenses or other mediation or arbitration costs (except to the extent specifically provided under C.R.S. § 38-33.3-123), from any other party. **BY TAKING TITLE TO A LOT AND AS A MEMBER OF THE ASSOCIATION, EACH OWNER ACKNOWLEDGES AND AGREES THAT SUCH OWNER AND THE ASSOCIATION HAVE WAIVED AND SHALL BE DEEMED TO HAVE WAIVED THE RIGHT TO ANY AWARD OF ATTORNEYS' FEES OR EXPENSES (EXCEPT AS SPECIFICALLY PROVIDED UNDER C.R.S. § 38-33.3-123) IN CONNECTION WITH THE ARBITRATION OF A CONSTRUCTION DEFECT CLAIM.** The limitation described above on awarding attorneys' fees and expenses shall not apply to enforcement actions undertaken pursuant to Subsection 13.3(d) below.

c. Limitation on Damages. Claimant shall not be entitled to receive any award of damages in connection with the arbitration of a Construction Defect Claim other than such its actual damages, if any, and the Association and any Owner shall be deemed to have waived their respective rights to receive any damages in a Construction Defect Claim other than actual damages including, without limitation, attorneys' fees and expenses (except as specifically provided under C.R.S. § 38-33.3-123), special damages, consequential damages, and punitive or

exemplary damages. BY TAKING TITLE TO A LOT AND AS A MEMBER, EACH OWNER KNOWINGLY AND WILLINGLY ACKNOWLEDGES AND AGREES THAT SUCH OWNER AND THE ASSOCIATION HAVE WAIVED AND SHALL BE DEEMED TO HAVE WAIVED, IN CONNECTION WITH THE ARBITRATION OF ANY CONSTRUCTION DEFECT CLAIM UNDER Section 13.3, THE RIGHT TO ANY AWARD OF CONSEQUENTIAL, INDIRECT, SPECIAL, PUNITIVE, INCIDENTAL, OR OTHER NON-COMPENSATORY DAMAGES OR SIMILAR DAMAGES, INCLUDING ALL DAMAGES FOR EMOTIONAL DISTRESS, WHETHER FORESEEABLE OR UNFORESEEABLE AND REGARDLESS OF WHETHER SUCH DAMAGES ARE BASED ON (BUT NOT LIMITED TO) CLAIMS ARISING OUT OF BREACH OR FAILURE OF EXPRESS OR IMPLIED WARRANTY OR CONDITION, BREACH OF CONTRACT, VIOLATION OF BUILDING CODES (LOCAL, STATE OR FEDERAL), CONSTRUCTION OR DESIGN DEFECTS, MISREPRESENTATION OR NEGLIGENCE OR OTHERWISE.

d. Enforcement of Resolution. If any Construction Defect Claim is resolved through arbitration pursuant to Subsection 13.3(a) above, and any Bound Party thereafter fails to abide by the terms of such agreement, or if any Bound Party fails to comply with a Decision, then any other party may file suit or initiate proceedings to enforce such agreement or Decision without the need to again comply with the procedures set forth in this Article. Notwithstanding the terms of Subsection 13.3(b) above, in such event, the party taking action to enforce the agreement or Decision shall be entitled to recover from the non-complying party (or if more than one non-complying party, from all such parties pro rata) all costs incurred in enforcing such agreement or Decision including, without limitation, attorneys' fees and court costs.

e. Multiple Party Claims. Multiple party disputes or claims not consolidated or administered as a class action pursuant to the following sentence will be arbitrated individually. Only with the written request of all parties involved, but not otherwise, the arbitrator may: (i) consolidate in a single arbitration proceeding any multiple party claims that are substantially identical, and (ii) arbitrate multiple claims as a class action.

f. No Amendment; Enforcement by Declarant. The terms and provisions of this Section 13.3 inure to the benefit of Declarant, are enforceable by Declarant, and shall not ever be amended without the written consent of Declarant and without regard to whether Declarant owns any portion of the Real Estate at the time of such amendment. BY TAKING TITLE TO A LOT, EACH OWNER ACKNOWLEDGES AND AGREES THAT THE TERMS OF THIS Section 13.3 ARE A SIGNIFICANT INDUCEMENT TO DECLARANT'S WILLINGNESS TO DEVELOP AND SELL THE LOTS AND THAT IN THE ABSENCE OF THE PROVISIONS CONTAINED IN THIS Section 13.3, DECLARANT WOULD HAVE BEEN UNABLE AND UNWILLING TO DEVELOP AND SELL THE LOTS FOR THE PRICES PAID BY THE ORIGINAL PURCHASERS. BY ACCEPTING TITLE TO A LOT, EACH OWNER ACKNOWLEDGES AND AGREES THAT THE TERMS OF THIS Section 13.3 LIMIT HIS OR HER RIGHTS WITH RESPECT TO THE RIGHT AND REMEDIES THAT MAY BE AVAILABLE IN THE EVENT OF A POTENTIAL CONSTRUCTION DEFECT AFFECTING THE PROJECT OR ANY PORTION THEREOF, INCLUDING ANY LOT.

g. This Section 13.3 is intended to apply to Construction Defects alleged in reference to construction of any portion of the Project under a contract in which Declarant is a party, and shall not be deemed to limit the Association in proceedings against a construction professional for Construction Defects alleged with respect to construction that takes place under a

contract between the Association and a construction professional to which Declarant is not a party.

Section 13.4. Initiation of Litigation by Association. In addition to compliance with the foregoing alternative dispute resolution procedure, if applicable, the Association shall not initiate any judicial or administrative proceeding unless first approved by 100% of the Owners, except that no such approval shall be required for actions or proceedings by the Association:

- a. initiated during the Declarant Control Period;
- b. initiated to enforce any of the provisions of the Association Documents, including collection of Assessments and foreclosure of liens;
- c. initiated to challenge *ad valorem* taxation or condemnation proceedings;
- d. initiated against any contractor, vendor, or supplier of goods or services arising out of a contract for services or supplies; or
- e. to defend claims filed against the Association or to assert counterclaims in proceedings instituted against it.

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

ARTICLE XIV **GENERAL PROVISIONS**

Section 14.1. Enforcement. Except as otherwise provided in this Declaration, the Executive Board, Declarant, or any Owner may enforce, by a proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens, and charges now or hereafter imposed by this Declaration. Additionally, any such violation shall give the Declarant or the Executive Board the right, in addition to any other rights, (i) to enter the Lot in which, or as to which, such violation or breach exists and to summarily abate and remove, at the expense of the defaulting Owner, any structure or condition that may exist in violation of the Association Documents without being deemed guilty in any manner of trespass or any other civil or legal violation; and (ii) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any breach, with each Owner and other occupants hereby waiving the posting of a bond upon entry of such injunction. The Declarant or the Association shall be entitled to recover all reasonable attorneys' fees and costs incurred to enforce the Association Documents as the prevailing party.

Section 14.2. Failure to Enforce. Failure to enforce any provision of this Declaration or other Association Documents shall not operate as a waiver of any such provision.

Section 14.3. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

Section 14.4. Conflicts Between Documents. In case of conflict between this Declaration and the Articles and the Bylaws, this Declaration shall control. In case of conflict between the Articles and the Bylaws, the Articles shall control.


Section 14.5. Notices. Notices to Owners may be given as provided in the Act or the Colorado Nonprofit Corporation Act, C.R.S. § 7-121-402.


Section 14.6. General. 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 genders; similarly, capitalization of letters in a word shall not be construed to affect the meaning of such word.

Section 14.7. Counterparts. This Declaration and any document or instrument executed pursuant hereto may be executed in any number of counterparts, electronic or otherwise, each of which shall be deemed an original, but all of which together shall constitute one in the same instrument.

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1175 DEVELOPMENT, LLC, a Colorado limited liability company


By: Edward S. Walters, Member


By: Luke Stephens, Member

STATE OF COLORADO)
) ss.
COUNTY OF GARFIELD)

Subscribed and sworn to before me on April 4, 2022 by Edward S. Walters and Luke Stephens, Members, 1175 Development, LLC, a Colorado limited liability company.

Witness my hand and official seal.
My Commission expires: 1/24/2023



Notary Public

**ANGELIQUE PETERSON
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID 20114003502
MY COMMISSION EXPIRES JAN. 24, 2023**

EXHIBIT A
TO THE
DECLARATION OF COVENANTS, CONDITIONS,
RESTRICTIONS AND EASEMENTS
FOR
NORTH RIDGE SUBDIVISION

LEGAL DESCRIPTION

Lot Nos. 1 through 11, North Ridge Subdivision, according to the Plat recorded on March 11, 2022 at Reception No. 971969 in the records of the Garfield County Clerk & Recorder, Garfield County, Colorado

EXHIBIT B
TO THE
DECLARATION OF COVENANTS, CONDITIONS,
RESTRICTIONS AND EASEMENTS
FOR
NORTH RIDGE SUBDIVISION

ALLOCATED INTERESTS

VOTES. Each Lot is allocated one vote in the Association.

ALLOCATED EXPENSES. Common Expense liability will be equally allocated to all Lots, subject to the provisions in Article VIII.

EXHIBIT C
TO THE
DECLARATION OF COVENANTS, CONDITIONS,
RESTRICTIONS AND EASEMENTS
FOR
NORTH RIDGE SUBDIVISION

EXPANSION PROPERTY

A portion of Block 1, specifically excluding Lot Nos. 1 through 11, North Ridge Subdivision, according to the Plat recorded on March 11, 2022 at Reception No. 971969 in the records of the Garfield County Clerk & Recorder, Garfield County, Colorado

Block 2, North Ridge Subdivision, according to the Plat recorded on March 11, 2022 at Reception No. 971969 in the records of the Garfield County Clerk & Recorder, Garfield County, Colorado