

**AMENDED AND RESTATED
DECLARATION OF PROTECTIVE
COVENANTS
FOR
VILLAS AT MT. CRESTED BUTTE**

July 16, 2013

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Exhibit A

**AMENDED AND RESTATED
DECLARATION OF PROTECTIVE COVENANTS
FOR
VILLAS AT MT. CRESTED BUTTE**

THIS AMENDED AND RESTATED DECLARATION OF PROTECTIVE COVENANTS FOR VILLAS AT MT. CRESTED BUTTE (hereinafter Declaration) is executed with an effective date of the 24th day of July, 2007, by Villas Summit Development LLC, a Colorado limited liability corporation, as Declarant of Villas at Mt. Crested Butte Phases 1-5, with approval by 67% of the owners of Lots within the Property pursuant to the Colorado Common Interest Community Act., Colorado Revised Statutes (C.R.S.) Section 38-33.3-101, *et seq*, as amended from time to time (hereinafter the Act).

RECITALS

WHEREAS, Villas at Mt. Crested Butte (the Villas) was created on July 30, 1996 by the Declaration of Protective Covenants for Villas at Mt. Crested Butte, recorded in the real property records of Gunnison County (Original Declaration) in Book 787 at page 869. The Original Declaration was established to protect property values for the benefit of all owners of the Villas, and to define the character, duration, rights, duties, obligations and limitations of single-family dwelling and two-family dwelling use and ownership of the Property. Phase I was platted as Villas at Mt. Crested Butte Phase I, according to the plat thereof filed July 30, 1996 and bearing Reception No. 469441 of the records of Gunnison County, Colorado.

WHEREAS, on May 27, 1997, the Original Declaration was amended by the Amendment to Declaration of Protective Covenants for Villas at Mt. Crested Butte (hereinafter First Amendment) recorded in the real property records of Gunnison County at Reception No. 475822, and the initial phase was platted as Villas at Mt. Crested Butte Phase I, Amended according to the plat thereof filed May 27, 1997 and bearing Reception No. 475823 of the records of Gunnison County, Colorado.

WHEREAS, On November 24, 1999, the Second Amendment to Declaration of Protective Covenants for Villas at Mt. Crested Butte (hereinafter Second Amendment) was recorded at Reception No. 497988 of the records of Gunnison County, Colorado, which amended the Original Declaration and First Amendment.

WHEREAS, Phase II was platted as Villas at Mt. Crested Butte Phase II, according to the plat thereof filed July 27, 1998 and bearing Reception No. 485425 of the records of Gunnison County, Colorado.

WHEREAS, Phase III was platted as Villas at Mt. Crested Butte Phase III, according to the plat thereof filed September 6, 2000 and bearing Reception No. 504838 of the records of Gunnison County, Colorado.

WHEREAS, Phase IV was platted as Villas at Mt. Crested Butte Phase IV, according to the plat thereof filed May 17,, 2006 and bearing Reception No. 565236 of the records of Gunnison County, Colorado.

WHEREAS, Phase V was platted as Villas at Mt. Crested Butte Phase V, according to the plat thereof filed June 1, 2006 and bearing Reception No. 565704 of the records of Gunnison County, Colorado.

WHEREAS, Declarant and Owners wish to amend and restate the Original Declaration, the First Amendment and Second Amendment thereto, and have approved said Declaration as required by the Act, and further desire to repeal in their entirety the Original Declaration, First Amendment, and Second Amendment, and replace them with this Amended and Restated Declaration of Protective Covenants for Villas at Mt. Crested Butte.

NOW THEREFORE, Declarant for itself and the Owners for themselves, their successors and assigns do hereby publish, establish and declare that the following terms, covenants, conditions, easements, restrictions, uses, reservations, limitations and obligations shall be deemed to run with the Property, shall be a burden and benefit to the Owners and binding upon any person or entity having any right, title or interest in and to the Property, or any part thereof, and their heirs, successors and assigns, to inure to and be for the benefit of each Owner within Villas at Mt. Crested Butte Phase I - V.

ARTICLE 1 STATEMENT OF PURPOSE OF DECLARATION

Section 1.1 The Property. The property (Property) subject to this Declaration is as set forth on attached **Exhibit A** and incorporated herein by reference.

Section 1.2 Intention. Declarant and the owners (Owners) intend to provide for single-family dwelling and two-family dwelling use and ownership of the Property (except as may otherwise be approved by the Town of Mt. Crested Butte for Lots 43 and 44 of Phase 1), and desire to create pursuant to the Act a "common interest community" (as such term is defined in the Act) on the Property. The Owners desire to establish a means to ensure the proper use and appropriate development of the Property as a high quality, aesthetically pleasing, residential community by means of mutually beneficial covenants, conditions and restrictions imposed on the Property for the benefit of the Villas and all current and future owners of any portion of the Property.

Section 1.3 Declaration. This Declaration hereby supersedes in entirety and thereby replaces and revokes in entirety the Original Declaration, First Amendment and Second Amendment thereto.

Section 1.4 Names of the Common Interest Community and the Association. The name of the common interest community is Villas at Mt. Crested Butte. The name of the owners association organized to govern and administer the common interest community is Villas at Mt. Crested Butte Association, a Colorado nonprofit corporation.

Section 1.5 Location and Type of Common Interest Community. The common interest community is situated in Gunnison County, Colorado. The common interest community is a "planned community" (as such term is defined in the Act) because portions of the Property are designated for separate ownership by individuals or entities and the remainder of the Property is designated for common ownership solely by the Association.

Section 1.6 Maximum Number of Units. Declarant has created forty-two lots, each of which may be further subdivided into Two-Family Dwelling Lots, for a total of eighty-four Lots, plus Lots 43 and 44 of Phase 1, which may be further subdivided or combined into such density and number of Lots as may be required, or approved by the Town of Mt. Crested Butte.

ARTICLE 2 DEFINITIONS

The following definitions shall apply to this Declaration and the Exhibits attached hereto unless the context shall expressly provide otherwise:

Section 2.1 "Assessments" shall mean any assessments, whether regular, special or otherwise, levied pursuant to the Association Documents, including this Declaration, to provide the necessary funds for all requirements thereof and the obligations of the Association.

Section 2.2 "Association" shall mean the Villas at Mt. Crested Butte Association, a Colorado non-profit corporation, or any successor thereof charged with the duties and obligations set forth herein.

Section 2.3 "Association Documents" shall mean this Amended and Restated Declaration of Protective Covenants for Villas at Mt. Crested Butte, the Articles of Incorporation, Bylaws, any Design Guidelines and Rules and Regulations adopted by the Association.

Section 2.4 "Board of Directors" or "Board" shall mean the Board of Directors of the Association duly elected and acting according to the Association Documents.

Section 2.5 "Building" shall mean any building constructed or erected on the Property and specifically including all Single-Family Dwellings and Two-Family Dwellings.

Section 2.6 "Building Envelope" shall mean that portion of a Lot designated as the Building Envelope on the Plat. Any Building or structure shall be constructed entirely within the Building Envelope of a Lot, unless a variance is granted.

Section 2.7 "Common Elements" shall mean any property owned or leased by the Association, other than a Lot, which exists for the common use of more than one of the Owners.

Section 2.8 "Common Expenses" shall mean:

2.8.1 All expenses declared to be Common Expenses by Association Documents.

2.8.2 The expenses of administration, operation, maintenance, upgrading, improvement and management of the Association and property owned by the Association.

2.8.3 The maintenance, repair or replacement of the exterior of any Single-Family Dwelling or Two-Family Dwelling or other Building, and exterior surfaces of such dwelling, but excluding the roofs, driveways and Common Walls thereof.

Section 2.9 "Common Wall" shall mean any common wall situated between the two individual residences of a Two-Family Dwelling.

Section 2.10 "Community" shall mean all of the real property subject to the provisions of the Declaration.

Section 2.11 "Declarant" shall mean Villas Summit Development, LLC, a Colorado limited liability company, its successors and assigns.

Section 2.12 "Declaration" shall mean this Amended and Restated Declaration of Protective Covenants for Villas at Mt. Crested Butte.

Section 2.13 "Design Guidelines" shall mean the "Villas at Mt. Crested Butte, Town of Mt. Crested Butte, Colorado, Design Guidelines and PUD II Written Statement" as approved by the Town of Mt. Crested Butte, Colorado, and any subsequent changes or amendments thereto adopted and approved in the manner set forth in the Design Guidelines.

Section 2.14 "Improvements" shall mean all buildings, structures, parking

areas, loading areas, fences, walls, driveways, signs, changes in exterior color or shape, excavation, site work, grading, road construction, utilities and any exterior construction or exterior improvement constructed or completed on a Lot or parcel of land within the Property.

Section 2.15 "Individual Residence" shall mean the Individual Residences within a Two-Family Dwelling separated by the Common Wall, or the Individual Residence within any building.

Section 2.16 "Landscaping" shall mean planted areas and plant materials, including trees, shrubs, lawns, flower beds and ground cover, hardscape items and non-vegetable landscape items such as statuary and outdoor décor.

Section 2.17 "Lot" shall mean a lot as shown on a Plat of the Villas at Mt. Crested Butte Phase I - V or by a Supplemental Map as provided in Article 4 of this Declaration.

Section 2.18 "Member" shall mean any person holding membership in the Association.

Section 2.20 "Owner" shall mean the record owner, whether one or more persons or entities, of fee simple title to any Lot; provided, however, that prior to the first conveyance of any Lot, the Owner shall mean the Declarant unless the Declarant has designated a successor in ownership of fee simple title to exercise the rights, duties and obligations of ownership.

Section 2.22 "Plat" or "Subdivision Plat" shall mean the Plats of Villas at Mt. Crested Butte Phase I - V, as the same may be amended, enlarged or revised from time to time and affecting the Property. All Phases shall be collectively known as "Villas at Mt. Crested Butte."

Section 2.23 "Property" shall mean and include all property subject to this Declaration and as set forth in the attached **Exhibit A** and incorporated herein by reference.

Section 2.24 "Recreational Open Area" shall mean any area or tract or parcel of land denoted on the Plat as "Recreational Open Area" and conveyed to the Association for the common use and enjoyment of all Owners, subject to the Rules and Regulations respecting such as may be adopted by the Board.

Section 2.25 "Single-Family Dwelling" shall mean a building designed for and used exclusively as a one-family residence.

Section 2.26 "Single-Family Dwelling Lot" shall mean a Lot as shown on the Plat of Villas at Mt. Crested Butte Phases I - V upon which a Single-Family Dwelling has been constructed.

Section 2.27 "Snow Storage Area" shall mean any area designated on a Plat as a Snow Storage Area. Any Snow Storage Area may be used by the Association, the Town or its authorized representative to store snow thereon as required for snow removal on the dedicated streets and roads. Except only for such use by the Town, any Snow Storage Area shall be designated as Open Space.

Section 2.28 "Special Declarant Rights" means the following rights, which rights are hereby reserved for the benefit of the Declarant, and which rights may be further described in this Declaration: to build and complete Improvements in the Community; to exercise any Development Right; to maintain sales offices, construction offices, management offices, and signs advertising the Community and sale of Lots; and to use easements through the Common Elements for the purpose of making Improvements within the Community or within real estate which may be added to the Community. All of the Special Declarant Rights may be exercised by the Declarant with respect to any portion of the property now or hereafter within the Community. Declarant may exercise any or all of these Special Declarant Rights at any time and from time to time. Such rights shall terminate automatically at such time as the Declarant no longer owns any portion of the Property described on the attached **Exhibit A**.

Section 2.29 "Town" shall mean the Town of Mt. Crested Butte, Colorado.

Section 2.30 "Two-Family Dwelling" shall mean a building containing two Individual Residences, separated by a Common Wall.

Section 2.31 "Two-Family Dwelling Lot" shall mean a Lot as shown on the Plat of Villas at Mt. Crested Butte Phase I - V which shall be divided into two separate Lots designated as the letter "A" and the letter "B" following the Lot number. The common boundary line between the "A" Lot and the "B" Lot shall be the center line of the Common Wall. A Two-Family Dwelling Lot shall be created in the manner set forth in Article 4.

Section 2.32 "Villas at Mt. Crested Butte Phase I - V" shall mean all of the Property as subdivided and platted by a Plat filed in the records of Gunnison County, Colorado pertaining to the Villas at Mt. Crested Butte Phase I - V.

ARTICLE 3 LEGAL DESCRIPTION OF A LOT

Section 3.1 Legal Description of Lot. Every instrument affecting title to a Lot in the Villas at Mt. Crested Butte Phase I - V shall be legally described as follows:

3.1.1 If a Single-Family Dwelling Lot:
Lot ____, Villas at Mt. Crested Butte Phase ____,
according to the subdivision plat filed _____, bearing

Reception No. _____ of the records of Gunnison County, Colorado, and the Declaration of Protective Covenants for Villas at Mt. Crested Butte recorded _____, at Reception No. _____ of the records of Gunnison County, Colorado.

3.1.2 If a Two-Family Dwelling Lot:
Lot _____ ("A" or "B"). Villas at Mt. Crested Butte Phase _____, according to the subdivision plat filed _____, bearing Reception No. _____ of the records of Gunnison County, Colorado, the Supplemental Map of the Lot recorded in Book _____ at Page _____ of the records of Gunnison County, Colorado, and the Declaration of Protective Covenants for Villas at Mt. Crested Butte recorded _____, at Reception No. _____ of the records of Gunnison County, Colorado.

Section 3.2 Sufficient Description. Such method of description shall be sufficient for all purposes to sell, convey, transfer, and encumber or otherwise affect the title of a Single-Family Dwelling Lot or Two-Family Dwelling Lot and all appurtenant property rights pertaining thereto and shall incorporate all of the rights, duties, limitations and burdens incident to ownership of a Lot as described in this Declaration.

ARTICLE 4 CREATION OF TWO-FAMILY DWELLING LOT

Section 4.1 Creation of Two-Family Dwelling Lots. Any Lot as set forth on a Plat of Villas at Mt. Crested Butte Phase I - V may be created and divided into a Two-Family Dwelling Lot upon compliance with the following:

4.1.1 The construction of a Two-Family Dwelling on the Lot.

4.1.2 The recording of a Supplemental Map in accordance with the Town of Mt. Crested Butte subdivision regulations declaring the Lot to be a Two-Family Dwelling Lot consisting of Lot A and Lot B and showing the common boundary line between Lot A and Lot B and the location of the Two-Family Dwelling and Common Wall thereon.

Section 4.2 Sole Requirement. Upon compliance with Section 5.1 of this Declaration, two separate Lots shall be created without further requirements or approvals by the Association, each Lot containing one Individual Residence within the Two-Family Dwelling and separated by a Common Wall from the other Individual Residence.

Section 4.3 Separate Lots Created. Upon the compliance with Section 5.1 of this Declaration, Lot A and Lot B of such Lot shall each be a separate Lot subject only to this Declaration and the Association Documents. Lot A and Lot B shall each be a separate Lot with a separate vote in the Association and subject to a separate

assessment as an individual Lot.

ARTICLE 5 COMMON WALL

Section 5.1 Common Wall. The walls that are constructed as a common part of any Two-Family Dwelling and which are located between such Individual Residences constitute Common Walls and such Common Walls shall be subject to the following special terms and conditions:

5.1.1 That portion of the Common Wall situated on Lot A and Lot B shall be owned by the owner of such Lot as part of the Owner's fee simple ownership of Lot A or Lot B. Each Lot Owner shall enjoy a common perpetual easement and right of use of that portion of the Common Wall located upon the adjoining Lot.

5.1.2 Each Lot Owner shall have a perpetual right to use and enjoy the entire Common Wall as a common wall for the support, construction, maintenance and use of each Individual Residence.

Section 5.2 Joint Expense of Owners. Except as is otherwise provided herein, the cost of reasonable repairs, maintenance and replacement of Common Walls shall be the joint expense of the Owners of the Individual Residences adjacent to such wall.

Section 5.3 Cost of Repairs and Maintenance. Except as otherwise provided herein, the cost of repairs and maintenance of the finished surface of the Common Wall located within an Individual Residence shall be the sole expense of the Owner of that Individual Residence.

Section 5.4 Damage. If the Common Wall is damaged or destroyed by the act, default or negligence of the Owner of an Individual Residence, such Owner shall rebuild said wall and shall compensate the other Owner for any damage to the property of the Owner of an Individual Residence adjacent to such wall (including, but not limited to, the finished surface of the Common Wall located within the Individual Residence of the other Owner).

Section 5.5 Insurance. To the extent that damages to a Common Wall are covered by insurance, the insurance proceeds shall be used and applied to repair, restore and replace the Common Wall. Any deficiency shall be the joint expense of the Owners, without prejudice, however, to the right of any Owner to demand a larger contribution from the other Owner under any rule of law regarding liability for negligent

or willful acts or omissions.

Section 5.6 Negligence or Willful Act. Notwithstanding any provision of this Declaration to the contrary, an Owner who by his negligent or willful act or omission causes a Common Wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

Section 5.7 Utility Installations. An Owner shall have the right to maintain and repair any utility installations located within a Common Wall and in so doing, shall restore the Common Wall to its original condition. Written notice shall be given to the adjoining Owner prior to undertaking any such action. All such undertakings will be done so as to avoid or minimize damage to the adjoining Owner's residence and property.

Section 5.8 Rights of Association in Common Wall. The Association is granted, by the owners of all Lots upon which any Common Wall is situated, the following rights, duties and obligations as the attorney in fact and agent for each Lot Owner:

5.8.1 To at all times perform any necessary and desirable maintenance, repairs, replacement or restoration of the Common Wall as may be required to keep the same structurally sound.

5.8.2 The Association is granted an easement as may be required to do and perform all necessary maintenance, repairs, restoration and replacement to the Common Wall.

5.8.3 In the event any required maintenance, repairs, restoration or replacement of any Common Wall causes any damage, injury or destruction to the interior of an Individual Residence, not caused by the negligence or failure to act of the Association, the Owner of such Individual Residence shall be responsible for the repair or replacement of any damage to the Individual Residence, unless said damage is caused by the adjacent Lot Owner.

ARTICLE 6 USE OF LOTS

Section 6.1 Building Envelope. All Lots within the Villas at Mt. Crested Butte Phase I - V shall be used exclusively for a Single-Family Dwelling or Two-Family Dwelling with one attached garage for each dwelling unit and shall be situated within the Building Envelope as shown on the Plat, except that Lots 43 and 44 of Phase I may be subdivided in another way, in accordance with the requirements of the Town of Mt. Crested Butte.

Section 6.2 Use of Lot. Each Lot shall be for the exclusive use and enjoyment thereof by the Owner, members of the Owner's family and guests.

Section 6.3 Partition of Lots. No Lot may be partitioned, subdivided nor in any manner divided into two or more Lots except only as provided in Article 4 for the creation of Two-Family Dwelling Lots. Lots 43 and 44 of Phase I shall not be subject to this Section 6.3.

Section 6.4 Approval of Use. No Improvement shall be constructed on any Lot, except only as approved by the Design Review Board in accordance with the Design Guidelines.

Section 6.5 No Commercial Use. No commercial or business enterprise of any nature shall be allowed or permitted on any Lot; provided, however, that the Owner of a Lot may be permitted to conduct an in-home executive office or an in-home occupation, artistic or literary activity on a Lot upon the prior approval by the Design Review Board as to such occupation or activity and within the parameters as set forth by the Town. No such occupation or activity shall be approved by the Design Review Board which would create a visual, sound or traffic nuisance. Any such occupation or activity shall be subject to a reasonable limitation as to the number of persons and the number and type of motor vehicles involved in such occupation or activity. Certain in-home activities may require a Land Use Change Permit from Town of Mt. Crested Butte.

Section 6.6 Model Home and Sales Office. Notwithstanding the provisions of Section 6.5 above, during the period of the development of the Property and the sale of the Lots, the Declarant, or its successor in interest, shall have the right to construct a model Single-Family Dwelling and/or Two-Family Dwelling on any Lot with a sales office located therein to advertise, show and sell Lots and dwellings to prospective purchasers. Declarant may also erect and maintain one sign on such Lot, advertising the model dwelling and sales office, such sign to be in accordance with the sign ordinance of the Town.

ARTICLE 7 DESIGN REVIEW AND APPROVAL

Section 7.1 Board. The Board of Directors shall be the Design Review Board or, in the alternative, the Board of Directors may appoint one or more Members of the Association to serve as members of the Design Review Board under such terms and conditions as are contained in the appointment of such members.

Section 7.2 Review and Approval. No Single-Family Dwelling, Two-Family Dwelling, Building or any Improvement shall be commenced, constructed, erected, altered or changed upon any Lot, nor shall any Landscaping or fencing be accomplished, nor shall any exterior addition, change or alteration be made, until the plans and specifications therefore have been submitted to and approved in writing by the Design Review Board in the manner hereafter set forth.

Section 7.3 Pre-Approved Plans and Specifications. In accordance with the Design Guidelines, the Declarant shall submit to the Design Review Board and the Town full and complete Plans and Specifications for approved Single-Family Dwellings and Two-Family Dwellings for any Lot. Upon approval of such Plans and Specifications by the Design Review Board and the Town, any Single-Family Dwelling or Two-Family Dwelling utilizing such Pre-Approved Plans and Specifications may be constructed on any Lot without further design review and approval except only for the Final Plan Review as hereafter set forth.

Section 7.4 Additional Submission Requirements. Prior to the commencement of any such construction or the accomplishment of any items requiring the approval of the Design Review Board, except only as provided in Section 7.3, an application, together with all plans and documents, for such Building, Improvement or item shall be submitted to the Design Review Board for approval. The application shall include, at a minimum, all documents required by the Design Guidelines.

Section 7.5 Pre-application Conference. Prior to the submittal of the plans and specifications, it is recommended that the applicant and/or the applicant's architect meet with the Design Review Board to discuss the proposed plans. The purpose of such conference is to permit the applicant and the Design Review Board to informally review the plans before substantial commitments of time and money are made. Any preliminary approvals or disapprovals shall be informational only and are not binding upon either the applicant or the Design Review Board. The Design Review Board is not committed or bound by any preliminary or informal approval or disapproval until the application, together with all required plans and documents, are submitted to the Design Review Board.

Section 7.6 Review Process. The review process, other than for the preapproved Plans and Specifications, shall be as follows:

7.6.1 Sketch Plan Review. The applicant shall submit a sketch plan for review.

7.6.2 Final Plan Review. Upon approval or approval with conditions of the sketch plan, the applicant shall submit the final plan for review.

Section 7.7 Sketch Plan Review.

7.7.1 Upon submittal of a complete sketch plan application by an applicant containing such information as is required by the Design Guidelines, the Design Review Board shall consider the suitability of the proposed Building or Buildings and in particular the harmony of the Buildings with the environment, the affect of the Building on the utilization and view of the Lot and surrounding Lots and the Property, the placement of the Buildings with respect to topography, drainage, snow removal, ground elevations, existing natural and terrain features, the appropriateness of the architectural design and the

appropriateness of the Building within the concept of Villas at Mt. Crested Butte.

7.7.2 Upon the Design Review Board determining that a complete sketch plan application has been submitted by the applicant, it shall, within 30 days of receipt of the complete application, schedule a meeting with the applicant and/or the applicant's architect or agents to review the sketch plan of the applicant.

7.7.3 The Design Review Board may, in its discretion, continue the meeting for a reasonable period of time if adverse weather conditions make it impossible for the Design Review Board to fully inspect the Building Site.

7.7.4 At the meeting and following a review of the Sketch Plan, the Design Review Board will advise the applicant that it (1) generally approves the sketch plan application and the applicant may proceed to final plan review; (2) generally approves the sketch plan application with conditions and, upon compliance with the conditions, the applicant may proceed to final plan review; or (3) disapproves of the sketch plan application.

7.7.5 If the Design Review Board approves or approves with conditions the sketch plan application, the applicant may proceed to final plan review. If the Design Review Board disapproves the sketch plan application, the applicant may resubmit an application for sketch plan review and approval.

Section 7.8 Final Plan Review. Upon submittal of a complete final plan application by an applicant containing such information as is required by the Design Guidelines, the Design Review Board shall:

7.8.1 Determine that all documents required by the Design Guidelines have been submitted for final plan review and approval.

7.8.2 Consider the suitability of the proposed Building or Buildings and in particular the harmony of the Buildings with the environment, the affect of the Building on the utilization and view of the Lot and surrounding Lots and the Property, the placement of the Buildings with respect to topography, drainage, snow removal, ground elevations, existing natural and terrain features, the appropriateness of the architectural design and the appropriateness of the Building within the concept of the Villas.

7.8.3 Upon receipt of a complete final plan application, set a hearing date for a hearing with the applicant and/or the applicant's architect or agents to review the final plan application of the applicant. Such hearing date shall be within 30 days of the receipt of the complete final plan application, unless the applicant would request a hearing date more than 30 days after the date of submittal.

7.8.4 Notify in writing all Members of the Association (1) that such final plan application has been submitted to the Design Review Board, (2) the final plan application and documents are available for review by any Member of the Association, and (3) the date of the hearing to consider such final plan application.

Section 7.9 Hearing on Final Plan Application. The applicant and any person on the applicant's behalf may attend the hearing on the final plan application and submit such information and documents as the person may desire. Any Member may also be present at the hearing to submit comments or may submit in writing any comments.

The Design Review Board may, in its discretion, continue the hearing for a reasonable period of time if adverse weather conditions make it impossible for the Design Review Board to fully inspect the Building Site.

Within 14 days after the date of the hearing on the final plan application, the Design Review Board shall render its decision on the final plan application in writing. The Design Review Board may either approve, approve with conditions, or disapprove any final plan application submitted to it. In the event that the Design Review Board fails to take any action within 14 days after the date of the final hearing or fails to hold such hearing, the final plan application shall be deemed to have been approved.

Section 7.10 Quorum. A majority of the Design Review Board shall constitute a quorum and all decisions of the Design Review Board shall be by a majority vote of the Members present.

Section 7.11 Final Decision. The decision of the Design Review Board as to the final plan application shall be final, subject only to the right of judicial review as provided by the laws of the State of Colorado. The Board shall indicate to any applicant, in the event of disapproval of the final plan application, the reasons why the final plan application was rejected and grant to the applicant an opportunity to resubmit with the revisions and corrections that would bring the request for final plan approval into conformity with the requirements of this Declaration and the Design Guidelines.

Section 7.12 Rules and Regulations. The Design Review Board shall adopt such Rules and Regulations as are appropriate to govern its proceedings as a Design Review Board.

Section 7.13 Design Review Fee. The Design Review Board shall adopt a schedule of fees to be charged for each application submitted to the Design Review Board for review and approval. Such fee shall be in an amount reasonably determined to cover the actual costs and fees of the Design Review Board in processing the application. Such fee shall be paid by the applicant on or before the date of hearing on the application.

Section 7.14 Limitation of Liability. The Design Review Board shall use reasonable judgment in approving or disapproving all plans concerning the denial or approval of a unit owner's application for architectural or landscaping approval as set forth herein or in duly adopted Rules and Regulations or Bylaws of the Association. Decisions shall not be made arbitrarily or capriciously.

Section 7.15 Building Permit. In addition to the approval requirements by the Design Review Board, each Owner is responsible for obtaining all approvals, licenses and permits as may be required by the Town of Mt. Crested Butte, Colorado, the Mt. Crested Butte Water and Sanitation District and any entity or district having jurisdiction over the Lot prior to the commencement of construction.

Section 7.16 Variances. The Design Review Board may grant variances as to the design requirements contained in this Declaration and the Design Guidelines and the location of the Building Envelope under the following conditions:

7.16.1 An application for a variance shall be submitted in the same manner as is required for design review approval. If the requested variance is part of an application for approval of a Building or other structure, such request may be submitted as part of that application.

7.16.2 The location of the Building Envelope may be changed or adjusted based upon the following criteria:

7.16.2.1 Such variance is necessary and desirable to take advantage of terrain and site features for the construction of any Improvement and such change would not unreasonably detract from the Building Envelope, any other Lot or the Villas.

7.16.2.2 Any change in location of a Building Envelope from that shown on the Plat shall be confirmed by an amended plat of the Lot for which such variance is requested. The amended plat shall be prepared by a licensed Colorado surveyor at the request of and at the cost of the Owner, signed by the Owner of the Lot and approved by the Design Review Board. Such amended plat of the Lot shall be filed in the records of Gunnison County, Colorado.

7.16.3 A variance of the design requirements of this Declaration or the Design Guidelines may be granted if such variance is reasonable, is in keeping with the overall design requirements of the Villas at Mt. Crested Butte and does not unreasonably detract from the Building Envelope and any other Lot within the Villas.

7.16.4 Any variance of the design requirements of this Declaration or the Design Guidelines must be approved by the Town of Mt. Crested Butte, Colorado.

ARTICLE 8
DESIGN REQUIREMENTS

Section 8.1 Design Requirements. Any Single-Family Dwelling, Two-Family Dwelling, Building or Improvement situate within the Villas at Mt. Crested Butte development shall comply with the design requirements of this Article.

Section 8.2 Building Envelope. Any Building or Improvement shall be constructed entirely within the designated Building Envelope for the Lot, unless a variance is granted.

Section 8.3 Building Code Compliance. All Buildings and Improvements shall meet all of the requirements, including fire protection standards, of the applicable Building Code and any other building code or fire code of the Town then in effect.

Section 8.4 Building Density. The minimum and maximum building densities for all Buildings shall be as set forth in the Design Guidelines.

Section 8.5 Height. The maximum height of any Building shall be as set forth in the Design Guidelines.

Section 8.6 Design Guidelines. The Design Review Board shall adopt Design Guidelines which shall include all design requirements for the construction of any Single-Family Dwelling, Two-Family Dwelling, Buildings or Improvements within the Villas development and the method of procedure and the plans and documentation that are required by an applicant to submit an application to the Design Review Board. Such Design Guidelines are in addition to the requirements of this Declaration, are supplemental thereto and are enforceable in the same manner and shall have the same force and effect as this Declaration.

Section 8.7 Pre-Approved Plans and Specifications. In accordance with the Design Guidelines and Section 7.3 of this Declaration, the Declarant shall submit Plans and Specifications for approved Single-Family Dwellings and Two-Family Dwellings for all Lots within the Villas development. Upon approval of such Plans and Specifications by the Design Review Board and the Town of Mt. Crested Butte, Colorado, such pre-approved Plans and Specifications shall constitute approved Plans and Specifications for Single-Family Dwellings and Two-Family Dwellings in full compliance with all design requirements.

ARTICLE 9
CONSTRUCTION, USE AND MAINTENANCE REQUIREMENTS

Section 9.1 Excavation. No excavation shall be made on any Lot except in connection with a Building approved in accordance with this Declaration, for the installation of underground utilities, or for any other purpose approved by the Association.

Section 9.2 Electrical, Telephone and Utility Services. All electrical, telephone and utility services within any Lot shall be underground.

Section 9.3 Signs. No sign of any kind shall be displayed to public view on any portion of any lot, except political, real estate, and security signs described below. Political signs not exceeding six square feet may be displayed no sooner than thirty days before an election and no longer than three days after an election. One real estate sign not exceeding six square feet and one security sign not exceeding one square foot may be displayed only on the front door side of a villa and must be either attached to the building on the ground level or staked in the ground within twelve inches of the building. All signs shall be properly maintained.

Section 9.4 Drainage. No Owner shall do or permit any work, construct any Improvements, or do any Landscaping which shall alter or interfere with the natural or improved drainage of the Property, except to the extent the same is approved by the Design Review Board and as authorized for any surface water discharge easement.

Section 9.5 Temporary Structures. No temporary structure, mobile home, modular home, trailer house, travel trailer or recreational vehicle shall be permitted on any Lot, except only as may be determined to be necessary during the period of construction of any Building or Improvement as specifically approved by the Design Review Board.

Section 9.6 Continuity of Construction. All construction, reconstruction, alterations or Improvements shall be prosecuted diligently to completion and shall be completed within twelve months of the commencement thereof, unless an exception is granted by the Design Review Board.

Section 9.7 Landscaping. The Lot and all Landscaping thereon shall

be maintained in accordance with Association Documents. All Landscaping will be in accordance with the criteria of the Design Guidelines.

Section 9.8 Trash. No trash, ashes, garbage or other refuse shall be allowed to accumulate or be placed on any Lot or area within the Property. There shall be no burning or other disposal of refuse out of doors. Each Owner shall provide suitable receptacles for the temporary storage and collection of such refuse and all such receptacles shall be screened from the public view, from the wind, and protected from animals and other disturbances.

Section 9.9 Vehicles Repairs and Abandoned or Inoperable Vehicles. The repairs of motor vehicles on the Lot are prohibited except for washing and waxing. Abandoned or inoperable vehicles shall not be stored or parked on any portion of a Lot. "Abandoned or inoperable vehicle" shall be defined as any vehicle which has not been driven under its own propulsion for a period of three months or longer.

Section 9.10 Noise. No exterior horns, whistles, bells or other sound devices, except home and automobile security systems shall be placed or used on any Lot. No animals that create a nuisance by noise, including without limitation, barking dogs, shall be kept or maintained on any Lot. The Board may adopt such rules regarding noise as it deems appropriate.

Section 9.11 Nuisance. No obnoxious or offensive activity shall be carried on within the Property, nor shall anything be done or permitted which shall constitute a public nuisance. No noise or other nuisance shall be permitted to exist or operate upon the Property so as to be offensive or detrimental to any other part of the Property or its Owners or occupants; provided, however, that this Section shall not apply to any noise or other activity approved by the Design Review Board as to the construction of any Improvements.

Section 9.12 Hazardous Activities. No activities shall be allowed or conducted on the Property which might be unsafe or hazardous to any person or property. Such hazardous activities include, but are not limited to, fireworks, firearms, bow and arrows, explosives, air or pellet guns or any similar type devices except only in approved areas in accordance with Rules and Regulations adopted by the Board of Directors. No outside open fires shall be permitted on any Lot unless contained within a cooking or barbecue type unit or grill.

Section 9.13 Duties and Limitations of Owner. The following limitations shall apply to the rights of any Owner:

9.13.1 No exterior addition or alteration to any Building nor any fence, wall, structure, landscaping, grading, deck, patio or Improvements shall be constructed on any Lot without the prior written approval of the Design Review Board.

9.13.2 No change in any exterior color or material shall be made without the prior written approval of the Design Review Board.

0.13.3 No exterior mounted radio, television or other communication antenna or device shall be located on the exterior of any Building without the prior written approval of the Design Review Board, except for the installation of one small satellite dish no more than 24 inches in diameter. .

9.13.4 No clotheslines or incinerators shall be permitted on any Lot.

9.13.5 All equipment, furniture, tools and personal property shall be appropriately stored indoors or within the appropriate area at the rear of the Building so that they are concealed from view from any other Building or from any street.

9.13.6 No house trailer, travel trailer, camping trailer, motor home, mobile home, modular home, camper, boat, trailer, recreational vehicle, truck, except pickup or van, motorcycle, motorbike or any similar type vehicle or device shall be parked, stored or maintained on any Lot unless within the garage of the Building. No street, alley or public access within Villas at Mt. Crested Butte shall be used for long-term parking or storage of any such recreational device, vehicle or trailer. The driveway or access to the garage of any Single-Family Dwelling or Two-Family Dwelling may be used for the temporary parking of any motor vehicle of the Owner or the Owner's guests and invitees.

Section 9.14 Time Shares Prohibited. No time sharing, interval ownership, or similar interest, whereby ownership of a Lot is shared by Owners on a time basis, shall be permitted.

ARTICLE 10 ANIMALS

Section 10.1 Animals. The Board shall promulgate Rules and Regulations pertaining to the keeping and maintaining of animals.

10.1.1 All dogs and cats shall be confined to the Lot or attached to a leash or other suitable control device.

10.1.2 The owner of any dog or cat shall at all times be personally liable and responsible for any damage caused by such dog or cat.

10.1.3 No dog or cat shall create a nuisance or noise problem within the Villas.

10.1.4 The owner of any dog or cat shall be responsible for the cleanup of any excrement left by such dog or cat within the Villas.

Section 10.2 Impoundment of Animals. The Association is specifically empowered to impound any animal running at large within the Property. Upon impoundment, the owner of the animal, if known, shall be immediately notified and the animal taken to the nearest facility which accepts impounded animals. It is the duty of the owner of such animal to recover the animal from such facility and to pay all costs and fees incurred in the impoundment of the animal.

ARTICLE 11 AUTHORITY OF ASSOCIATION

Section 11.1 Maintenance and Repair as a Common Expense. All maintenance, repairs, and replacements of the exterior of any Building (excluding the roofs, driveways, and paved parking areas appurtenant to each Lot, Common Walls and the cleaning and removal of snow from any decks) shall be the Common Expense of the Association. Moreover, the maintenance of all Association property shall be a Common Expense. The Association has the duty and obligation to at all times properly maintain the exterior of all Buildings in an attractive and quality condition and to at all times keep such exterior thereof in the same condition and repair as when originally constructed. Provided, however, in the event any maintenance, repairs and replacement to any Building is required due to the negligence, misuse or deliberate act of the Owner, the Owner's family, guests and invitees or tenants, such expense shall be the liability of the Owner and charged to the Owner by the Association.

Section 11.2 Landscaping. The Owner of any Building shall be responsible for the initial landscaping of the Lot in accordance with the Design Guidelines and as approved by the Design Review Board and the Town. Thereafter, the maintenance of all such landscaping and lawns shall be the duty and obligation of the Association and shall be a Common Expense of the Association with the exception of potted plants, flower boxes, or Landscaping of any kind on decks. However, the loss of any landscaping shall be borne by the Owner. All subsequent landscaping must be approved by the Design Review Board. The Association shall have the right to utilize the exterior water spigots of any Building to water adjacent landscaping within the Lot and the water so used shall be the expense of the respective Owners.

Section 11.3 Damages. Any damage to all or any part of a Single-Family Dwelling, Two-Family Dwelling, Building or a Lot resulting from any maintenance, repair, restoration, emergency repair or replacement caused by or at the direction of the Association as a part of the exercise of its rights hereunder, shall be an expense of the Association; provided, however, that if such damage or destruction is caused by the negligence of any Owner or his or her agents, employees, invitees or tenants, then such Owner shall be responsible and liable for all such damage and the cost thereof and the same shall be an obligation of the Owner and shall be payable upon demand to the

Association.

Section 11.4 Restoration. Any damage to any Single-Family Dwelling, Two-Family Dwelling, Building or a Lot caused by the Association shall be restored substantially, to the extent reasonably practical, to the same condition in which such improvements existed immediately prior to such damage.

ARTICLE 12 EASEMENTS

Section 12.1 Easements. In addition to any and all other easements which may be granted or reserved elsewhere in this Declaration, the following described easements are set forth in the Plat as follows: Two-Family Dwellings: Utility and Drainage Easement – 5 feet along side lot lines and rear lot lines for utility and drainage.

Section 12.2 Utility and Drainage Easements. The Declarant grants to the Town and the Association, their agents and employees and contractors, utility and drainage easements on, over, under, above, across and through those areas designated "Typical Utility and Drainage Easement" or as "Utility and Drainage Easement" as described on the Plat for the purpose of i) the installation, use, repair, replacement, improvement and maintenance of utilities of any kind whatsoever, including but not limited to water lines and hydrants, sanitary sewer lines and manholes, telephone lines, cable television lines, gas lines, electric lines, fiber optic lines, other communication lines and all related structures, together with a perpetual right of ingress and egress thereto, ii) storm drainage, drainage of water flowing from other lands along with the installation, use, repair, replacement, improvement and maintenance of surface drainage structures including but not limited to detention ponds, swales, gutters, ditches, culverts, together with a perpetual right of ingress and egress thereto.

Section 12.3 Access Easement. Each Owner hereby grants to the Association and the other Owners, and to their agents and employees and contractors, a right and easement on, over, across and through such Owner's Lot for maintenance, repair and replacement as provided in this Declaration. If damage is inflicted, or a strong likelihood exists that it will be inflicted, on the Common Elements, any other property, or any Lot, the Owner responsible for the damage or expense to avoid damage, or the Association if it is responsible, is liable for the cost of prompt repair. Further, the rights and easements granted in this Section may be exercised only during reasonable hours after reasonable written notice to the Owners or occupants of any affected Lot; except that no such notice shall be required in connection with any exterior, non-intrusive maintenance; and except that in emergency situations entry upon a Lot may be made at any time provided that the Owners or occupants of each affected Lot shall be warned of impending emergency entry as early as is reasonably possible. The interior of any dwelling unit shall not be

subject to the easements that are provided for in this Section.

Section 12.4 Blanket Utility, Drainage and Maintenance Easement. In addition to the easements shown on the Plat, the Declarant hereby declares blanket utility, drainage, and maintenance easements on, over, under, above, across and through all Common Elements, public roads, public alleys and open space parcels within the subdivision for the installation, use, repair, replacement, improvement and maintenance of utilities or structural walls of any kind whatsoever, including but not limited to waterlines and hydrants, sanitary sewer lines and manholes, telephone lines, cable television lines, gas lines, electric lines, fiber optic lines, other communication lines and all related structures, together with a perpetual right of ingress and egress thereto, and ii) storm drainage, drainage of water flowing from other lands along with the installation, use, repair, replacement, improvement and maintenance of surface drainage structures including but not limited to swales, gutters, ditches, culverts, together with a perpetual right of ingress and egress thereto to the Town.

Section 12.5 Snow Storage Easements. The Declarant hereby declares an easement for snow storage on, over, under, above, across and through those areas designated as "Snow Storage" and as "Private Right of Way" and as "Private Drive" on the Plat for the purpose of the disposal and storage of snow from roads and road right of way together with a right of ingress and egress thereto, except that all storm inlets, fire hydrants, utility pedestals and other surface improvements are to be kept clear 5 feet either side of an in front of each surface improvement.

Section 12.6 Easement for Encroachments. To the extent that any Improvement constructed by the Association or the Declarant on a Lot or on the Common Elements, encroaches on any other Lot or Common Elements, a valid easement for the encroachment exists.

ARTICLE 13 VILLAS AT MT. CRESTED BUTTE ASSOCIATION

Section 13.1 Government of Association. Villas at Mt. Crested Butte Association, a Colorado nonprofit corporation, shall exercise all of the rights, duties, privileges, powers and obligations as set forth in the Association Documents The Association shall have a Board of Directors to manage its affairs; except as hereinafter provided, the Board shall be elected by the Members.

Section 13.2 Board Of Directors. The number, term and qualifications of the members of the Board shall be fixed in the Bylaws. The Board may, by resolution, delegate portions of its authority to an executive committee or to other committees, to officers of the Association or to agents and employees of the Association, but such delegation of authority shall not relieve the Board of the ultimate responsibility for management of the affairs of the Association.

Section 13.3 Members. Each Owner shall be a Member of the Association. No Owner, whether one or more persons or entities, shall have more than one membership per Lot owned by such Owner, but all persons owning each Lot shall be entitled to the rights of membership and the use and enjoyment appurtenant to the ownership of each Lot.

Section 13.6 Termination of Membership. Membership in the Association and the status as a Member shall terminate upon the conveyance, sale or assignment of the Owner's interest. Whereupon, the selling Owner shall be relieved of liability for Assessments levied from and after the date of such sale or conveyance.

Section 13.7 Voting Rights. All Owners of the Villas at Mt. Crested Butte shall be Members of the Association. Each Lot shall be entitled to one vote in the Association, which vote shall be exercised by the Owner. When more than one person or entity holds an interest in a Lot, the vote for the Lot shall be exercised as the Owners may determine among themselves, but the vote for the Lot shall be cast by only one person.

Section 13.6 Compliance with Association Documents. Each Owner shall be governed by, shall comply with and shall have the benefit of the provisions, covenants, conditions and restrictions contained in the Association Documents.

Section 13.7 Rules and Regulations. The Association shall from time to time adopt, amend and repeal rules and regulations to be known as the "Villas at Mt. Crested Butte Rules and Regulations" governing, among other things, and without limitation:

13.7.1 The preservation, maintenance, improvements, repairs, upkeep and use of the Recreational Open Area and Snow Storage Areas.

13.7.2 The conservation, maintenance, repair and use of all Buildings, and other structures within any Recreational Open Area and Snow Storage Areas.

13.7.3 Domesticated animals within Villas at Mt. Crested Butte.

13.7.4 The establishment of easements for walking, hiking, horseback riding, bicycling, and skiing. Provided, that no easement for such purpose shall be created or established through a Lot.

13.7.6 Standards for the design, construction, care, maintenance, and use of all Lots and all Buildings, structures and landscaping situated upon such Lots.

13.7.7 The maintenance, repairs and replacement of the exterior of all Single-Family Dwellings and Two-Family Dwellings, including all walls, doors, roofs, and exterior surfaces, driveways appurtenant paved parking areas, windows and Common Walls.

13.7.8 Rules regarding the parking of vehicles and the outdoor storage of all items.

13.7.9 Rules relating to safety and quiet enjoyment .

13.7.10 All matters delegated to the Association by this Declaration.

13.7.11 The Board may adopt policies regarding the violation of any provision of the Association Documents, and the establishment of penalties therefore and the collection of such penalties.

Section 13.8 Dedication of Recreation Open Area. The Recreational Open Area is intended for the common use and enjoyment by the Owners, to the extent that such use does not interfere with the use of the space for water retention. The Recreational Open Area is hereby dedicated to the above and foregoing uses for the Owners, their families, tenants, employees, guests and invitees, and not to the use of the general public, under the terms and conditions contained in the Association Documents.

Section 13.9 Management of Recreational Open Area. The Association shall be responsible for the management and control of the Recreational Open Area and all improvements thereon, and shall keep them in a good, clean, attractive and pleasant condition and shall maintain and repair the same consistent with the purposes and uses of the Recreational Open Area as set forth in the Association Documents.

Section 13.10 Authority of Board. Action by or on behalf of the Association may be taken by the Board or any duly authorized executive committee, officer, agent or employee, without a vote of the Members, except as otherwise specifically provided in this Declaration, the Articles of Incorporation or Bylaws of the Association..

Section 13.11 Budget. Within ninety (90) days after adoption of any proposed budget for the Association, the Board shall deliver a summary of the Association budget to all the Members and shall set a date for a meeting to consider the budget which shall occur within a reasonable time after mailing the summary. Unless at that meeting the budget is rejected by the vote or agreement of Members to which at least 67% of the votes in the Association are allocated, the budget is then ratified, whether or not a quorum is present. In the event that the proposed budget is rejected, the budget last ratified by the Members shall be continued until such time as the Members ratify a subsequent budget proposed by the Board.

ARTICLE 14 INSURANCE

Section 14.1 Insurance. The Association shall maintain insurance in

connection with the Common Elements, which insurance shall include property insurance, commercial general liability insurance and fidelity coverage. In addition, the Association may maintain insurance against such other risks as the Board may elect from time to time, including, but not limited to, personal liability insurance to protect directors and officers of the Association from personal liability in relation to their duties and responsibilities in acting as directors and officers on behalf of the Association, and may maintain insurance on such other property and/or against such other risks, including worker's compensation if appropriate, as the Board may elect in its discretion from time to time.

14.1.1 All insurance policies carried by the Association shall be carried in blanket policy form naming the Association as insured, or its designee as trustee and attorney-in-fact for all Owners, and each Owner shall be an insured person under such policies with respect to liabilities arising out of any Owner's membership in the Association.

14.1.2 The expense for any repair of damage caused by an Owner's act, omission, or negligence shall be borne by such Owner.

Section 14.2 Association Insurance as Primary Coverage. If at the time of any loss under any policy which is in the name of the Association, there is other insurance in the name of any Owner and such Owner's policy covers the same property or loss, or any portion thereof, which is covered by such Association policy, such Association policy shall be primary insurance. An Owner shall be liable to the Association for the amount of any diminution of insurance proceeds to the Association as a result of policies of insurance of an Owner, and the Association may collect the amount from said Owner in the same manner as any Assessment. Any such Owner's policy shall also contain waivers of subrogation.

Section 14.3 Acceptable Insurance Companies. Each insurance policy purchased by the Association must be written by an insurance carrier which is authorized by law to do business in the State of Colorado. The Association shall not obtain any policy where (a) under the terms of the insurance company's charter, bylaws, or policy, contributions or assessments may be made against the mortgagor or mortgagee's designee, or (b) under the terms of the carrier's charter, bylaws, or policy, loss payments are contingent upon action by the carrier's board of directors, policy holders or members, or (c) the policy includes any limiting clauses (other than insurance conditions) which could prevent mortgagees or any Owner from collecting insurance proceeds.

Section 14.4 Insurance to be Maintained by Owners. An insurance policy issued to the Association does not eliminate the need for Owners to obtain insurance for their own benefit. Each Owner shall maintain insurance coverage on each Owner's Lot and the Improvements thereon. Additionally, insurance on the furnishings and personal property belonging to an Owner, including liability insurance coverage on each Lot, shall be the responsibility of the Owner of such Lot. In the event the insurance policies held by different Owners of Lots or held by one or more Owners and the Association and which are

underwritten by different insurers, each Owner shall be responsible for ensuring that such Owner's insurer agrees, in the event damage occurs to the covered property, to facilitate payment of the insurance proceeds when two or more insurers are involved and that the insurer will pay all undisputed proceeds and disputed proceeds equal to one divided by the total number of policies involved (up to the amount of coverage provided by such insurance), subject to the right of such insurers to recover from the other insurer any such sums for which the other insurers(s) are found to be liable.

Section 14.5 Reconstruction of Dwelling. In the event that any Single-Family Dwelling or Two-Family Dwelling or other Building is destroyed in whole or in part due to fire or any other cause, the Owner or Owners thereof shall immediately reconstruct, replace and rebuild such dwelling as it existed prior to such damage or destruction and in accordance with the plans and specifications for the original construction of such dwelling, subject only to such revisions or modifications as might be approved by the Design Review Board and the Town. The Owner or Owners of any Single-Family Dwelling or Two-Family Dwelling or Building shall at all times maintain fire and extended coverage in an amount equal to the full replacement value of such dwelling, without deduction for depreciation, to the extent such insurance coverage is available for the property. The Owner shall furnish to the Association current certificates of insurance verifying that such fire and extended coverage is in force.

ARTICLE 15 ASSESSMENTS BY THE ASSOCIATION

Section 15.1 Personal Obligation for Assessments. Each Owner, including Declarant, by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, covenants and agrees and shall be personally obligated to pay to the Association any and all Assessments, as provided in this Declaration; with such Assessments to be established and collected as hereinafter provided. The obligation for such payments by each Owner to the Association is an independent covenant with all amounts due, from time to time, payable in full when due without notice or demand (except as otherwise expressly provided in this Declaration), and without set-off or deduction. All Owners of each Lot shall be jointly and severally liable to the Association for the payment of all Assessments attributable to their Lot. Each Assessment shall be the personal obligation of the Owner of such Lot at the time when the amount became due. The personal obligation for delinquent amounts (including Assessments) shall not pass to such Owner's successors in title unless expressly assumed by them.

Section 15.2 Allocation of Common Elements and Common Expenses. The percentage share of Common Elements and Common Expenses for each Lot, whether a One-Family Dwelling Lot or a Two-Family Dwelling Lot, shall be determined by dividing 100% by the total number of Lots.

Section 15.3 Purpose of Regular Assessments. The Assessments levied by the Association shall be used to promote the recreation, health, safety or welfare of the residents of the Lots, to pay Association expenditures, and for all of those purposes and

activities which may be required of the Association or which the Association may be empowered to pursue pursuant to this Declaration or the Articles of Incorporation or Bylaws of the Association, or by law. The Regular Assessments levied by the Association shall be limited to and used exclusively for the following:

15.3.1 The maintenance and improvement of any open space including the construction, repairs and maintenance of all facilities contained within the Recreational Open Area and Snow Storage Areas.

15.3.2 The maintenance, repair and replacement of the exterior portion of any Single-Family Dwelling or Two-Family Dwelling or Building, the structural portions thereof, including all exterior surfaces of any such dwelling, but excluding the roof, driveways, and Common Walls.

15.3.3 The maintenance, repair or improvement of all Landscaping and snow removal from the Property roads and driveways of any Lot.

15.3.4 All costs and expenses incurred by the Association in the performance of all of its duties and obligations under the Association Documents.

15.3.5 Any other purpose approved by a majority vote of all Members of the Association.

Section 15.4 Rate of Assessment.

15.4.1 Regular and Special Assessments shall be sufficient to meet the expected needs of the Association and shall be equally apportioned among the Lots, except for Declarant assessments as discussed below..

Section 15.5 Regular Assessments. Regular Assessments shall be based on a budget adopted by the Association as provided in this Declaration. A budget shall be so adopted by the Association no less frequently than annually. The annual Regular Assessments shall be due and payable in monthly installments, in advance, or on such other dates, and with such frequency (which may be other than monthly, but not less frequently than annually), as the Board determines in its discretion from time to time. Any Owner purchasing a Lot between installment due dates shall pay a pro rata share of the last payment due.

Section 15.6 Reserves/Surplus. The Association shall establish an adequate reserve fund for the maintenance, repair, and replacement of those items that must be maintained, repaired or replaced on a periodic basis, and for the payment of insurance deductibles. Such reserve funds shall be funded through the Regular Assessments. Any surplus funds derived from Assessments shall be transferred to the reserve fund or used for Association operations during the next fiscal year, in the Board's sole discretion. In no event shall any surplus funds be distributed to owners. Each Owner, by

acceptance of the deed to the Owner's Lot, for each fiscal year of the Association in which such Lot is owned, hereby authorizes the Board, in its sole discretion, to either use such surplus during the next fiscal year or transfer to the reserve fund.

Section 15.7 Special Assessments. In addition to the Regular Assessments set forth above, the Board of Directors may levy, in any fiscal year, one or more Special Assessments for the purpose of defraying, in whole or in part, the cost, fees and expenses of any maintenance, repairs, or replacements required to be done or performed by the Association or to make up any shortfall in the annual budget. Such Special Assessment shall be assessed equally to each Lot Owner and shall be due and payable in the manner set forth in the Notice of such Special Assessments. Notice of the amount and due dates for such Special Assessments shall be sent to each Owner at least thirty days prior to the due date thereof.

Section 15.8 Assessments/Charges for Services to Less Than All Lots. The Association may, at any time, provide services to less than all of the Lots in the Community to be funded by such Owners. Services which may be provided by the Association pursuant to this Section (and which are not to be provided to all of the Lots) may include, without limitation, (a) the construction, care, operation, management, maintenance, upkeep, repair, replacement and renovation of Improvements or property owned by such Owners; (b) the provision of any services or functions to or for such Lots; (c) the enforcement of the provisions of any document or agreement for, on behalf of, and in the name of the applicable Owners; (d) the payment of taxes or other amounts for Owners; and (e) the procurement of insurance for Owners.

Section 15.9 Assessments of Declarant. During the period of development of the Property and until the sale of a Lot by the Declarant the assessments to be paid by the Declarant on such Lot shall be based upon the actual cost and expense required to maintain that Lot's share of the Common Expenses and shall not include any amounts necessary for contingencies, reserves or other funds not required for the cost of operating and maintaining the project on a day-by-day basis.

Section 15.10 Lien for Assessments. The Association has a statutory lien on a Lot for Assessments levied against that Lot or the Owners thereof. The amount of the lien shall include all those items allowable by law 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.

Section 15.11 Non-Payment of Assessments. The Association may establish policies for the collection of Assessments and other charges of the Association, which policies shall be binding upon all Owners.

Section 15.12 Other Charges. The Association may levy and assess charges, costs and fees for matters such as, but not limited to, the following, in such reasonable amounts as the Board may determine in its discretion from time to time,

including but not limited to reimbursement of charges that are made to the Association by its managing agent or other person: copying of Association or other documents; return check charges; charges for faxes; long distance telephone calls; transfer charges or fees upon transfer of ownership of a Lot; notices and demand letters; and other charges incurred by the Association for or on behalf of any Owner.

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ARTICLE 16
PROPERTY FOR COMMON USE

Section 16.1 Property for Common Use. The Association may acquire and hold for the use and benefit of all of the Owners, real and personal property and may dispose of the same by sale or otherwise, and the beneficial interest in any such property shall be owned by the Association on behalf of all Owners and shall not be transferable except with a transfer of a Lot. A conveyance of a Lot shall transfer to the grantee Ownership of the grantor's beneficial interest in all such property acquired and held by the Association.

ARTICLE 17
REGISTRATION BY OWNER OF MAILING ADDRESS

Section 17.1 Registration of Mailing Address. Each Owner shall register his/her mailing address with the Association, and except for assessment statements, annual owner disclosures, annual owner education, meeting notices, and other routine notices, all other notices or demands intended to be served upon an Owner shall be sent by certified mail, postage prepaid, addressed in the name of the Owner at such registered mailing address. All notices, demands or other notices intended to be served upon the Association shall be sent by certified mail, postage prepaid, to the address of the Association.

Section 17.2 Single Address for Mailing. In the event any Lot is owned by more than one person, or by a partnership, joint venture, corporation, or other such entity, the Owners thereof shall designate to the Association and to the Town of Mt. Crested Butte, Colorado in writing the name and address of the agent of the Owner to whom all legal or official assessments, liens, levies or other such notices may be properly and lawfully mailed, and upon failure to so designate an agent, the Association shall be deemed to be the agent for receipt of notices to such Owners.

ARTICLE 18
RESERVATIONS BY DECLARANT

Section 18.1 Rights of Declarant. Notwithstanding any other provisions expressed or implied in this Declaration or the Association Documents, the Declarant specifically reserves unto itself, its successors and assigns the following rights:

18.1.1 To appoint the members of the Board of Directors during the period of Declarant control. The period of Declarant control shall terminate no later than the earlier of (1) 60 days after the conveyance of 75% of the Lots within the Villas at Mt. Crested Butte to Owners other than the Declarant, or (2) 2 years after Declarant has last conveyed a Lot within the Villas at Mt. Crested Butte in the ordinary course of business. Further, not later than 60 days after the conveyance of 25% of the Lots to Owners other than Declarant, at least one member and not less than 25% of the members of the Board of Directors shall be elected by the Lot Owners other than Declarant and not later than 60 days after the conveyance of 50% of the Lots to Owners other than Declarant, not less than 1/3 of the members of the Board of Directors must be elected by the Lot Owners other than Declarant.

18.1.2 To maintain a business and sales office, construction facilities, construction equipment, advertising signs and displays and other facilities as may be reasonably necessary, appropriate or customary during the construction, development and sale of all of the Lots within the Property.

ARTICLE 19 ENFORCEMENT OF COVENANTS

Section 19.1 Violations Deemed a Nuisance. Every violation of this Declaration or any Association Document shall be deemed to be a nuisance and is subject to all the remedies provided for the abatement thereof. The Association shall adopt policies addressing the enforcement of covenants

Section 19.2 Failure to Comply. The failure to comply with this Declaration, the Design Guidelines, or any Rules and Regulations adopted by the Board of Directors or the Design Review Board shall be grounds for an action to recover damages, or for injunctive relief or for specific performance, or any other relief to which the Association may be entitled. The procedure for such enforcement shall be set forth in Rules and Regulations adopted by the Association.

Section 19.3 Who May Enforce. Any action to enforce any violation of any provision of this Declaration may be brought as follows:

19.3.1 By the Association in name of the Association and on behalf of the Owners.

19.3.2 By the Owner of any Lot.

Section 19.4 No Waiver. The failure of the Board, the Association, an Owner or the Town of Mt. Crested Butte, Colorado to enforce or obtain compliance as to any violation, shall not be deemed a waiver of the right to do so for any subsequent violation or the right to enforce any part of such documents.

ARTICLE 20
DURATION OF COVENANTS

Section 20.1 Duration, Revocation, and Amendment. This Declaration shall run with and bind the Villas from the date of recording of this Declaration. Except as otherwise provided in this Declaration, this Declaration may be amended at any time by the affirmative vote or agreement of more than 50% of the Members.

20.1.1 Notwithstanding anything to the contrary contained in this Declaration, the Declaration may be amended in whole or in part, at any time from time to time, in accordance with the Act.

20.1.2 Except as to amendments which may be made by the Declarant, amendments to this Declaration may be prepared, executed, recorded, and certified by any officer of the Association designated for that purpose or, in the absence of designation, by the president of the Association. Such certification shall, in the case of an amendment requiring the approval of Owners, certify that the Association has received the requisite approvals. Amendments to this Declaration which may be made by the Declarant pursuant to this Declaration or as permitted by the Act, may be signed by the Declarant and shall require no other signatory.

ARTICLE 21
PRINCIPLES OF INTERPRETATION

Section 21.1 Severability. This Declaration shall be construed so as to give validity to all of the provisions hereof. If any provision of this Declaration is determined to be invalid, unenforceable or prohibited by any court, the same shall not affect any other provision or Section hereof and all other provisions and Sections shall remain in full force and effect.

Section 21.2 Construction. In interpreting words herein, unless the context shall otherwise provide or require, the singular shall include the plural, the plural shall include the singular and the use of any gender shall include all genders.

Section 21.3 Conflict with the Act. In the event that any of the terms or provisions of this Declaration are in conflict or inconsistent with the Act, the terms or provisions of the Act shall control and govern. In case of any such conflict or inconsistency, the applicable terms and provisions contained in this Declaration shall, to the extent possible, be construed in accordance with the Act, and any conflict with or violation of the Act by any terms or provisions of this Declaration shall not affect, void, or render unenforceable any other term or provision of this Declaration (which shall be in full force and effect in accordance with their terms).

Section 21.4 Minor Violations of Setback Restrictions. If upon the erection of any structure, it is disclosed by survey that a minor violation or infringement of setback

lines has occurred, such violation or infringement shall be deemed waived by the Owners of each Lot immediately adjoining the structure which is in violation of the setback, and such waiver shall be binding upon all other Owners. However, nothing contained in this Section shall prevent the prosecution of a suit for any other violation of the restrictions, covenants, or other provisions contained in this Declaration. A "minor violation," for the purpose of this Section, is a violation of not more than four (4) feet beyond the required setback lines or Lot lines. This provision shall apply only to the original structures and shall not be applicable to any alterations or repairs to, or replacements of, any of such structures.

Section 21.5 Headings. The headings on any Section or article are included only for purposes of convenient reference and shall not affect the meaning or interpretation of this Declaration.

Section 21.6 Written Notice. All notices required under this Declaration shall be in writing. Notice to any Owner shall be considered delivered and effective upon personal delivery or five days after mailing by certified mail to the latest address of such Owner on file in the records of the Association at the time of such mailing.

Section 21.7 Limitation of Liability. Neither the Association nor any officer or director shall be liable to any party for any action or for any failure to take any action with respect to any matter arising by, through or under this Declaration if the action or failure to act was made in good faith. The Association shall indemnify all officers and directors with respect to any action taken in their official capacity as provided in the Articles of Incorporation and Bylaws of the Association.

Section 21.8 Attorneys' Fees. If any legal action is commenced or maintained in court, whether in law or in equity, as to the interpretation, enforcement, construction or the determination of the rights and duties of the parties to this Declaration, or any provision of the Association Documents provided herein, the prevailing party in any such action shall be entitled to reasonable attorneys' fees together with all reasonable costs and expenses incurred in such action.

Section 21.9 Applicable Law. The proper jurisdiction and venue for any action pertaining to the interpretation or enforcement of the Association Documents shall be the District Court of Gunnison County, Colorado, unless otherwise chosen by the Association and shall be interpreted, construed and governed by the laws of the State of Colorado.

IN WITNESS WHEREOF, the Declarant has executed this Declaration the date first above written.

VILLAS SUMMIT DEVLEOPMENT, LLC

a Colorado limited liability company

By: _____
G. Brett Barnett, Manager

STATE OF COLORADO
COUNTY OF GUNNISON

The foregoing Declaration for Villas at Mt. Crested Butte has been acknowledged before me this ____ day of _____, 2007, by G. Brett Barnett, as Manager of Villas Summit Development, LLC a Colorado limited liability company.

Witness by hand and official seal.

My commission expires: _____

Notary Public

EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

1. Villas at Mt. Crested Butte Phase I Amended according to the plat thereof filed May 27, 1997 and bearing Reception No. 475823 of the records of Gunnison County, Colorado.

2. Villas at Mt. Crested Butte Phase II according to the plat thereof filed July 27, 1998 and bearing Reception No. 485425 of the records of Gunnison County, Colorado.

3. Villas at Mt. Crested Butte Phase III according to the plat thereof filed September 6, 2000 and bearing Reception No. 504838 of the records of Gunnison County, Colorado.

4. Villas at Mt. Crested Butte Phase IV according to the plat thereof filed May 17,, 2006 and bearing Reception No. 565236 of the records of Gunnison County, Colorado.

5. Villas at Mt. Crested Butte Phase V according to the plat thereof filed June 1, 2006 and bearing Reception No. 565704 of the records of Gunnison County, Colorado

