

DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS

OURAY RIVER PARK TOWNHOMES

This declaration is made by Ouray River Park Company, a Colorado corporation (the "Declarant").

RECITALS

Declarant owns in fee simple certain real property, together with improvements, in the City of Ouray, County of Ouray, and State of Colorado, more particularly described in Exhibit "A" attached hereto and incorporated herein by reference (the "Property").

Declarant desires to convey said real property subject to certain protective covenants, conditions, restrictions, reservations, liens and charges as hereinafter set forth.

NOW, THEREFORE, Declarant hereby makes the following declarations as to division, limitation, restrictions, covenants, and conditions, and hereby declares and agrees that the Property is held and shall be held, conveyed, mortgaged, encumbered, leased, rented, used, occupied and improved subject to said declarations, which declarations shall constitute covenants running with the land and shall be binding on and for the benefit of Declarant, its successors and assigns, and all subsequent owners and lessees of all or any part of the Property and their respective successors, heirs, executors, administrators and assigns.

ARTICLE I
DEFINITIONS

Unless the context shall expressly provide otherwise, the following terms shall have the following definitions:

Section 1. "Association" shall mean Ouray River Park Townhomes Association, its successors and assigns.

Section 2. "Property" shall mean that real property described in Exhibit "A" attached hereto.

Section 3. "Common Area" shall mean all of the Property except the Units as hereinafter described.

Section 4. "Unit" shall mean a building site, together with the improvements thereon and all the rights and easements appurtenant thereto, constituting an individual residence, title to which has been or hereafter may be conveyed in fee simple by reference to the numerically designated plots of land within the Property as shown and described on that certain plat of the Property dated April 15, 1983, and Filed on April 18, 1983, Reception No. 133620, Ouray County Public Records, and as further shown and described on any subsequent or additional plats of the Property filed or recorded in the Ouray County Public Records.

Section 5. "Member" shall mean every person or entity who holds membership in the Association.

Section 6. "Owner" shall mean the record owner, whether one or more persons or entities, of a fee simple title to any Unit which is part of the Property, including contract purchasers, but excluding those having an interest in all or any part of the Property as security for performance of an obligation.

Section 7. "Declarant" shall mean OURAY RIVER PARK COMPANY.

Section 8. "Declaration" shall mean this Declaration of Covenants, Conditions and Restrictions.

Section 9. "Encumbrancer" shall mean the beneficiary of a first deed of trust or the holder of the first mortgage.

ARTICLE II MEMBERSHIP

Every owner as defined in Article I, Section 6, under this Declaration shall be a member of the Association. No Owner shall have more than one membership. Membership shall be appurtenant to and may not be separated from ownership of any Unit. Ownership of such Unit shall be the sole qualification for membership.

ARTICLE III VOTING RIGHTS

Section 1. Membership Classes. The Association shall have two classes of voting membership:

Class A. Class A members shall be those members as defined in Article II, with the exception of the Declarant. Class A members shall be entitled to one vote for each Unit for which they hold the interest required for membership by Article II. When more than one person holds such interest in any Unit, all such persons shall be members. The vote for such Unit shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Unit.

Class B. Class B member shall be the Declarant. The Class B member shall be entitled to two votes for each Unit in which it holds the interest required for membership by Article II, provided that the Class B membership shall cease and be converted to Class A membership when the total votes outstanding in the Class A membership equal or exceed the total votes outstanding in the Class B membership, or two years after the date of this Declaration, whichever occurs first.

Section 2. Conversion of Class B membership. When Class B membership has been converted to Class A membership, Declarant shall have no more than forty-nine per cent of the total votes eligible to be cast.

ARTICLE IV PROPERTY RIGHTS IN THE COMMON AREA

Section 1. Owner's easement of enjoyment. Each owner shall have a non-exclusive right and easement of enjoyment in and to the Common Area and such easement shall be appurtenant to and shall pass with the title

to every Unit subject to the following provisions:

- (a) the right of the Association to limit the number of guests or Owners that may be admitted to a Common Area;
- (b) the right of the Association to charge reasonable amounts for the use of any recreational facility situated upon the Common Area;
- (c) the right of the Association, in accordance with its articles and bylaws, to borrow money for the purposes of improving the Common Area and facilities and in aid thereof to mortgage or grant other security interest in the Common Area, provided, however, that the rights of any mortgagee shall be subject to the rights of the members of the Association while any mortgage is current and is not in default, provided further that the Common Area shall not be mortgaged without the written consent of eighty per cent of all Encumbrancers;
- (d) that right of the Association to suspend the voting rights and right to use of the recreational facilities by a Member for any period during which any assessment against his Unit remains unpaid, and for a period not to exceed thirty (30) days for any infraction of its published rules and regulations. This provision shall not apply to the voting rights assigned to any Encumbrancer;
- (e) the rights of the Association to dedicate or transfer any part of the Common Area, subject to ingress and egress requirements of Article VIII(e) to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the Members and by persons holding mortgages on any portion of the subject Property. No such dedication or transfer shall be effective unless an instrument signed by eighty per cent of all Encumbrancers and by Members entitled to cast two-thirds of the votes of Class A membership and two-thirds of the votes of the Class B membership, if any, has been recorded, agreeing to such dedication or transfer, and unless written notice of the proposed action is sent to every Member not less than thirty (30) days nor more than sixty (60) days in advance. Declarant shall have the right at any time to use so much of the Common Area as it may reasonably deem necessary or advisable for the purpose of aiding in the construction and development of the Units, and shall have the further right to dedicate such easements and rights-of-way in the Common Area as it may deem necessary or advisable for the purpose of development, provided, however, that Declarant shall repair and pay for any damage to improvements which have been installed upon the Common Area resulting from its construction and development.

Section 2. Delegation of Use. Any Member may delegate in accordance with the bylaws, his right of enjoyment of the Common Area and facilities

to the members of his family, his tenants, guests or contract purchasers who reside in any Unit owned by him.

Section 3. Title to the Common Area. The Declarant hereby covenants for itself, its successors and assigns, that it will convey title to the Common Area to the Association, prior to the termination of the Class B membership as provided in Article III, subject to all easements and rights-of-way now existing or subsequently granted by Declarant.

Section 4. Development of Common Area. So long as Declarant holds a Class B membership in the Association all development of the Common Area shall rest in the sole discretion of the Declarant.

ARTICLE V EASEMENTS

Section 1. Common Area. The easements over and across the Common Area shall be those shown, or provided for, upon the recorded plats of the Property and such other easements as may be established in or pursuant to the provisions of this Declaration.

Section 2. Encroachments. Each Unit of the Common Area shall be subject to an easement for encroachments of buildings onto adjoining Units or the Common Area or encroachment of the Common Area onto any Unit, overhangs, and for stairs for egress and ingress to any Unit, as designed or constructed by the Declarant, and for any encroachment occurring hereafter as a result of settling or shifting of any structure. A valid easement shall exist for said encroachments, overhangs and stairways, and for their maintenance, repair, and replacement. If any structure is partially or totally destroyed, and then rebuilt, the Owners of Units agree that minor encroachments of parts of construction onto adjacent Units or the Common Area due to construction shall be permitted, and that a valid easement for such overhangs and encroachments and the maintenance thereof shall exist.

Section 3. Utilities. There is hereby created a blanket easement upon, across, over and under the Units and Common Area for installation, replacing, repairing and maintaining all utilities, including but not limited to water, sewer, gas, telephones, and electricity, a master television antenna system, and all cable television facilities. By virtue of this easement it shall be expressly permissible for the City of Ouray or any utility company, including any cable television company with a valid permit from the City of Ouray, to erect and maintain the necessary equipment on said Property and to affix and maintain water and sewer pipes, electrical and telephone wires, circuits, conduits, coaxial cable, and meters on, in, above, across, through and under the roofs, walls and floors of structures on the Units.

Section 4. Easement for Maintenance. Each Unit and the Common Area shall be subject to an easement for the Association (including its agents, employees and contractors) for providing maintenance described in Article VII.

Section 5. Ingress and Egress. The Owner of each Unit shall have a valid easement for ingress and egress over and across the Common Area for vehicle and pedestrian use from public and private streets to the individual Units.

ARTICLE VI
PARTY WALLS

Section 1. Party Wall Easements. Mutual reciprocal easements are hereby established, declared and granted for all party walls between improvements constructed or to be constructed on Units, which reciprocal easements shall be for mutual support and shall be governed by this Declaration. Every deed, whether or not expressly so stating, shall be deemed to convey and to be subject to such reciprocal easements.

Section 2. General Rules of Law to Apply. Each wall which is built as a part of the original construction of the Units upon the Property and placed on the dividing line between the Units shall constitute a party wall, and, to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and of liability for property damage due to negligence or willful acts or omissions shall apply thereto.

Section 3. Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a party wall shall be shared by the Owners who made use of the wall in proportion to such use.

Section 4. Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, any Owner who has used the wall may restore it, and if the other Owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use, without prejudice, however, to the right of any such Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

Section 5. Weatherproofing. Notwithstanding any other provision of this Article, an Owner who by his negligent or willful act causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against the elements.

Section 6. Right to Contribution Runs With the Land. The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successor in title.

Section 7. Arbitration. In the event of any dispute arising concerning a party wall, or under the provisions of this Article, each party shall choose one arbitrator, and such arbitrators shall choose one additional arbitrator, and the decision shall be by a majority of all of the arbitrators.

ARTICLE VII
EXTERIOR MAINTENANCE

In addition to maintenance upon the Common Area, the Association shall provide exterior maintenance and repair (but not replacement) of improvements upon each Unit which is subject to assessment hereunder, as follows: painting, repair, replacement and care of roofs, gutters, downspouts, entry doors and frame or glass in sliding glass doors, planting and maintaining trees, shrubs, grass, walks and other exterior improvements. Determination of whether such repair or maintenance is necessary shall rest solely with the Association which shall also have sole responsibility for determining the kind and type of materials used in such repair and maintenance.

If the need for maintenance or repair is caused through the willful or negligent act of any Owner, his agent, family, guests, or invitees, the cost of such maintenance or repairs shall be added to and become a part of the assessment to which such Owner's Unit is subject.

ARTICLE VIII
INSURANCE

Section 1. The Association shall, on behalf of the Owners:

- (a) keep all improvements on the Common Area insured against loss or damage by fire, with extended coverage (including insurance against loss or damage by vandalism or malicious mischief) in approximately the amount of the maximum replacement value thereof;
- (b) provide and keep in force, for the protection of the Association, its officers and directors, and all of the Owners and Encumbrancers, general public liability and property damage insurance against claims for bodily injury or death or property damage occurring upon or in the Common Area, in limits of not less than \$250,000.00 in respect to bodily injury or death of any one person and not less than \$1,000,000.00 for bodily injury or death to any number of persons arising out of one accident or disaster, and if higher limits shall at any time be customary to protect against possible tort liability, such higher limits shall be carried: and
- (c) carry insurance in such amounts as the Association may consider necessary or advisable against such other insurable hazards as may from time to time be commonly insured against in the case of a similar property in similar locations elsewhere.

Section 2. Each Owner shall be responsible for all insurance covering loss or damage to real and personal property on his Unit and liability for injury, death or damage occurring inside his Unit. Any such policy shall contain waivers of subrogation and shall be so written that the liability of the carriers issuing insurance obtained by the Association shall not be affected or diminished thereby. Each policy covering casualty damage to improvements on a Unit shall name the Association as an insured party to the extent of its interest pursuant to Section 2 (b) of Article XII of this Declaration.

ARTICLE IX
COVENANTS FOR ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Unit owned within the Property, hereby covenants, and each Owner of any Unit by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed or conveyance, is deemed to covenant and agree to pay, to the Association, or to any properly designated agent acting on behalf of the Association, commencing

at such time as this Declaration is recorded, the following: (1) annual assessments or charges; (2) special assessments for capital improvements, such assessments to be established and collected from time to time as hereinafter provided; and (3) special assessments for damage as provided in Article IX, Section 5. The annual and special assessments for capital improvements, together with such interest thereon and costs of collection thereof, as provided herein, shall be a charge on the land and shall be a continuing lien upon the Unit against which each such assessment is made. Each such assessment, together with such interest, costs and reasonable attorney's fees shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment became due.

Section 2. Purposes of Assessments. The assessments levied by the Association through its Board of Directors shall be used exclusively for the purpose of promoting the health, safety and welfare of the residents in the Property, and in particular, for the services and facilities devoted to this purpose and related to the use and enjoyment of the Common Area. Without limiting the generality of the foregoing, the Association may levy assessments for the purpose of providing funds with which the Association may pay costs and expenses incurred by it in acquiring, performing or undertaking:

- (a) insurance policies required or permitted hereunder;
- (b) utility services such as water, sewer and electricity provided in connection with the Common Area or to any Unit to the extent such utility services are not provided to any Unit on a separate meter and account;
- (c) trash removal from a common collection point on the Property;
- (d) snow removal from the Common Area, but not from entryways or patios;
- (e) exterior repair and maintenance of the townhouses situated on the Property;
- (f) repairing, reconstructing, replacing and maintaining driveways, common parking area, sidewalks, paths, landscaping, common utility services, recreational facilities, and any other such maintenance or improvement obligations which may be deemed necessary for the common benefit of the Owners and the maintenance of property values;
- (g) providing such reserves as may be deemed necessary in order to accomplish the objects and purposes of the Association; and
- (h) paying real or personal property taxes levied upon the Common Area and improvements thereon.

Section 3. Basis and Payment of the Annual Assessments.

(a) The annual assessments with respect to each Unit shall be established by the Board of Directors prior to the conveyance of the first Unit and shall be payable in equal monthly or quarterly installments.

(b) The Board of Directors of the Association shall determine as of the CLOSE of such assessment year as it may adopt whether or not a deficiency of funds exists, including deficiencies in any proper and customary reserves. Should the Board of Directors determine that a deficiency exists, it shall bill all Owners at a uniform rate in accordance with Section 6, below, for any such deficiency with the next succeeding monthly or quarterly bill fol-

lowing such determination, or in its discretion, may increase the assessments for such time as it shall determine until such deficiency of funds has been restored. If the Board determines that there is a surplus of funds created by assessments, it may make a refund of said funds or apply the same to the next assessment period.

(c) At any time the Board of Directors of the Association makes the determination set forth above in paragraph (b), it shall also determine the assessments rate for the next ensuing year and shall apply the new annual assessment rate for quarterly or monthly installments effective as of the next billing following such determination.

(d) Installments of annual assessments shall be payable on or before the 10th day of each month following billing, but shall be and become a lien as of the date of the annual assessment as provided herein. Written notice of the annual assessment shall be sent to every Owner promptly after the assessment date as provided in paragraph (c) above.

Section 4. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy a special assessment for the purpose of defraying, in whole or in part, the cost of any construction of any capital improvement upon the Common Area, including the necessary fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds of the votes of each class of Members who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be sent to all Members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting, setting forth the purpose of the meeting. Any such special assessment shall be payable in equal monthly installments together with the regular assessment installment over such period of time as the Association may determine.

Section 5. Special Liens for Damage. If the Association is entitled, pursuant to this Declaration, to receive contributions or money damages from any Owner, such sums shall be a lien against such Owner's Unit in the same manner as the foregoing assessments.

Section 6. Uniform Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate for all Units, except that they shall be adjusted so the Units with three-bedroom townhomes pay ten (10) per cent more than Units with two-bedroom townhomes. As to all Units owned by the Declarant, the annual maintenance assessment shall be eighty per cent of that of Units with three-bedroom townhomes.

Section 7. Effect of Nonpayment of Assessments--Remedies of the Association. Any assessment installment which is not paid when due shall be delinquent. If the assessment installment is not paid within thirty (30) days after the due date, the installment may, at the discretion of the Association, bear interest from the date of delinquency at the rate of fifteen per cent per annum, and the Association may sue the Owner personally obligated to pay the same, or foreclose the lien against his Unit. Interest, costs and reasonable attorney's fees of any such action may be added to the amount of such assessment installment. The lien of the Association may be foreclosed in the same manner as a statutory mortgage foreclosure under the statutes of the State of Colorado. No Owner may avoid liability for the assessment provided for herein by non-use of the Common Area or abandonment of his Unit.

Section 8. Subordination of the Lien to Mortgage. The lien of the assessments provided for herein shall be subordinate to the lien of any first deed of trust or first mortgage encumbering the Unit. Sale or transfer of any Unit shall not affect the assessment lien. However, the sale or transfer of any Unit occurring as a result of court foreclosure of a first mortgage or deed of trust, foreclosure through the Public Trustee or any similar proceeding in lieu of foreclosure, shall extinguish the lien of such assessment as to payments thereof which became due prior to such sale or transfer, but shall not relieve any Owner or former Owner of personal liability therefor. No sale or transfer shall relieve such Unit from liability for any assessment thereafter becoming due or from the lien thereof.

Section 9. Exempt Property. All property dedicated and accepted by a local public authority and the Common Area shall be exempt from the assessments created herein.

Section 10. Assessment Certificate. The Association shall, upon request of any Owner, Encumbrancer or prospective purchaser of a Unit, issue a certificate executed by an officer of the Association or an agent of the Association certifying whether or not assessment installments then due with respect to any such Unit have been paid, or, if in arrears, the total amount owing, including interest, as of the date of the certificate. The Association shall be entitled to collect a reasonable fee for the issuance of any such certificate.

ARTICLE X
USE RESTRICTIONS

Section 1. The use of the Common Area, Units, and structures thereon shall be subject to those restrictions set forth in Article IV, Section 1, and to those restriction hereinafter set forth.

Section 2. The use of the Common Area shall be subject to such uniformly applied rules and regulations as may be adopted from time to time by the Board of Directors of the Association or the Association Members.

Section 3. No use shall be made of the Common Area which will in any manner violate statutes, rules, regulations, orders or decrees of any governmental authority having jurisdiction over the Common Area.

Section 4. Except as otherwise permitted herein, no Owner shall place any structure upon the Common Area, nor shall any Owner do any act which would temporarily or permanently deny free access to any part of the Common Area to all Owners.

Section 5. No use shall be made of the Common Area which will deny ingress and egress to those Owners having access to Units only over Common Area and the right to ingress and egress to such Unit, by vehicle and otherwise, is expressly granted.

Section 6. The property is hereby restricted to residential dwellings for residential use and uses related to the convenience and enjoyment of such residential use. No business activities of any kind whatever shall be conducted on any portion of the Property, except the business activities, if any, of the Declarant, its agents and assigns, during the period of construction and the sale of the Units, and of the Association, its successors and assigns, in furtherance of its powers and purposes as hereinafter set forth. All structures erected upon the Property shall be of new construc-

tion. Except for trailers and buildings used by Declarant in connection with construction and sales activities, no structures of a temporary character, trailer, basement, tent, shack, garage, barn, or other out-building shall be used on any portion of the premises at any time as a residence, either temporarily or permanently.

Section 7. The garage on each Unit shall be used solely for the parking of any operable motor vehicle and for storage of household items.

Section 8. No animals of any kind shall be raised, bred or kept on any Unit or the Common Area, except that dogs, cats and other customary household pets may be kept, provided that they are not kept, bred, or maintained for any commercial purpose. Moreover, the Board of Directors of the Association shall be empowered to restrict the number of domestic dogs and cats and other customary household pets.

Section 9. No advertising sign (except one containing less than five square feet of surface area on any one side and containing the words "For Rent" or "For Sale"), billboards, clotheslines, or unsightly objects or nuisances shall be erected, placed or permitted to remain on the Property, nor shall the Property be used in any way or for any purpose which may endanger the health or unreasonably disturb the Owner of any Unit or any resident thereof.

Section 10. All rubbish, trash, and garbage shall be regularly removed from the premises, and shall not be allowed to accumulate thereon. No motor homes, boats, motorcycles, trailers, abandoned cars, or similar items shall be stored on the Property, except in such portion of the Property, if any, as may hereafter be approved and designated by the Association. No commercial vehicles may be stored or parked on any portion of the Property, except those belonging to temporary guests of the Unit Owner and those making deliveries or providing services to living Units in the development.

Section 11. Except within the boundaries of a Unit, no planting or gardening shall be done, and no fences, hedges or walls shall be erected or maintained upon the Property except such as are installed in accordance with the initial construction of the buildings located thereon or as approved by the Association's Board of Directors. Without prior written approval of the Board of Directors of the Association, no exterior television or radio antennas or satellite receivers shall be placed or maintained upon any portion of the Property other than a master antenna system. The Owners of Units are hereby prohibited and restricted from using any land or air space outside the Unit lines, except as may be allowed by the Association's Board of Directors or as provided in this Declaration.

ARTICLE XI ARCHITECTURAL CONTROLS

No building, fence, wall or other structure shall be commenced, erected, or maintained upon the Property, nor shall any exterior additions to or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, height, materials and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors of said Association. In the event said Board, or

its designated committee fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with.

ARTICLE XII
DAMAGE, DESTRUCTION AND OBSOLESCENCE

Section 1. Association-Attorney in Fact. This Declaration does hereby make mandatory the irrevocable appointment of an attorney in fact to deal with the Property upon its damage, destruction or obsolescence. Title to any Unit is declared and expressly made subject to the terms and conditions hereof, and acceptance by any grantee of a deed from the Declarant or from any Owner shall constitute appointment of the attorney in fact herein provided. All of the Owners irrevocably constitute and appoint the Association their true and lawful attorney in their name, place and stead, for the purpose of dealing with their property upon its damage, destruction or obsolescence as is hereinafter provided. As attorney in fact, the Association shall have full and complete authorization, right, and power to make, execute and deliver any contract, deed or other instrument with respect to the interest of an Owner which may be necessary and appropriate to exercise the powers herein granted. Repair and reconstruction of the improvements as used in the succeeding sub-paragraphs means restoring the improvements to substantially the same condition in which they existed prior to the damage, with each Unit having the same boundaries as before. The proceeds of any insurance collected shall, to the extent hereinafter provided, be available to the Association for the purpose of repair, restoration or replacement as is provided hereinafter.

Section 2. Damage or Destruction.

(a) In the event of damage or destruction due to fire or other disaster of improvements on any one or more Units, the Owner or Owners of such Unit or Units shall cause such improvements to be promptly repaired and reconstructed unless a plan is adopted under Section 3 of Article XII. Such repairs or reconstruction shall be commenced no later than thirty (30) days after the date the damage or destruction occurs, and such work shall be completed within nine (9) months from the date commenced.

(b) In the event such Owner or Owners fail to promptly commence and diligently prosecute such repair and restoration, the Association shall have full authority, right and power, as attorney in fact, to cause the repair and restoration of the improvements, and all insurance proceeds payable to such Owner or Owners as a result of such casualty shall be made available to the Association for such purpose. If the insurance proceeds are insufficient to repair and reconstruct the improvements, such damage or destruction shall be promptly repaired and reconstructed (unless a plan is adopted under Section 3 of this Article) by the Association as attorney in fact using the proceeds of insurance on the Unit or Units which have been damaged or destroyed and the proceeds of an assessment against the Unit or Units on which such casualty damage occurred. Any such assessments, which shall only be made by the Board of Directors, shall be due and payable as provided by resolution of the Board of Directors, but not sooner than thirty (30) days after written notice thereof. Such deficiency assessment shall be in

an amount determined exclusively and finally by the Association (after consultation with such Owners, contractors, appraisers, and others as it deems appropriate). The Association shall have full authority, right and power as attorney in fact to cause the repair or restoration of the improvements, using all of the insurance proceeds for such purposes notwithstanding the failure of an Owner to pay the assessment. The assessment provided for herein shall be a debt of the Owner and a lien on his Unit and may be enforced and collected as is provided in Article VIII. In addition thereto, the Association, as attorney in fact, shall have absolute right and power to sell the Unit of the Owner refusing or failing to pay such deficiency assessment within the time provided, and if not so paid the Association shall cause to be recorded a notice that the Unit of the delinquent Owner shall be sold by the Association, as attorney in fact, under the provisions hereof. The proceeds derived from the sale of such Unit shall be used and disbursed by the Association, as attorney in fact, in the following order: (1) for payment of the balance of the lien or a first mortgage; (2) for payment of taxes and special assessment liens in favor of any assessing entity; (3) for payment of the cost of repair and restoration out of which such deficiency assessment arose; (4) for payment of unpaid common expenses; (5) for payment of junior liens and encumbrances in the order of and to the extent of their priority; and (6) the balance remaining, if any, shall be paid to the Owner.

Section 3. Obsolescence.

(a) The Owners representing sixty-seven per cent or more of all of the Owners (the Owners of each Unit being entitled collectively to one vote) may agree that the improvements are obsolete and that the same should be sold. Such plan must have the unanimous approval of every Encumbrancer of record at the time of the adoption of such a plan. In such instance, the Association shall forthwith record a notice with the Clerk and Recorder of Ouray County, Colorado, setting forth such fact or facts, and upon the recording of such notice by the Association, as attorney in fact, for all of the Owners, free and clear of the provisions contained in this Declaration, the plat and the bylaws of the Association. The sales proceeds shall be apportioned between the Owners and such apportioned proceeds shall be paid into separate accounts, each such account representing one Unit. Each such account shall be in the name of the Association and shall be further identified by the number of the Unit and the name of the Owner. From each separate account, the Association as attorney in fact, shall use and disburse the total amount of each to such account, without contribution from one account to another, for the same purposes and in the same order as is provided in paragraph (b) of Section 2.

ARTICLE XIII
CONDEMNATION

Section 1. If the entire Common Area shall be taken for any public or quasi-public use, under any statutes, by right of eminent domain, or by purchase in lieu thereof, the Association as attorney in fact for the Owners

shall collect the award made in such taking and shall divide said award among the Owners. The proceeds paid to an Owner shall be paid to such Owner and any Encumbrancer with a recorded lien upon the Unit of an Owner.

Section 2. If such taking shall be partial only, the Association as attorney in fact for the Owners shall collect the award and shall promptly cause the part of the Common Area not so taken to be restored as nearly as possible to its condition prior to the taking, applying the award to that purpose. Any part of the award not required for such restoration shall be divided equally among the Owners. The proceeds paid to any Owner shall be paid to the Owner and any Encumbrancer with a recorded lien upon the Unit of an Owner.

ARTICLE XIV GENERAL PROVISIONS

Section 1. Enforcement. The Association or any Owner shall have the right to enforce, by any proceedings at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges, now or hereafter imposed by the provisions of this Declaration. Failure by the Association or any Owner to enforce any rights hereunder shall in no event be deemed a waiver of the right to do so thereafter.

Section 2. Membership Succession. Any person, firm, corporation or other entity which shall succeed to the title of any Owner through foreclosure of a deed of trust or other type of security instrument or through other legal proceedings, shall upon issuance of a proper deed to any Unit, become thereupon a Member of the Association as Owner and shall succeed to the rights, duties and liabilities of the previous Owner as herein provided. Conveyance by such person, firm, corporation or other entity shall pass membership in the Association to the buyer as herein provided.

Section 3. Amendment. The covenants and restrictions of the Declaration shall run with and bind the land, and shall inure to the benefit of and be enforceable by the Association, or the Owner of any Unit subject to this Declaration, their respective legal representatives, heirs, successors and assigns, for a term of thirty years from the date this Declaration is recorded, after which time said covenants shall be automatically extended for successive periods of ten years. The covenants and restrictions of this Declaration may be amended by an instrument signed by not less than seventy per cent of the Encumbrancers and seventy per cent of the Unit Owners. Any amendment must be properly recorded. No part of the Declaration may be amended in such a manner that it will adversely affect the existing rights of any Owner or Encumbrancers with particular respect, but not limited to, party walls, unpaid assessments, or the lien of any mortgage.

Section 4. Declarant's Easements. Anything to the contrary herein notwithstanding, Declarant hereby reserves an easement and right-of-way over all Common Area and all Units not conveyed for its use for the purpose of constructing improvements, utilities and other matters, including the right to erect temporary buildings to store any and all materials. Declarant further reserves the right to use any completed structure for the purpose of a sales office or model home for demonstration purposes.

No. 133261

Filed for record on April 18, 1983 at 3:45 o'clock P. M.
Duly recorded in Book 201 pages 602 to 609.
Eddie A. Jim - Recorder

EXHIBIT "A"
TO
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

OURAY RIVER PARK TOWNHOMES

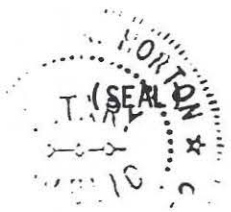
That part of tract B, as shown on the plat filed at Reception No. 131946, Ouray County Public Records, on April 19, 1983, which lies east of the center line of the Uncompahgre River, except that portion deeded to the City of Ouray by instrument recorded April 18th, 1983 in Book 193 at page 542, Ouray County Public Records, City of Ouray, County of Ouray and State of Colorado.

STATE OF COLORADO)
) ss.
COUNTY OF OURAY)

The foregoing instrument was acknowledged by me this 11th day of April, 1985, by Jan M. Smith, as Vice-President of Ouray River Park Company, a Colorado corporation.

My commission expires 10-19-88

Notary Public Mildred A. Horton



INTRAWEST BANK OF MONTROSE, N.A.,
Encumbrancer

By: Margaret Goodhue

STATE OF COLORADO)
) ss.
COUNTY OF MONTROSE)

The foregoing instrument was acknowledged before me this 12th day of April, 1985, by Margaret Goodhue, as Vice President of Intrawest Bank of Montrose, N.A.

My commission expires 10-12-87

Notary Public Deanne E. Sims



AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

OURAY RIVER PARK TOWNHOMES

The undersigned parties representing not less than seventy per cent (70%) of the encumbrancers and not less than seventy per cent (70%) of the unit owners as said terms are defined in a certain Declaration of Covenants, Conditions and Restrictions, Ouray River Park Townhomes (hereafter "Declaration"), filed for record on April 18, 1983, in Book 201, Pages 602-609, in the public records of Ouray County Colorado, hereby amend the covenants and restrictions of the said Declaration as follows:

1. Article III, of said Declaration shall be amended to read in its entirety as follows:

Section 1. Membership Classes. The Association shall have two classes of voting membership:

Class A. Class A members shall be those members as defined in Article II, with the exception of the Declarant. Class A members shall be entitled to one vote for each Unit for which they hold the interest required for membership by Article II. When more than one person holds such interest in any Unit, all such persons shall be members. The vote for such Unit shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Unit.

Class B. Class B member shall be the Declarant. The Class B member shall be entitled to two votes for each Unit in which it holds the interest required for membership by Article II, provided that the Class B membership shall cease and be converted to Class A membership when the total votes outstanding in the Class A membership equal or exceed the total votes outstanding in the Class B membership.

DELETES 24R

Section 2. Deleted.

Witness our hand and seal this 11th day of April, 1985.

OURAY RIVER PARK COMPANY, a Colorado corporation

By: Jan M. Smith
Jan M. Smith, Vice-President



David Smith
Secretary

RESOLUTION 2018-01
OURAY RIVER PARK TOWNHOMES ASSOCIATION, A COLORADO NON-PROFIT CORPORATION

SUBJECT: DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS – OURAY RIVER PARK TOWNHOMES

ARTICLE VIII - INSURANCE

PURPOSE: To obtain Bare Walls Insurance Coverage for the Ouray River Park Townhomes Association (the “Association”)

AUTHORITY: Declaration of Covenants, Conditions and Restrictions for the Ouray River Park Townhomes, Recorded in the Real Property Records of the Ouray County Clerk and Recorder’s Office on April 18, 1983 at Reception No. 133621, (the “Declaration”), Article VIII, and the April 18, 1983 Bylaws of the Ouray River Park Townhomes Association (the “Bylaws”), Section 4.2

EFFECTIVE DATE: April 18th, 2018

RESOLUTION:

Pursuant to Article VIII, Section 1(c) of the Association’s Declaration, the Association, by and through its Board of Directors, has the following authority:

“[to] carry insurance in such amounts as the Association may consider necessary or advisable against such other insurable hazards as may be from time to time be commonly insured against in the case of similar property in similar locations elsewhere.”

Pursuant to Section 4.02 of the Association’s Bylaws, the Board of Directors for the Association has the following Powers and Duties:

“The board of directors shall have the powers and duties necessary for the administration of the affairs of the association and for the operation and maintenance of a first class residential townhome project. The board of directors may do all such acts and things as are not by law or by the Articles of Incorporation of these bylaws or by the Declaration directed to be exercised and done by the Owners.”

The Board of Directors wishes to purchase “Bare Walls Coverage” from Liberty Mutual Insurance, to insure the basic building elements of the Association, including but not limited to walls, roofs, floors, mechanical rooms, radiant heat, boilers, unfinished sub-floors, unfinished drywall, windows and doors of the Association. This “Bare Walls Coverage” shall not cover,

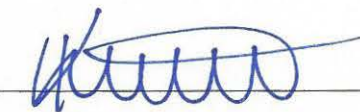
and the Association shall not be responsible for the following, which shall be the responsibility of the individual Unit Owners: interior fixtures and equipment, including but not limited to kitchen, bathrooms, cabinetry, kitchen and bath fixtures, countertops, appliances, tile, base trim, finished flooring or carpeting, light fixtures, drywall finish or texture, paint or other wall coverings.


The Board of Directors shall purchase this Bare Walls Coverage annually, and this Resolution shall remain in place, allowing for the Board of Directors to purchase "Bare Wall Coverage" in 2018 and beyond, unless or until this Resolution is revoked or superseded.

PRESIDENT'S CERTIFICATION: The undersigned, being the President, Vice President and Secretary of the Association, certify that the foregoing Resolution was adopted by the Board of Directors of the Association at a duly called and held meeting of the Board of Directors on April 16, 2018, and in witness thereof, the undersigned have subscribed their names.

OURAY RIVER PARK TOWNHOMES ASSOCIATION, A COLORADO NON-PROFIT CORPORATION

By: , President

By: , Vice President

By: , Secretary