

**Condominium Declaration
Texan Resort Condominiums**

Granite Falls, LLC a Colorado limited Liability Company (Declarant) is the owner of the following real property located in Hinsdale County, Colorado:

Parcel A, Garbutt & Abbott Placer, recorded September ____, 2007, Reception No. _____, known as Texan Resort Condominiums Units 1-40, according to the Condominium Map thereof filed on _____, at Reception No. _____, and Plat thereof filed on _____, at Reception No. _____,

(Property) and wishes to create a common interest community which is a condominium pursuant to the Colorado Common Interest Act, Section 38-33.3- 101, et seq. C.R.S. 1973, Texan Resort Condominiums.

Therefore, Declarant hereby declares that the Property shall be held, sold and conveyed subject to the following covenants, conditions, restrictions and easements which are for the purpose of protecting the value and desirability of, and which shall run with the Property and be binding on all parties having any right, title or interest in the Property and improvements or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of every owner thereof.

The Property is also subject to the Granite Falls Estates Declaration of Restrictive Covenants, Easements, Reservations and Architectural Control, recorded on September ____, 2007 at Reception No. _____ in the Hinsdale County public records (Restrictive Covenants), any amendments thereto, and the Homeowners Association created thereunder. Such Restrictive Covenants shall constitute additional restrictions and rights to which the Property is subject, except to the extent that any provision of the Restrictive Covenants does not apply to the Property or to the extent any provision in the Restrictive Covenants is inconsistent with any provision of this Condominium Declaration. In such event, this Condominium Declaration controls. Specifically incorporated and made applicable to the Condominium are Article I, Section 1.12, Article VI, Section 6.11, and 7.4 h, of the Restrictive Covenants relating to water and sewer charges, water and sewer connection, and provisions relating to architectural Control.

1. DEFINITIONS.

1.1. "Allocated interests" means the undivided interest in the common elements, the common expense liability, and votes in the association allocated to each unit.

1.2. "Association" means the unit owners' association organized pursuant to Section 38-33.3-301, C.R.S. 1973, and Article 9 hereof, and known as the Texan Resort Condominiums Owners' Association.

- 1.2.** "Building" means the physical structure contained in the condominium which encloses the units. The building is depicted on the Map.
- 1.4.** "Bylaws" means any instruments, however denominated, which are adopted by the Association for the regulation and management of the Association, including any amendments to those instruments.
- 1.5.** "Common Elements" means all portions of the condominium other than the Units.
- 1.6.** "Common Expenses" means expenditures made or liabilities incurred by or on behalf of the association, together with any allocations to reserves.
- 1.7.** "Condominium" means the common interest community defined by this Declaration, which includes the real estate and improvements depicted on the Map.
- 1.8.** "Limited common element" means a portion of the common elements allocated by the declaration for the exclusive use of one unit. Limited common elements, except those described in section 2.5, are identified on the Map as "LCE."
- 1.9.** "Map" means the part of the Declaration which depicts the Condominium in three dimensions; has been executed by a person that is authorized by statute to execute a declaration relating to the Condominium and is recorded in the real estate records of Hinsdale County. The Map and the Plat are in two separate instruments.
- 1.10.** "Plat" means that part of the Declaration that is a land survey plat as set forth in Section 38-51-102 C.R.S. 1973, depicts all or any portion of the condominium in two dimensions, is executed by a person that is authorized by statute to execute a declaration relating to the condominium and is recorded in the real estate records in Hinsdale County.
- 1.11.** "Security interest" means an interest in real estate or personal property created by contract or conveyance, which secures payment or performance of an obligation. The term includes a lien created by a mortgage, deed of trust, trust deed, security deed, contract for deed, land sales contract, lease intended as security, assignment of lease or rents intended as security, pledge of an ownership interest in an association, and any other consensual lien or title retention contract intended as security for an obligation.
- 1.12.** "Unit" means a physical portion of the Condominium, which is designated, for separate ownership or occupancy and the boundaries of which are described on the Map.
- 1.13.** "Unit Owner" means the Declarant or other person who owns a unit, but does not include a person having an interest in a unit solely for an obligation. The

Declarant is the owner of any unit created by this Declaration until that unit is conveyed to another person.

2. CONDOMINIUM UNITS.

2.1. The Property is hereby divided into forty (40) units, each identified on the Map by unit, each having an appurtenant undivided interest in the common elements and in the common expenses as set forth in Exhibit A hereto.

2.2. Forty (40) units are the maximum numbers of units that the Declarant reserves the right to create.

2.3. Where walls, floors or ceilings are designated on the Map as boundaries of a unit, all lath furring wallboard, plasterboard, plaster, paneling, tiles, wallpaper, paint, and finished flooring and any other materials constituting any part of the finished surfaces thereof are a part of the unit, and all other portions of walls, floors, or ceilings are a part of the common elements.

2.4. If any chute, flue, duct, wire, conduit, bearing wall, bearing column, or other fixture lies partially within and partially outside the designated boundaries of a unit, any portion thereof serving more than one unit or any portion of the common elements is a part of the common elements.

2.5. Subject to the provisions of section 2, all spaces, interior partitions, and other fixtures and improvements within the boundaries of a unit are a part of the unit.

2.6. Any shutters, awnings, window boxes, doorsteps, stoops, porches, balconies, and patios and all exterior doors and windows or other fixtures designed to serve a single unit, but located outside the unit boundaries, are limited common elements allocated exclusively to that unit.

3. SEPARATE TITLES AND TAXATION.

Each unit, together with its interest in the common elements, constitutes for all purposes a separate parcel of real estate and will be separately assessed and taxed. The valuation of the common elements shall be assessed proportionately to each unit in accordance with such unit's allocated interests as set forth in Exhibit A hereto, and the common elements shall not be separately taxed or assessed. Upon recording this Declaration, the Declarant shall deliver a copy of the Declaration to the Assessor of Hinsdale County.

4. ALTERATION, SUBDIVISION AND RELOCATION OF UNITS.

4.1. A unit owner:

4.1.1. May make any improvements or alterations to their unit that does not impair the structural integrity, electrical systems, or mechanical systems or lessen the support of any portion of the building: but

4.1.2. May not change the appearance of the common elements without written permission of the Architectural Committee of the entire subdivision Texan Resort HOA.

4.1.3. The boundaries between the units may not be relocated.

4.2. A unit may not be subdivided into two or more units.

5. EASEMENTS.

5.1. The Declarant has an easement through the common elements to the extent reasonably necessary for the purpose of the Declarant's obligations.

5.2. To the extent that any unit or common element encroaches on any other unit or common element, a valid easement for the encroachment exists. The easement does not relieve a unit owner of liability in case of willful misconduct nor relieve a Declarant or any other person of liability for failure to adhere to the Plat and Map.

6. LIMITED COMMON ELEMENTS.

6.1. Except for the limited common elements described in section 2.5 and section 2.7, the Declaration shall specify to which unit or units each limited common element is allocated. That allocation may not be altered without the consent of the unit owners whose units are affected.

6.2. A limited common element may be reallocated between or among units after compliance with the procedure set forth in this section 6.2. In order to reallocate limited common elements between or among units, the unit owners of those units, as the applicants, must submit an application for approval of the proposed reallocation to the Executive Board, which application shall be executed by those unit owners and shall include:

6.2.1. The proposed form for an amendment to the Declaration as may be necessary to show the reallocation of limited common elements between or among units;

6.2.2. A deposit against attorney fees and costs which the Association will incur in reviewing and effectuating the application, in an amount reasonably estimated by the executive board, and;

6.2.3. Such other information as may be reasonably requested by the Executive Board. No reallocation shall be effective without the approval of the Executive

Board. The reallocation shall be effected by amendment signed by the Association and by those unit owners between or among whose units the reallocation is made, which amendments shall be recorded as provided in Article 18.

7. MAINTENANCE, REPAIR AND REPLACEMENT OF COMMON ELEMENTS.

7.1. The Association is responsible for maintenance, repair and replacement of the common elements.

8. USE AND RESTRICTIONS.

8.1. No unit shall be used for any purpose other than as a single-family residence or rental.

8.2. Each owner shall carry their own homeowners or renters insurance on that owner's unit. Nothing shall be done or kept on the Property which might result in an increase in the premiums for insurance for the Association, or which might cause a cancellation of such insurance.

8.3. Nothing shall be done or kept in a unit or the common elements which would be in violation of any statute, ordinance, regulation, permit or any other duly imposed requirement of any governmental body having jurisdiction within the area of the Texan Resort Condominiums.

8.4. Each unit shall be kept and maintained by the owner thereof in a clean, safe, and attractive condition, and in good order and repair.

9. UNIT OWNERS' ASSOCIATION.

A unit owners' association shall be organized no later than the date the first unit in the condominium is conveyed to a purchaser. The Declarant shall operate this HOA until such time two thirds of the units have been conveyed to purchasers. The membership of the Association at all times shall consist exclusively of the unit owners or, following termination of the condominium, of all former unit owners entitled to distributions of proceeds, or their heirs, personal representatives, successors, or assigns. The Association shall be organized as a nonprofit corporation in accordance with the laws of the state of Colorado.

10. POWERS OF THE ASSOCIATION. The Association may:

10.1 Adopt & amend bylaws and rules and regulations;

10.2. Adopt and amend budgets for revenues, expenditures, and reserves and collect assessments for common expenses from unit owners;

- 10.3.** Hire and terminate managing agents and other employees, agents, and independent contractors;
- 10.4.** Institute, defend, or intervene in litigation or administrative proceedings in its own name on behalf of itself or two or more unit owners on matters affecting the condominium;
- 10.5.** Make contracts and incur liabilities;
- 10.6.** Regulate the use, maintenance, repair, replacement, and modification of common elements;
- 10.7.** Cause additional improvements to be made as a part of the common elements;
- 10.8.** Acquire, hold, encumber, and convey in its own name any right, title, or interest to real or personal property, except that the common elements may be conveyed or subjected to a security interest only pursuant to Article 14;
- 10.9.** Impose, and receive any payments, fees, or charges for the use, rental, or operation of the common elements;
- 10.10.** Grant easements, leases, licenses, and concessions through or over the common elements;
- 10.11.** Impose charges for late payment of assessments, recover reasonable attorney fees and other legal costs for collection of assessments and other actions to enforce the power of the Association, regardless of whether or not suit was initiated, and, after notice and an opportunity to be heard, levy reasonable fines for violations of the declaration, bylaws and rules and regulations of the Association;
- 10.12.** Impose reasonable charges for the preparation of recordation of amendments to the declaration or statements of unpaid assessments.
- 10.13.** Provide for the indemnification of its officers and executive board and maintain directors' and officers' liability insurance;
- 10.14.** Assign its right to future income, including the right to receive common expense assessments;
- 10.15.** Exercise any other powers conferred by the Declaration or Bylaws of the Association;
- 10.16.** Exercise all other powers that may be exercised in the State of Colorado by legal entities of the same type as the Association; and

10.17. Exercise any other powers necessary and proper for the governance and operation of the Association.

11. EXECUTIVE BOARD AND OFFICERS.

11.1. Except as specifically provided in section 11.3 or any other provisions of this Declaration or the Bylaws, the Executive Board may act in all instances on behalf of the Association. The initial Board shall have three members.

11.2. If appointed by the Declarant, in the performance of their duties the officers and members of the Executive Board are required to exercise the care required of fiduciaries of the unit owners. If not appointed by the Declarant, no member of the Executive Board and no officer shall be liable for actions taken or omissions made in the performance of such member's duties except for wanton and willful acts or omissions.

11.3. The Executive Board may not act on behalf of the Association to amend this Declaration, to terminate the Condominium, or to elect members of the Executive Board or determine the qualifications, powers and duties, or terms of office of Executive Board members, but the Executive Board may fill vacancies in its membership for the unexpired portion of any term.

11.4. Subject to Section 11.5 until a date no later than either sixty days after conveyance of two thirds (2/3) of the units to unit owners other than a Declarant or two years after the last conveyance of a unit by Declarant in the ordinary course of business, the Declarant or persons designated by him, may appoint and remove the officers and members of the Executive Board. The Declarant may voluntarily surrender the right to appoint and remove officers and members of the Executive Board before termination of the period of Declarant control, that specified actions of the Association or Executive Board, as described in a recorded instrument executed by the Declarant, be approved by the Declarant before they become effective.

11.5. Not later than sixty days after conveyance of twenty-five percent of the units to unit owners other than the Declarant, not less than twenty-five percent of the members of the Executive Board must be elected by unit owners other than the Declarant.

11.6. Within sixty days after the unit owners other than the Declarant elect a majority of the members of the Executive Board, the Declarant shall deliver to the Association all property of the unit owners and of the Association held by or controlled by the Declarant, including without limitation the following items:

11.6.1. The original or a certified copy of the recorded Declaration as amended, the Association's Articles of Incorporation, Bylaws, minute

books, other books and records, and any rules and regulations which may have been promulgated;

11.6.2. An accounting for Association funds and financial statements, from the date the Association received funds and ending on the date the period of Declarant control ends. The financial statements shall be audited by an independent certified public accountant and shall be accompanied by the accountant's letter, expressing either the opinion that the financial statements presents fairly the financial position of the Association in conformity with generally accepted accounting principles or a disclaimer of the accountant's ability to attest to the fairness of the presentation of the financial information in conformity with generally accepted accounting principles and the reasons therefore. The Association shall pay for the expense of the audit.

11.6.3. The Association funds or control thereof;

11.6.4. A copy, for the nonexclusive use by the Association, of any plans and specifications used in the construction of the improvements in the condominium;

11.6.5. All insurance policies then in force, in which the unit owners, the Association, or its Executive Board and officers are named as insured persons;

11.6.6. Copies of any certificates of occupancy that may have been issued with respect to any improvements comprising the condominium;

11.6.7. Any other permits issued by governmental bodies applicable to the condominium and which are currently in force or which were issued within one year prior to the date on which unit owners other than the Declarant took control of the Association;

11.6.8. Written warrants of the contractor, subcontractors, suppliers, and manufacturer that are still effective;

11.6.9. A roster of unit owners and holders of security interests in the units and their addresses and telephone numbers, if known, as shown on the Declarant's records;

11.6.10. Employment contracts in which the Association is a contracting party; and

11.6.11. Any service contract in which the Association is a contracting party or in which the association or the unit owners have any obligation to pay a fee to the persons performing the services.

11.7. The following contracts and leases, if entered into before the Executive Board elected by the unit owners takes office, may be terminated without penalty by the Association, at any time after the Executive Board elected by the unit owners takes office, upon not less than ninety days notice to the other party to the contract or lease:

11.7.1. Any management contract, employment contract, or lease of recreational or parking areas or facilities;

11.7.2. Any other contract or lease between the Association and the Declarant or an affiliate of the Declarant; or

11.7.3. Any contract or lease that is not bona fide or was unconscionable to the unit owners at the time entered into under the circumstances then prevailing.

12. ASSESSMENTS FOR COMMON EXPENSES.

12.1. After the first assessment has been made by the Association and upon formation assessments for common expenses shall be made no less frequently than annually and shall be based on a budget adopted no less frequently than annually by the Association.

12.2. Except for assessments under section 12.3 of the Declaration, all common expenses shall be assessed against the units in accordance with the allocated interests set forth in Exhibit 4 attached hereto. Any past-due common expense assessment or installment from a unit owner thereof shall bear interest at the rate established by the Association, but not exceeding twenty-one (21%) per year.

12.3. Notwithstanding section 12.2:

12.3.1. Any common expense associated with the maintenance, repair, or replacement of a limited common element shall be assessed against the unit to which that limited common element is allocated;

12.3.2. Any common expense or portion thereof benefiting only one unit shall be assessed exclusively against the unit benefited; and

12.3.3. The costs of insurance may be assessed in proportion to risk, and the costs of utilities not separately metered may be assessed in proportion to usage.

12.4. If any common expense is caused by the misconduct of one unit owner, or guests, invitees, tenants or agents of such owner, the association may assess that expense exclusively against such owner's unit.

12.5. If common expense liabilities are reallocated, common expense assessments and any installment thereof not yet due shall be recalculated in accordance with the reallocated common expense liabilities.

12.6. Each unit owner is personally liable for assessments made against such owner's unit during the period of ownership of such unit. No unit owner may be exempt from liability for payment of the assessments by waiver of the use or enjoyment of any of the common elements or by abandonment of the unit against which the assessment is made.

12.7. Any surplus funds of the Association remaining after payment of or provision for common expenses and any prepayment of or provision for reserves shall be paid to the unit owners in proportion to their common expense liabilities or credited to them to reduce their future common expense assessments.

13. LIEN FOR ASSESSMENTS.

13.1. The Association has a statutory lien on a unit for any assessment levied against that unit or fines imposed against its unit owner. Fees, charges, late charges, attorney fees, fines, and interest charged pursuant to this Declaration are enforceable as assessments under this Article 13. The amount of the lien shall include all those items set forth in this section from the time such items become due. If an assessment is payable in installments, each installment is a lien from the time it becomes due including the due date set by **any** valid association acceleration of installment obligations.

13.2. A lien under this Article is prior to all other liens and encumbrances on a unit except:

13.2.1. Liens and encumbrances recorded before the recordation of this Declaration;

13.2.2. A security interest on the unit which has priority over all other security interests on the unit and which was recorded before the date on which the assessment sought to be enforced became delinquent; and

13.2.3. Liens for real estate taxes and other governmental assessments or charges against the unit.

13.3. A lien under this Article is also prior to the security interests described in subsection 13.2.2 to the extent of an amount equal to the common expense assessments based on a periodic budget adopted by the Association which would have become due, in the absence of any acceleration, during the six months immediately preceding institution by either the Association or any party holding a

lien senior to any part of the Association lien created under this Article of any action or a non-judicial foreclosure either to enforce or to extinguish the lien.

13.4. Sections 13.2 and 13.3 do not affect the priority of mechanics' or materialmens' liens or the priority of liens for other assessments made by the Association. A lien under this Article 13 is not subject to the provisions of Part 2 of Article 41 of Title 38, C.R.S. 1973 or to the provisions of sys 15-11.201, C.R.S. 1973.

13.5. Recording the Declaration constitutes record notice and perfection of the lien under this Article 13. No further recordation of any claim of lien for assessments is required.

13.6. A lien for unpaid assessments is extinguished unless proceedings to enforce the lien are instituted within six years after the full amount of assessments become due.

13.7. This Article 13 does not prohibit actions or suits to recover sums for which this Article 13 creates a lien or to prohibit an Association from taking a deed in lieu of foreclosure.

13.8. The Association shall be entitled to costs and reasonable attorney fees incurred by the Association in a judgment or decree in any action or suit brought by the Association under this Article 13.

13.9. The Association shall furnish to a unit owner or such unit owner's designee to a holder of a security interest or its designee upon written request, delivered personally or by certified mail, first-class postage prepaid, return receipt, to the Association's registered agent, a written statement setting forth the amount of unpaid assessments currently levied against such owner's unit. The statement shall be furnished within fourteen calendar days after receipt of the request and is binding on the Association, the Executive Board, and every unit owner. If no statement is furnished to the unit owner or holder of a security interest or their designee, delivered personally or by certified mail, first-class postage prepaid, return receipt requested, to the inquiring party, then the Association shall have no right to assert a lien upon the unit for unpaid assessments which were due as of the date of the request.

13.10. In any action by an Association to collect assessments or to foreclose a lien for unpaid assessments, the court may appoint a receiver of the unit owner to collect all sums alleged to be due from the unit owner prior to or during the pendency of the action. The court may order the receiver to pay any sums held by the receiver to the Association during the pendency of the action to the extent of the Association's common expense assessments.

13.11. The Association's lien may be foreclosed in like manner as a mortgage on real estate,

14. CONVEYANCE OR ENCUMBRANCE OF COMMON ELEMENTS.

14.1. The common elements may be conveyed or subjected to a security interest by the Association only by agreement of unit owners of units to which as least eighty percent (80%) of the votes in the Association are allocated, including eighty percent (80%) of the votes allocated to units not owned by the Declarant, and the holders of security interests in eighty percent (80%) of the units agree to that action: except that all owners of units to which any limited common element is allocated must agree in order to convey that limited common element or subject it to a security interest.

14.2. Any agreement to convey, or subject to a security interest, the common elements must be evidenced by the execution of an agreement, or ratifications thereof, in the same manner as a deed, by the requisite number of unit owners. The agreement must specify a date after which the agreement will be void unless recorded before that date. The agreement and all ratifications thereof, in the same manner as a deed, by the requisite number of unit owners. The agreement must specify a date after which the agreement will be void unless recorded before that date. The agreement and all ratifications thereof must be recorded in Hinsdale County and is effective only upon recordation.

14.3. The Association on behalf of the unit owners, may contract to convey an interest in the common elements pursuant to section 14.1 but the contract is not enforceable against the Association until approved pursuant to section 14.1 and executed and ratified pursuant to section 14.1. Thereafter, the Association has all powers necessary and appropriate to effect the conveyance or encumbrance, including the power to execute deeds or other instruments.

15. EMINENT DOMAIN.

15.1. If a unit is acquired by eminent domain or part of a unit is acquired by eminent domain, the proceeds of the award shall be deposited with a trustee selected by the Association and shall be used and distributed as follows:

15.1.1. If the acquisition reduces the size of a unit and the remaining part can be made habitable, the unit shall be made habitable. If the cost of such work exceeds the amount of the award, the additional funds required shall be assessed against the owner of the unit. The balance of the award, if any, shall be distributed to the unit owner and to the holders of security interests. Upon acquisition, the unit's allocated interests shall be reduced in proportion to the reduction in the size of the unit: and the portion of allocated interests divested from the partially acquired unit is automatically reallocated to that unit and to the remaining units in

proportion to the respective interests of those units before the taking, with the partially acquired unit participating in the reallocation on the basis of its reduced allocated interests.

15.1.2. If an entire unit is acquired, or if the acquisition so reduces the size of a unit that it cannot be made habitable, the market value of the unit immediately prior to the acquisition shall be paid to the unit owner and to each holder of a security interest in the unit. The remittance shall be payable jointly to the owner and the holders of security interests. The remaining portion of such unit, if any, shall become a part of the common elements and shall be placed in condition for use by all of the unit owners in a manner approved by the Executive Board. Upon acquisition, unless the decree otherwise provides, that unit's allocated interests are automatically reallocated to the remaining units in proportion to the respective allocated interests of those units before the taking. If the amount of the award for the acquisition is not sufficient to pay the market value of the condemned unit to the owner and to place in condition the remaining portion of the acquired unit for use as a part of the common elements, the additional funds required for such purposes shall be raised by assessments against all of the units which will continue after the changes in the condominium effected by the acquisition. Such assessments shall be made in proportion to the allocated interest of such units after the changes effected by the acquisition.

15.1.3. If the market value of a unit prior to the acquisition cannot be determined by agreement between the unit owner and the holder of a security interest in the unit within 30 days after notice by either party, such value shall be determined by two appraisers, one appointed by each party, who shall base their determination upon an average of their appraisals of the unit and a judgment of specific performance upon the award rendered by the appraisers may be entered in any court of competent jurisdiction.

15.2. If part of the common elements is acquired by eminent domain, that portion of any award attributable to the common elements taken must be paid to the Association. Any portion of the award attributable to the acquisition of a limited common element must be equally divided among the owners of the units to which that limited common element was allocated at the time of acquisition.

15.3. The reallocations of allocated interests pursuant to this Article shall be confirmed by an amendment to the Declaration prepared, executed, and recorded by the Association.

16. INSURANCE.

16.1. Commencing not later than the time of the first conveyance of a unit to a person other than a Declarant, the Association shall maintain, to the extent reasonably available:

16.1.1. Property insurance on the common elements and for broad form covered causes of loss; except that the total amount of insurance must be not less than the full insurable replacement cost of the insured property less applicable deductibles at the time the insurance is purchased and at each renewal date, exclusive of land, excavations, foundations, and other items normally excluded from property policies; and

16.1.2. Commercial general liability insurance against claims and liabilities arising in connection with the ownership, existence, use, or management of the common elements, in an amount deemed sufficient in the judgment of the Executive Board, insuring the Executive Board, the unit owners' Association, agents, and all persons acting as agents. The Declarant shall be included as an additional insured in such Declarant's capacity as a unit owner and board member. The unit owners shall be included as additional insureds but only for claims and liabilities arising in connection with the ownership, existence, use, or management of the common elements. The insurance shall cover claims of one or more insured parties against other insured parties.

16.2, If the insurance described in Section 16.1 is not reasonable available, or if any policy of such insurance is cancelled or not renewed without a replacement policy therefore having been obtained, the Association promptly shall cause notice of that fact to be hand delivered or sent prepaid by United States Mail to the unit owners and to the holders of security interests in the units. The Association may carry any other insurance it considers appropriate, including insurance on units it is not obligated to insure, to protect the Association of the unit owners.

16.3. Insurance policies carried pursuant to section **16.1** must be reasonably acceptable to the holders of security interests in eighty percent (80%) of the units, and must provide that:

16.3.1. Each unit owner is an insured person under the policy with respect to liability arising out of such unit owner's interest in the common elements or membership in the Association;

16.3.2. The insurer waives its right to subrogation under the policy against any unit owner or member of his household;

16.3.3. No act or omission by any unit owner, unless acting within the scope of such unit owner's authority on behalf of the Association, will void the policy or be a condition to recovery under the policy.

16.3.4. If, at the time of a loss under the policy, there is other insurance in the name of a unit owner covering the same risk covered by the policy, the Association's policy provides primary Insurance.

16.4. Any loss covered by the property insurance policy described in subsection 16.1.1 must be adjusted with the Association, but the insurance proceeds for the loss shall be payable to any insurance trustee designated for that purpose by the holders of security interests for eighty percent (80%) of the units, and not to any holder of a security interest. The insurance trustee shall hold any insurance proceeds in trust for the Association, unit owners and lien holders as their interests may appear. Subject to the provisions of this Declaration, the proceeds must be disbursed first for the repair or restoration of the damaged property, and the Association, unit owners, and lien holders are not entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the property has been completely repaired or restored or the condominium is terminated.

16.5. The Association may adopt and establish written nondiscriminatory policies and procedures relating to the submittal of claims, responsibility for deductibles, and any other matters of claims adjustment. To the extent the Association settles claims for damages to real property, it shall have the authority to assess negligent unit owners causing such loss or benefiting from such repair or restoration all deductibles paid by the Association. In the event that more than one unit is damaged by a loss, the Association in its reasonable discretion may assess each owner a pro rata share of any deductible paid by the Association.

16.6. An insurance policy issued to the Association does not obviate the need for unit owners to obtain insurance for their own benefit.

16.7. If any unit owner or employee of the Association controls or disburses funds of the Association, the association must obtain and maintain, to the extent reasonably available, fidelity insurance. Coverage shall not be less in aggregate than two months' current assessments plus reserves, as calculated from the current budget of the Association.

16.8. Any person employed as an independent contractor by the Association for the purposes of managing the condominium must obtain and maintain fidelity insurance in an amount not less than the amount specified in section 16.7, unless the Association names such person as an insured employee in a contract of fidelity insurance, pursuant to section 16.7.

16.9. The Association may carry fidelity insurance in amounts greater than required in section 16.7 and may require an independent contractor employed for the purposes of managing the condominium to carry more fidelity insurance coverage than required in section 16.7.

16.10. Premiums for insurance that the Association acquired and other expenses connected with acquiring such insurance are common expenses. Premiums shall be allocated on square footage of each condominium (see Recorded Plat), and common area shall be split according to Exhibit A.

17. REPAIR OR REPLACEMENT OF INSURED PROPERTY.

17.1. Any portion of the condominium for which insurance is required under this Declaration which is damaged or destroyed must be repaired or replaced promptly by the Association unless:

17.1.1. The condominium is terminated, in which case Article 19 of this Declaration applies:

17.1.2. Repair or replacement would be illegal under any state or local statute or ordinance governing health or safety;

17.1.3. Eighty percent (80%) of the unit owners, including every owner of a unit or assigned limited common element that will not be rebuilt, vote not to rebuild; or

17.1.4. Prior to the conveyance of any unit to a person other than the Declarant, the holder of a deed of trust or mortgage on the damaged portion of the condominium rightfully demands all or a substantial part of the insurance proceeds.

17.2. The cost of repair or replacement in excess of insurance proceeds and reserves is a common expense. If the entire condominium is not repaired or replaced, the insurance proceeds attributable to the damaged common elements must be used to restore the damaged area to a condition compatible with the remainder of the condominium and, except to the extent that other proceeds will be distributed, the insurance proceeds attributable to units and limited common elements that are not rebuilt must be distributed to the owners of those units and the owners of the units to which those limited common elements were allocated, or to holders of security interests in said units, as their interests may appear, and the remainder of the proceeds must be distributed to all the Unit owners or holders of security as their interests may appear, in proportion to the common elements interests of all the units.

18. AMENDMENT OF DECLARATION.

18.1. Except in case of any amendments that may be executed by the Declarant pursuant to this Declaration, or by the Association pursuant to subsection **6.2.3**, section 15.3, or section 19.12, and except as limited by section 18.3, the Declaration, including the Plat and Map, may be amended only by vote or

agreement of unit owners to which at least eighty percent (80%) of the votes in the Association are allocated.

18.2. Every amendment to the Declaration must be recorded in Hinsdale County and is effective upon recordation.

18.3. Except to the extent expressly permitted or required by other provisions of this Declaration or by statute, no amendment may create or increase special Declarant rights, increase the number of units, or change the boundaries of any unit or the allocated interests of a unit, or the uses to which any unit is restricted, in the absence of unanimous consent of the unit owners.

18.4. Amendments to this Declaration required to be recorded by the Association shall be prepared, executed, recorded, and certified on behalf of the Association by the president and secretary of the Association.

18.5. All expenses associated with preparing and recording an amendment to the Declaration shall be the sole responsibility of:

18.5.1. In the case of amendment pursuant to Sections 38-33.3-208(2), 38-33.3-212, and 38-33.3-213, C.R.S., the unit owners desiring the amendment; and

18.5.2. In the case of an amendment pursuant to Sections 38-33.3-208(3), 38-33.3-209(6), and 38-33.3-210, C.R.S., the Declarant; and

18.5.3. In all other cases, by the Association.

19. TERMINATION OF CONDOMINIUM.

19.1. Except in the case of a taking of all the units by eminent domain, the condominium may be terminated by agreement of unit owners of units to which at least eighty (**80%**) of the votes in the Association are allocated.

19.2. An agreement of unit owners to terminate must be evidenced by execution of a termination agreement or ratifications thereof in the same manner as a deed, by unit owners of units to which at least eighty (80%) of the votes in the Association are allocated. The termination agreement must specify a date after which the agreement will be void unless it is recorded before that date. The termination agreement and all ratifications thereof must be recorded in Hinsdale County and is effective only upon recordation.

19.3. The termination agreement shall provide that all of the common elements and units of the condominium must be sold following termination, and shall set forth the minimum terms of the sale.

19.4. Title to the real estate in the condominium to be sold following termination vests in the Association as trustee for holders of all interests in the units. The Association, on behalf of the unit owners, shall contract for the sale of real estate in the condominium following termination, consistent with the provisions of the termination agreement, but the contract is not binding on the unit owners until approved by unit owners of units to which eighty (80%) of the votes in the Association are allocated. Thereafter, the Association has all the powers necessary and appropriate to effect the sale.

19.5. Until the sale has been concluded and the proceeds thereof distributed, the Association continues in existence with all the powers it had before termination.

19.6. Proceeds of the sale must be distributed to unit owners and lienholders as their interests may appear, in accordance with sections 19.9 and 19.10, taking into account the value of property owned or distributed that is not sold so as to preserve the proportionate interests of each unit owner with respect to all property cumulatively.

19.7. Unless otherwise specified in the termination agreement, as long as the Association holds title to the real estate, each unit owner and the unit owner's successors in interest have an exclusive right to occupancy of the portion of the real estate that formerly constituted the unit. During the period of that occupancy, each unit owner and the unit owner's successors in interest remain liable for all assessments and other obligations imposed on unit owners by this Declaration.

19.8. Following termination of the condominium, the proceeds of any sale of real estate, together with the assets of the Association, are held by the Association as trustee for unit owners and holders of liens on the units as their interests may appear.

19.9. Upon termination of the condominium, creditors of the Association who obtain a lien and duly record it in Hinsdale County are to be treated as if they had perfected liens on the units immediately before termination or when the lien is obtained and recorded, whichever is later.

19.10. The respective interests of unit owners referred to in sections 19.4 to 19.8 of this Article are as follows:

19.10.1. Except as provided in subsection 19.10.2, the respective interests of unit owners are the fair market values of their units, allocated interests, and any limited common elements immediately before the termination, as determined by one or more independent appraisers selected by the Association. The decision of the independent appraisers shall be distributed to the unit owners and becomes final unless disapproved within thirty days after distribution by unit owners of units to which twenty-five percent of the votes in the Association are allocated. The proportion of any

unit owner's interest to that of all unit owners is determined by dividing the fair market value of that unit owner's unit and its allocated interests by the total fair market values of all the units and their allocated interests.

19.10.2. If any unit or any limited common element is destroyed to the extent that an appraisal of the fair market value thereof prior to destruction cannot be made, the interests of all unit owners are their respective common element interests immediately before the termination.

19.11. Except as provided in section 19.12, foreclosure or enforcement of a lien or encumbrance against the entire condominium does not terminate, of itself, the condominium. Foreclosure or enforcement of a lien or encumbrance against a portion of the condominium does not withdraw that portion from the condominium.

19.12. If a lien or encumbrance against a portion of the real estate comprising the condominium has priority over the Declaration and the lien or encumbrance has not been partially released, the parties foreclosing the lien or encumbrance, upon foreclosure, may record an instrument excluding the real estate subject to that lien or encumbrance from the condominium. The Executive Board shall reallocate interests as if the foreclosed section were taken by eminent domain by an amendment to the Declaration prepared, executed, and recorded by the Association.

20. DECLARANT'S OFFICES.

20.1. The Declarant reserves the right to maintain whatever number of models or offices it deems appropriate for marketing or managing the condominium and to locate or relocate such models or offices in any units owned by the Declarant.

21. MISCELLANEOUS

21.1. The common elements are not subject to partition, and any purported conveyance, encumbrance, judicial sale, or other voluntary or involuntary transfer of an undivided interest in the common elements made without the unit to which that interest is allocated is void.

21.2. With respect to a third person dealing with the Association in the Association's capacity as a trustee, the existence of trust powers and their proper exercise by the Association may be assumed without inquiry. A third person is not bound to inquire whether the Association has the power to act as a trustee or is properly exercising trust powers. A third person, without actual knowledge that the Association is exceeding or improperly exercising its powers, is fully protected in dealing with the Association as if it possessed and properly exercised the powers it purports to exercise. A third person is not bound to assure the proper

application of trust assets paid or delivered to the Association in its capacity as trustee.

21.3. The Association or any owner shall have the right to enforce, by any proceeding at law or in equity, all restrictions and covenants herein contained. The prevailing party in any such proceeding shall be awarded costs of the proceeding, including reasonable attorney's fees.

21.4. Invalidity or unenforceability of any provision of this Declaration, in whole or in part, shall not affect the validity or enforceability of any other provision or any valid or enforceable part of a provision of this Declaration.

21.5. The captions and headings in the instrument are for convenience only and shall not be considered in construing any provision of the Declaration.

21.6. Failure to enforce any provision of this Declaration shall not operate as a waiver.

IN WITNESS WHEREOF, Declarant has executed this Condominium Declaration this _____ day of, 2007.

GRANITE FALLS, LLC
A Colorado limited liability company

By: _____
Phyllis D. Mabbett, General Manager

STATE OF COLORADO

COUNTY OF HINSDALE

The foregoing instrument was acknowledged before me this _____ day of , 2007,
by Phyllis D. Mabbett, as General Manager of Granite Falls, LLC, a Colorado limited
liability company.

Witness my hand and official seal. My commission expires: _____

Notary Public

**EXHIBIT A
Allocated Interests by Percentage**

Unit	Provisional Name	Allocated Interest by Percentage
1	Fisherman	1.4563%
2	Miss Kitty	0.9797%
3	Roy Rodgers	0.9738%
4	Birdwatcher	0.9944%
5	Hunter	1.0032%
6	Pine	1.0150%
7	Trapper	1.3239%
8	Sunflower	1.3945%
9	Lincoln	1.5004%
10	Victorian	1.3445%
11	River Rock	1.5769%
12	Cattleman	1.5004%
13	office	1.5505%
14	Moose	2.0006%
15	Woodsman	2.1124%
16	Hiker	1.7240%
17	Scandinavian	2.1683%
18	Miner	1.2298%
19	Swedish	1.9682%
20	Ute Bear	2.9214%
21	Almont	1.7976%
22	Ponderosa	3.8923%
23	Cliff House	3.5981%
24	Aspen Lodge	8.2377%
25	Blue Spruce	2.9420%
26	Ranch House	3.6011%
27	Alpine	2.9420%
28	Spring Creek	1.7976%
29	Columbine	2.9420%
30	Elk	2.9420%
31	Horseman	2.9420%
32	Bobcat	2.9420%
33	Antelope	2.9420%
34	High Country	2.9420%
35	San Juan	2.9420%
36	Mother Lode	2.9420%
37	Western	2.9420%
38	Silver Queen	2.9420%
39	Wrangler	2.9420%
40	Lodge 860	8.0906%
		100.0000%