

**AMENDED AND RESTATED**

**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS**

**OF CAMELS RIDGE TOWNHOMES HOMEOWNERS ASSOCIATION**

This Amended and Restated Declaration, made on the date hereinafter set forth by Camels Ridge Townhomes Homeowners Association (referred to as "Association"):

WITNESSETH:

WHEREAS, Camels Ridge Development Corporation, a Colorado corporation, was the Lessee of certain property described on Exhibit "A" attached hereto and made a part hereof located in El Paso County, Colorado, pursuant to certain leases between the Declarant and HILL DEVELOPMENT CORPORATION (hereinafter referred to as "the Landlord"); and

WHEREAS, Camels Ridge Development Corporation, a Colorado corporation, has assigned its leases to said properties, and conveyed the improvements constructed on said properties, subject to protective covenants, conditions, restrictions, reservations, liens, and charges as hereinafter set forth; and

WHEREAS, Camels Ridge Development Corporation recorded that certain Declaration of Covenants, Conditions, and Restrictions of Camels Ridge Townhomes in Book 3210 beginning at Page 490 of the real property records of El Paso County, Colorado (the "Old Declaration"); and

WHEREAS, the Old Declaration provided in Section 3 of Article XVI that it might be amended by the Owners and certain other parties; and

WHEREAS, pursuant to C.R.S., 38-33.3-217, the requisite Owners and other parties have amended the Old Declaration, to be replaced and superseded by this Declaration; and

WHEREAS, Association hereby declares that all of the Properties shall be held, sold and conveyed subject to the following easements, restrictions, covenants and conditions, all of which are for the purpose of enhancing and protecting the value, desirability and attractiveness of the real property. These easements, covenants, restrictions and conditions shall run with the real property and shall be binding upon all parties having or acquiring any right or interest in the described property or any part thereof, and shall inure to the benefit of each Owner thereof.

## ARTICLE I

### DEFINITIONS

Section 1. "Association" shall mean and refer to CAMELS RIDGE TOWNHOMES HOMEOWNERS ASSOCIATION, its successors and assigns.

Section 2. "Properties" shall mean and refer to that certain real property described on Exhibit A attached hereto and incorporated herein by this reference, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 3. "Common Area" shall mean all real property of which an assignment of the Declarant's leasehold interest has been made to the Association, together with a conveyance of the improvements constructed upon said real property or any other real property, for the common use and enjoyment of the Owners.

Section 4. "Lot" shall mean and refer to a Lot of land, to be legally described by a reference to the numbered plats of land show upon any recorded subdivision map of the Properties.

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

Section 6. "Owner" shall mean and refer to either (i) the holder of a leasehold interest in a Lot under the Lease or (ii) the record owner, whether one or more persons or entities, of the fee simple interest in a Lot, whether improved or unimproved, which is part of the Properties, but only at the time the Lease expires or terminates for any reason. For so long as an interest in the Lease exists with respect to a Lot, the fee simple title owner of the Lot shall not be an Owner, nor have any of the rights or obligations of an Owner. An "Owner" shall include contract sellers but exclude those having any interest in a Lot merely as security for the performance of an obligation.

Section 7. "Association Rules" shall mean the rules and regulations adopted by the Board of Directors pursuant to Article IX of this Declaration.

Section 8. "Living Unit" shall mean and refer to that portion of a building situated on any Lot designed and intended for use and occupancy as a residence by a single family.

Section 9. "Multi-Family Structure" shall mean and refer to any building containing two or more Living Units separated by a common wall(s).

Section 10. "Landlord" shall refer to Hill Development Corporation, its successors and assigns.

Section 11. "Lease" shall refer to the Lease Agreement between Landlord and Camels Ridge Development Corporation, a Colorado corporation, on each of the Lots within the Properties.

Section 12. "First Mortgagee" shall mean a mortgage, deed of trust, or comparable security interest recorded upon a Lot having priority of record over all other recorded encumbrances and liens thereon, except those governmental liens made superior by statute (such as general ad valorem tax liens and special assessments). "First Mortgagee" means a mortgagee whose encumbrance is a First Mortgage.

## ARTICLE II

### MEMBERSHIP IN ASSOCIATION

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 an Owner's leasehold interest or, after expiration or termination of the leasehold, fee interest in any Lot which is subject to assessment by the Association. Under no circumstances shall the Owner of a fee interest in a Lot be a Member of the Association if that Lot is still subject to the Lease.

## ARTICLE III

### VOTING RIGHTS

The Association shall have one class of voting membership. Members shall be all the Owners and each membership shall have one (1) vote for each Lot in which the Owner(s) have a leasehold or fee interest. When more than one person holds such interest in any Lot as an Owner thereof, all such persons shall be Members. The vote for such Lot shall be exercised as they may among themselves determine, but in no event shall more than one vote be cast with respect to any Lot, and cumulative voting is prohibited.

## ARTICLE IV

### PROPERTY RIGHTS

Section 1. Owners' Easement of Enjoyment. Every Owner shall have a right and easement of enjoyment in and to the Common Area and such easement shall be appurtenant and shall pass with the Owner's interest in a Lot, subject to the following provisions:

(a) The right of the Association, in accordance with its Articles and Bylaws, to borrow money for the purpose of improving the Common Area and facilities and in aid thereof to mortgage said property, provided that no funds may be borrowed nor shall any mortgage be given unless an instrument signed by Owners entitled to cast 3/4's of the votes of the membership has been recorded agreeing to such action.

(b) The right of the Association to suspend the voting right of an Owner for any period during which any assessment against his Lot remains unpaid and for a period not to exceed thirty (30) days for any infraction of its published rules and regulations.

(c) The right of the Association to dedicate or transfer all or any part of the Common Area; subject to ingress and egress requirement, and by persons holding mortgages on any portion of the subject property, and by the Landlord. No such dedication or transfer shall be effective unless an instrument signed by the Landlord and Owners entitled to cast sixty-seven percent (67%) of the votes of the membership, if in existence, has been recorded, agreeing to such dedication or transfer, and unless written notice of the proposed action is sent to every Owner not less than thirty (30) days or more than sixty (60) days in advance. The Association shall have the right at any time to use so much of the Common Area as it may deem necessary or advisable, except that such use may not interfere with the Owners' use and enjoyment and reasonable access to facilities constructed on the Common Area with their right of ingress and egress to their Living Units. If the Association uses the Common Area as set forth above, it shall restore said Common Area to as good or better condition as it was prior to its use by the Association.

Section 2. Delegation of Use. Any Owner may delegate, in accordance with the Bylaws, his right of enjoyment to the Common Area and facilities to the members of his family, his subtenants or contract purchasers who reside on the property.

Section 3. FHLMC Restriction. Notwithstanding anything to the contrary contained herein, unless sixty-seven percent (67%) of the First Mortgagees of Lots have given their prior written approval, the Association shall not be entitled to, by act or omission seek to abandon, partition, subdivide, encumber, or transfer the Common Area leased, directly or indirectly, by the Association. The granting of easements for public utilities or for other public purposes consistent with the intended use of such Common Area by the Association shall not be deemed a transfer within the meaning of this clause.

## ARTICLE V

### COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. Each Owner, by acceptance of a deed or other interest to a Lot within the Properties, whether or not it shall be so expressed in any such assignment or conveyance, are deemed to covenant and agree to pay to the Association:

(a) Annual assessments or charges,

(b) Special assessments for capital improvements, such assessments to be fixed, established, and collected from time to time as hereinafter provided.

The annual and special assessments, together with such interest thereon and cost of collection thereof and reasonable attorney's fees as hereinafter provided, shall be a charge on the Owner's interest in the Lot and shall be a continuing lien upon said interest in the Lot. Each such assessment, together with such interest, cost and reasonable attorney's fees, shall also be the personal obligation of the person who was Owner of such property at the time when the assessment became due. The personal obligation shall not pass to the successor in interest to the Lot unless expressly assumed by them.

Section 2. Purpose of Assessments. The assessments levied by the Association through its Board of Directors shall be used exclusively for the purpose of promoting the recreation, health, safety, and welfare of the Owners, and in particular for the services and facilities devoted to this purpose and related to the use and enjoyment of the Common Area, and of the Living Units situated upon the property, and further, for the purpose of maintaining Owner and guest parking spaces, and such other maintenance or improvement obligations which may be incurred by virtue of agreements with the City of Colorado Springs or other governmental authorities. The assessments shall further be used to provide adequate insurance of any and all types and amounts required by this Declaration and deemed necessary by the Board of Directors with respect to the Common Area and public ways and to provide such reserves as may be deemed necessary in order to accomplish the objects and purposes of the Association. Assessments shall also be used to pay the rental, if any, to be paid in accordance with the Lease for the Common Area, and a portion of the annual assessments shall further be used to provide a reserve fund for the replacement and maintenance of the Common Area and the Board of Directors shall be obligated to establish such reserve fund.

Section 3. Basis and Payment of Annual Assessments.

(a) Annual assessments with respect to each Owner's interest in each Lot shall be estimated by the Board of Directors and shall be payable in equal monthly installments. The assessments shall be based upon the cash requirements deemed to be such aggregate sums as the Board of Directors of the Association shall from time to time determine are necessary to provide for the payment of all estimated expenses growing out of or connected with the maintenance as provided in Article VIII hereof and operation of the Common Area and the Properties, which sum may include, but not be limited to, any taxes and special assessments on the Common Area, the rental payments on the Common Area, insurance premiums for insurance policies as provided by this Declaration, Common Area landscaping, and maintenance of streets, lighting, heating, repairs and renovations of the Common Area, trash and garbage collections, wages, charges for water used by the Association, snow removal, grounds maintenance, expenses of providing security and protection for the Owners and their Living Units, legal and accounting fees, management fees, expenses and liabilities incurred by the Board of Directors under or by reason of this Declaration, the payment of any deficit remaining for a previous period, the reserve fund as set forth above, as well as any and all other costs and expenses necessary to carry out the terms and intent of this Declaration, and the Association's Bylaws and Rules.

(b) Monthly installments of annual assessments shall be payable on or before the 10th day of each month, but shall be and become a lien as of the date of the annual assessment as hereinafter

provided. Written notice of the annual assessment shall be sent to every Owner immediately following the assessment date. The Association shall, upon demand at any time, furnish a certificate in writing signed by an officer of the Association setting forth whether the assessments against an Owner's interest on a specified Lot have been paid. Reasonable charge may be made by the Board for issuance of the certificate. Such certificate shall be conclusive evidence of payment of any assessment therein stated to have been paid.

Section 4. Special Assessments for Improvements. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of Improvements upon the Common Area and Properties, as provided in Article VIII hereof, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of sixty-seven percent (67%) of the votes of the members, at a meeting duly called for this purpose.

Section 5. Notice and Quorum for any Action Authorized Under Section 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 4 shall be sent to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast 75% of the membership shall constitute a quorum. If the required Quorum is not present, another meeting may be called subject to the same notice requirement and the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 6. Date of Commencement of Annual Assessments Due Dates. The Board of Directors shall fix the amount of the annual assessment against each Owner's interest in each Lot at least thirty (30) days in advance of each annual assessment. Written notice of the annual assessment shall be sent to every Owner subject thereto. The Association shall grant to each First Mortgagee the right to examine the books and records of the Association at any reasonable time.

Section 7. Assessments – Uniform Rates. Both Annual and Special Assessments must be fixed at a uniform rate for all Lots.

Section 8. Effect of Nonpayment of Assessment-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 assessment installment shall bear interest from the date of the delinquency at the rate of 18% per annum. The Association may bring an action at law against the Owner personally obligated to pay the delinquent installments. In addition to each action, or as an alternative thereto, the Association may foreclose the lien against the Owner's interest in the Lot. Such foreclosure may be conducted as follows, but is in no way subject to such procedure. The Association may file with the Clerk and Recorder of El Paso County a Statement of Lien with respect to the Lot, setting forth the Owner, the legal description of the Lot, the name of the Association, and the amount of delinquent assessments due and owing, which Statement shall be duly signed and acknowledged by the

President or a Vice-President of the Association, and which shall be served upon the Owner of the fee or leasehold interest in the Lot by mail to the address of the Lot or at such other address as the Association may have in its records for the Owner. Thirty (30) days following the mailing of such notice, the Association may proceed to foreclose the Statement of Lien in the same manner as provided for the foreclosure of mortgages under the Statutes of the State of Colorado. In the event that the Association completes a foreclosure, the Association shall become the successor to the Owner's interest in the Lot. In either a personal or foreclosure action, the Association shall be entitled to recover, as part of the action, the interest, cost and reasonable attorney's fees with respect to the action. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his interest in the Lot.

Section 9. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage or deed of trust duly recorded. Sale or transfer of any Lot or Living Unit shall not affect the assessment lien. However, the sale or transfer of any Lot or Living Unit which is subject to any first mortgage or deed of trust, pursuant to a decree of foreclosure under such mortgage, or proceedings in lieu of foreclosure thereof, including sale under a deed of trust, shall extinguish any lien of an assessment which becomes a lien prior to such sale or transfer. Such sale or transfer shall not release such Lot from liability from any assessments thereafter becoming due or from the lien thereof.

Section 10 Exempt Property The following property, subject to the Declaration, shall be exempt from the Assessments, charges and liens created herein:

(a) All properties to the extent of any easement or any other interest therein dedicated and accepted by a municipal or quasi-municipal corporation or other local public utilities or authority and devoted to public use.

(b) The Common Area.

Section 11. Notice to Mortgagee. Upon request of a First Mortgagee, and upon receipt by the Association of a reasonable fee not to exceed the amount set forth in the Association's Rules for such services, the Association shall report to the First Mortgagee of a Lot any unpaid assessments or other defaults under the terms hereof which are not cured by said First Mortgagee or mortgagor within thirty (30) days; provided, however, that a First Mortgagee shall have furnished to the Association notice of its encumbrance.

Section 12. Records of Receipts and Expenditures. The Association shall keep detailed and accurate records of the receipts and expenditures affecting the Common Area and the Properties, specifying and itemizing the maintenance and repair expenses and any other expenses incurred. Such records and the vouchers authorizing payment shall be available upon the request for examination by the Owners and others with an interest in a Lot, such as First Mortgagees.

Section 13. Expenditures by Mortgagees. First mortgagees of the Lots may pay taxes or other charges or assessments which are in default and which may become a lien against the Common Area and may pay overdue premiums on hazard insurance policies or secure hazard insurance coverage on the lapse of the policy for the Common Area and the First Mortgagees making such payments shall be owed immediate reimbursement therefore from the Association.

## 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 Lots, which reciprocal easements shall be for mutual support and shall be governed by this Declaration and more particularly the succeeding Sections of this Article. Every assignment of Lease and deed to the Lot and Improvements, whether or not expressly so stating, shall be deemed to convey and be subject to such reciprocal easements.

Section 2. General Rules of Law to Apply. Each wall which is built as part of the original construction at the Living Units upon the Properties and placed on the dividing line between Lots shall constitute a party wall, and, to the extent not consistent with the provisions of this Article, the general rules of law regarding party walls and 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 make 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 provisions of this Article, an Owner who, by his negligence or willful act causes the party wall to be exposed to the elements, shall bear the whole cost of furnishing the necessary protection against such elements.

Section 6. Right to Contribution Runs with Land. The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the interest of the Owner and shall pass to such Owners' successors to said interest.

Section 7. Party Wall Alterations. No Owner shall make any alterations to a party wall and no penetrations of any kind shall be made by any Owner to a party wall.

## ARTICLE VII

### ARCHITECTURAL CONTROL

No building, fence, wall or other structure shall be commenced, erected or maintained upon the Properties, nor shall any exterior addition 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 the Association or by an architectural control committee composed of three (3) or more representatives appointed by the Board. In the event the 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. Notwithstanding the above, no building, fence, wall or other structure shall be constructed until the Owner has complied with the provisions relative to construction of improvements

## ARTICLE VIII

### EXTERIOR MAINTENANCE

In addition to maintenance upon the Common Area, the Association shall provide certain exterior maintenance upon the improvements constructed on each Lot in accordance with the Association's Rules. An easement over and upon any portion of a Lot outside the exterior walls of the improvement on each Lot is hereby granted to the Association for such purposes. In the event the need for maintenance or repair is caused through the willful or negligent act of the Owner, his family, guest, or invitees, the cost of such maintenance or repairs shall be added to and become a part of the assessments to which such Lot is subject.

## ARTICLE IX

### ASSOCIATION RULES

The Board of Directors shall have the power to establish, make and enforce compliance with such Association Rules as may be necessary for the operation, use and occupancy of the Properties, together with the right to amend same from time to time.

## ARTICLE X

### INSURANCE

Section 1. Association Coverage. The Association shall obtain and maintain at all times, policies involving standard premium rates, established by the Colorado Insurance Commissioner, and written with

companies licensed to do business in Colorado and having a Best's Insurance Report Rating of A:AAA, covering the risks set forth below. The Association shall not obtain any policy where (a) under the terms of the insurance company's charter, by laws or policy, contribution or assessments may be made against the mortgagor or First Mortgagee's designee, or (b) by the terms of the insurance company's charter bylaws or policy loss payments are contingent upon action by the Company's Board of Directors, policyholders or members, or (c) the policy includes any limiting clauses (other than insurance conditions) which could prevent First Mortgagees or the mortgagor from collecting insurance proceeds. Said insurance policy shall also be for the mutual benefit of the Landlord. Types of coverages to be obtained and risks to be covered are as follows:

(1) Fire insurance with the extended coverage and all risk endorsements, including coverage for loss or damage caused by lightning, windstorm, hail, explosion, riot (including riot attending a strike), civil commotion, aircraft, vehicles, smoke damage and vandalism and malicious mischief, in an amount approximately equal to the full replacement value of all improvements constructed on the Lots, without deduction for depreciation. All policies shall contain a standard non-contributory mortgage clause in favor of each First Mortgagee and the Landlord under the Lease, which shall provide that the loss, if any, thereunder, shall be payable to the Association, for the use and benefit of mortgagees and the Landlord as their interests may appear;

(2) If the Properties are located in an area identified by the Secretary of Housing and Urban Development as an area having special flood hazards and the sale of flooding insurance has been made available under the National Flood Insurance Act of 1968, a "blanket" policy of flood insurance on the Properties in an amount which is the lesser of the maximum amount of insurance available under the Act or the aggregate of the unpaid principal balances of First Mortgages on the Lots within the Properties.

(3) Public liability and property damage insurance in such limits as the Board of Directors of the Association may from time to time determine, but not in an amount less than \$500,000 per injury per person, per occurrence, and umbrella liability limits of \$1,000,000 per occurrence, covering all claims for bodily injury or property damage Coverage shall include, without limitation, liability for reasonable injuries, operation of automobiles on behalf of the Association, and activities in connection with the Ownership, operation, maintenance and other use of the Properties. Said policies shall also contain a "severability of interest" endorsements.

(4) Worker's compensation and employer's liability insurance and all other similar insurance with respect to employees of the Association in the amount and in the forms now or hereafter required by law.

(5) The Association shall purchase, in an amount not less than 150% of the Association's estimated annual operating expenses and reserves, fidelity coverage against dishonesty of employees, destruction or disappearance of money or securities and forgery. Said policy shall also contain endorsements thereto covering any persons who serve the Association without compensation.

(6) In the event that the enumeration of insurance above does not include all the insurance requirements contained in the Leases on the Lots, then the Association shall purchase additional insurance as required by said Leases.

(7) The Association may obtain insurance against such other risks, of a similar or dissimilar nature, as it shall deem appropriate with respect to the Properties.

Section 2. All policies of insurance to the extent obtainable shall contain waivers of subrogation and waivers of any defense based on invalidity arising from acts of an Owner and shall provide that such policies may not be cancelled or modified without at least ten (10) days prior written notice to all the insureds, including First Mortgagees and the Landlord. Duplicate originals of all policies and renewal thereof, together with proof of payments of premiums, shall be delivered to all First Mortgagees and the Landlord at least ten (10) days prior to expiration of the then current policies. The insurance shall be carried in blanket form naming the Association as the insured, as attorney-in-fact for all of the Owners, which policy or policies shall identify the interest of each Owner (Owner's name and Lot number) the First Mortgagee and the Landlord.

Section 3. In the event there should be any damage or destruction to or loss to improvements on any Lot which exceed \$1,000 or any damage or destruction to, or loss to the Common Area which exceeds \$10,000, then notice of such damage or a loss shall be given by the Association to each First Mortgagee and the Landlord within ten (10) days after the occurrence of such event.

Section 4. Owner's Coverage. Insurance coverage on the furnishings, including carpet, draperies, oven, range, refrigerator, wallpaper, disposal and other items of personal or other property belonging to an Owner, and public liability coverage within each Lot shall be the sole and direct responsibility of the Owner, and the Board of Directors, the Association and/or the Managing Agent shall have no responsibility therefore. 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.

## ARTICLE XI

### 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. The interest of the Owners is declared and expressly made subject to the terms and conditions hereof, and acceptance by any Owner of a deed or an assignment from any Owner shall constitute appointment of the attorney-in-fact herein provided. All of the Owners irrevocably constitute and appoint the Association thereto 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, assignment of lease, deed or any other instrument with respect to the interest of the Owner which may be necessary and appropriate to exercise the powers herein granted. Repair and reconstruction of the improvements as used in the succeeding paragraphs mean restoring the improvements to substantially the same condition in substantially the same location as they existed prior to the damage. The proceeds of any insurance collected shall, through the extent hereinafter provided, be available to the Association for the purpose of repair, restoration or replacements as is provided hereinafter.

### Section 2. Damage or Destruction.

(a) In the event of damage or destruction due to fire or other disaster of a Living Unit or other improvements on any one or more Lots, the Owner or Owners of such shall cause such Living Unit or other improvements to be promptly repaired and reconstructed unless a plan is adopted under Section 3 of this Article XI.

(b) In the event such Owner or Owners fail to 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 Living Unit or other 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 purposes. 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 XI) by the Association as attorney-in-fact using the proceeds of insurance on the Lot or Lots which have been damaged or destroyed and the proceeds of an assessment against the Lot or Lots on which such casualty damage occurred. Any such special assessment 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 improvements, using all of the insurance proceeds for such purpose. 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 Lot and/or Living Unit and may be enforced and collected as is provided in Article V.

### Section 3. Obsolescence.

(a) The Owners of two-thirds (2/3's) or more of the Lots within the Properties may agree that the improvements on the Lot are obsolete and adopt a plan for the renewal and reconstruction thereof, which plan must have the approval of the Landlord and the approval of two-thirds (2/3's) of First Mortgagees and encumbrancers of record at the time of the adoption of such plan. If a plan for renewal or reconstruction is adopted, notice of such plan executed by the President and Secretary of Association shall be recorded, and the expenses thereof shall be payable by all of the Owners as common expenses, whether or not they have previously consented to the plan of reconstruction. Any insurance proceeds payable to

the Association pursuant to Section 2(b) of this Article XI may be applied by the Association in furtherance of the plan of renewal or reconstruction.

(b) The Owners of two-thirds (2/3's) or more of the Lots may agree that the improvements on the Lots are obsolete and that the same should be sold. Such plan must have the approval of the Landlord and the unanimous approval of all First Mortgagees and encumbrancer of record at the time of the adoption of such plan. In such instance, the Association shall forthwith record a notice setting forth such fact or facts, and upon the recording of such notice by the Association, the total improvements constructed on the Lot and the Leases on the Lots, if any, shall be sold by the Association, as attorney-in-fact for all of the Owners, free and clear of the provisions contained in this Declaration and the Bylaws. The sale proceeds shall be apportioned equally among the Owners and such apportioned proceeds shall be paid into separate accounts, each such account representing one (1) Lot. Each such account shall be in the name of the Association and shall be further identified by the number of the Lot and the name of the Owner. For each separate account, the Association, as attorney-in-fact, shall use and disburse the total amount of each of such accounts, without contribution from one to another in the following order:

- (1) for payment of the balance of the lien of a First Mortgagee;
- (2) for payment of any amounts due and owing to the Landlord under the Lease, if any, for each Lot, including any accounts payable to the Landlord due to the sale of the improvements and assignment of the Leases;
- (3) for payment of taxes and special assessment liens in favor of any assessing entity;
- (4) for payment of unpaid Association assessments;
- (5) for payment of junior liens and encumbrancers in the order of and to the extent of their priority;
- (6) the balance remaining, if any, shall be paid to the Owner.

## ARTICLE XII

### CONDEMNATION

If at any time or times all or any part of the Properties shall be taken or condemned by any public authority or sold or otherwise disposed of in lieu of or in avoidance thereof, the following provisions of this Article shall apply:

(a) Proceeds. All compensation, damages or other proceeds therefrom, the sum of which is hereafter called the "Condemnation Award" shall be payable to the Association.

(b) Complete Taking.

(1) In the event that the entire Properties are taken or condemned, or sold or otherwise disposed of in lieu of or in avoidance thereof, the Condemnation Award shall be apportioned equally among the Owners, provided, however, that if a standard different from the value of the property as a whole is employed as the measure of the Condemnation Award and in the negotiation, judicial decree or otherwise, then in determining such shares, the same standard shall be employed to the extent it is relevant and applicable. Under the terms of the Leases, the Landlord is entitled to that portion of the award for each Lot which represents the value of the Lot unimproved. The Landlord shall be entitled to, and shall be paid, that portion of the award on each Lot in accordance with the terms of the Lease.

(2) On the basis of the principal set forth in the last preceding paragraph, the Association shall as soon as practicable determine the share of the Condemnation Award to which each Owner is entitled. Such shares shall be paid into separate accounts and disbursed as soon as practicable in the manner provided in Section 3(b) of Article XI of this Declaration, except that the landlord will receive payment in accordance with the provisions set forth above.

(c) Partial Taking. In the event that less than the entire Properties are taken or condemned, sold or otherwise disposed of in lieu of or in avoidance thereof, each Owner shall be entitled to a share of the Condemnation Award to be determined in the following manner. As soon as practicable, the Association shall reasonably and in good faith, allocate the Condemnation Award between compensation, damages or other proceeds and shall apportion the amount so allocated among the Owners as follows: (i) the total amount allocated to taking of or injury to the Common Area shall be apportioned equally among the Owners, (ii) the total amount allocated to severance damages shall be apportioned to those Lots which were not taken or condemned, (iii) the respective amounts allocated to the taking of or injury to a particular Lot and the improvements an Owner has made on or within his own Lot shall be apportioned to the particular Lot involved, and (iv) the total amount allocated to consequential damages and other takings or injuries shall be apportioned as the Association determines to be equitable in the circumstances. If the allocation of the Condemnation Award is already established in negotiations, judicial decree or otherwise, then in allocating the Condemnation Award the Association shall employ such allocation to the extent it is relevant and applicable. Except for the distribution to the Landlord, distribution of apportioned proceeds shall be disbursed as soon as practicable in the same manner provided in Section 3(b) of Article XI of this Declaration. The Landlord shall be entitled to that portion of the Award which represents the value of a Lot totally taken as unimproved, together with such amounts which are determined by negotiation or Court decree to represent the diminution of the value of the remaining Lots as unimproved caused by the partial taking. In the event a partial taking results in the taking of a complete Lot, the Owner thereof shall automatically ceased to be a member of the Association, shall cease to hold any right, title and interest in the remaining Common Area and shall execute any and all documents necessary to accomplish the same.

(d) Notification of Mortgagees. The Association shall notify each First Mortgagee and the Landlord of the commencement of condemnation proceedings and shall notify said mortgagees and Landlord in the event of the taking of all or any part of the Common Area.

### ARTICLE XIII

#### USE RESTRICTIONS

(a) The use of the Common Area shall be subject to the restrictions set forth in Article IV, Section 1, and to those restrictions hereinafter set forth.

(b) No use shall be made of the Common Area and/or the Lots which will in any manner violate the statutes, rules or regulations of any governmental authority having jurisdiction over the Common Area and/or the Lots.

(c) No Owner shall place any structure whatsoever upon the Common Area, nor shall any Owner engage in any activity which will temporarily or permanently deny free access to any part of the Common Area to all members.

(d) The use of the Common Area and the Lots shall be subject to such Rules as may be adopted from time to time by the Board of Directors of the Association.

(e) No use shall be made of the Common Area which will deny ingress and egress to those Owners having access to Lots only over Common Area and the right of ingress and egress to said Lots by vehicle and otherwise is hereby expressly granted.

(f) The Properties are hereby restricted to residential dwellings for residential use and uses related to the convenience and enjoyment of such residential use, and no buildings or structures Improvements shall be moved from other locations onto said premises. No structure of a temporary character, trailer, basement, tent, shack, garage; barn, or other outbuilding shall be used on any portion of the premises at any time as a residence either temporarily or permanently.

(g) No animals, livestock or poultry of any kind shall be raised, bred or kept on any Lot, except that dogs, cats or other household pets may be kept, provided they are not kept, bred or maintained for any commercial purpose and, provided further, that they are kept in compliance with the Rules.

(h) No signs, billboards, unsightly objects or nuisances shall be erected, placed or permitted to remain on the premises except as permitted by the State law. Nor shall the premises be used in any way or for any purpose which may endanger the health or unreasonably disturb any other Owner or any resident of the improvements constructed on a Lot. Further, no business activities of any kind whatever shall be conducted in any building or in any portion of the Properties. Provided, further, however, the Association, its agents, successors, and assigns shall be allowed to conduct reasonable business activities,

install reasonable signs and billboards and perform reasonable construction and maintenance of any areas or improvements which are the responsibility of the Association, its successors, and assigns in furtherance of its powers and purposes as herein set forth. All such action on the part of the Association shall not be in derogation of any Owner's right to full use and enjoyment of his Lot and the Common Area.

(i) All clothesline, equipment, garbage cans, service yards, piles or storage piles shall be kept screened by adequate planting or fencing so as to conceal them from view of neighboring streets and Lots. All rubbish, trash and garbage shall be regularly removed from the premises and shall not be allowed to accumulate thereon.

(j) Except in the individual fenced areas directly appurtenant to the improvements constructed on each Lot, no planting or gardening shall be done, no fences, hedges, walls, additions shall be erected or maintained upon said premises, except as are installed in accordance with the initial construction of the improvements located on the Properties or as approved by the Association's Board of Directors or their designated representatives. It is expressly acknowledged and agreed by all parties concerned that this paragraph is for the mutual benefit of all Owners, and is necessary for the protection of said Owners.

(k) The Association, or its duly delegated representative, shall maintain and otherwise manage all Common Areas, together with those items set forth in the Association's Rules, and shall maintain and otherwise manage and be responsible for the rubbish removal from all areas within the Properties, provided, however, that any agreement for professional management of the Common Area or any contract for providing services by the Association in regard to the Common Area shall provide that the same shall be terminable without cause on thirty (30) days written notice by either party and shall not be for a term in excess of one (1) year.

(l) No exterior television or radio antennas of any sort shall be placed, allowed or maintained upon any portion of the improvements to be located upon any Lot nor upon any structure situated upon any Lot, except as may be approved in writing by the Board of Directors of the Association or as may be required or permitted by federal, state or local law.

#### ARTICLE XIV

#### EASEMENTS

Section 1. Common Area. The easements over and across the Common Area shall be those shown, or provided, upon the recorded plat, and any supplements thereto, and such other easements as may be established pursuant to provisions of this Declaration, and as are dedicated on the plat.

Section 2. Encroachments. Each Lot and the Common Area shall be subject to an easement for encroachment onto adjoining Lots or the Common Area or encroachment of the Common Area onto any Lot for overhangs, which were constructed by the Camels Ridge Development Corporation, a Colorado corporation, and for any encroachment occurring thereafter as a result of settling or shifting of any

structure. A valid easement shall exist for setting encroachments and overhangs and for their maintenance and repair and replacement. If any structure is partially or fully destroyed and then rebuilt, minor encroachments of parts of the construction onto adjacent Lots or the Common Area due to construction shall be permitted, and 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 Lots and Common Area for the installation, replacing, repairing and maintaining all utilities, including but not limited to water, sewer, gas, telephones and electricity and a master television antenna system. By virtue of this easement, it shall be expressly permissible for the providing utility companies to erect and maintain the necessary equipment on the Properties and to affix and maintain water and sewer pipes, electrical telephone wires, circuits, conduits and meters on, in, above, across, through and under the roofs, walls and floors of structures on the lots.

Section 4. Easement for Maintenance. Each Lot and the Common Area shall be subject to an easement in the Association (including its agents, employees and contractors) for providing maintenance as required by this Declaration.

## ARTICLE XV

### ANNEXATION OF ADDITIONAL PROPERTY

Notwithstanding the provisions contained in Article XVI, Section 5, the Association hereby reserves the right to annex the real property, to be subject to this Declaration, by recording supplemental plat subdividing the said real property into Lots and subjecting said Lots to this Declaration. Said property may be annexed all at once or in phases. The Association will not be required to obtain the permission of its members to accomplish said annexation. At the time of annexation, the property will become subject to all of the terms and conditions of this Declaration.

## ARTICLE XVI

### GENERAL PROVISIONS

Section 1. Enforcement. The Association, or any Owner, shall have the right to enforce, by any proceeding at law 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 by any Owner to enforce any covenant or restriction herein contained 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 interest 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 the official deed or assignment of

Lease to any Lot, 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. Revocation and Amendment. This Declaration shall not be revoked nor shall any of the provisions herein be amended unless approved in writing by Owners representing at least sixty-seven percent (67%) of the Lots within the Properties, by the Landlord under the Leases on the Lots, and by the holders of any recorded First Mortgage or deed of trust affecting sixty-seven percent (67%) of the Lots, which amendment or revocation shall be effective when duly recorded; provided, however, that any amendment or revocation must comply with the Statutes of the State of Colorado and the ordinances of the City of Colorado Springs, Colorado, in existence at the time such amendment becomes effective, and further provided that this Declaration shall be automatically revoked in the event the term of the Lease and any extension thereof shall end or the Lease shall otherwise terminate.

Section 4. Water and Sewer Assessments. In addition to all assessments hereinabove provided for, the Association shall bill each Owner for water and sewer services. Should the individual Owners in the area be provided water and/or sewer services through master meters on a per unit basis, the Association shall bill each Owner for such services upon either a flat rate basis or such other basis as the Directors of the Association deem equitable. Funds paid to the Association by Owners as water and/or sewer assessments shall not be co-mingled with other Association funds. Upon failure to pay water and/or sewer assessments, the Association may, after such delinquency period as at may deem to be reasonable, terminate the water service to any individual Lot and such service shall not be restored until such past due assessments, together with any cost and fees in connection with the termination of services or resumption thereof, have been paid, or the Association may proceed against the property by filing a lien pursuant to the terms of Article V, Section 8.

In the event that the sewer or water services are provided through master meters, the Association shall enter an agreement with the governmental entity responsible for such services that in the event the Association is able to make partial payment for either water service or sewer services to the Properties, such partial payments will itemize those Lots for which such services are being paid and those Lots which are delinquent. The agreement shall provide that the governmental entity responsible for the water or sewer service will terminate service or impose such other legal penalties as the entity may have the right to use only with respect to delinquent lots as is evidenced by the itemized list furnished by the Association.

Section 5. Annexation. Additional residential property and Common Area may be annexed to the Properties with the consent of three-fourths (3/4's) of the Owners, and the approval of the holders of all First Mortgagees and the Landlord. Annexation, merger or consolidation, if any, will increase the number of members of the Association.

Section 6. Severability. Invalidation of any one or more of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

Section 7. Registration by Owner of Mailing Address. Each Owner shall register his mailing address with the Association, and except for monthly assessments and other routine notices, all other notices or demands intended to be served upon an Owner will be sent by either registered or certified mail, postage prepaid, addressed in the name of the Owner at such registered mailing address. All notices, demands or other notices intended to be served upon the Board of Directors of the Association shall be sent by certified mail, postage prepaid, to its registered agent as shown by the Colorado Secretary of State.

Section 8. Implied Consent. Notwithstanding any provision of the Declaration, if the consent or approval of a First Mortgagee is required hereunder, such consent or approval shall be assumed when a First Mortgagee fails to submit a response to any written proposal for an amendment or other consent within thirty (30) days after said First Mortgagee receives notice of the proposal, provided this notice was delivered by certified or registered mail with return receipt requested at the First Mortgagee's most recent address as shown on the recorded First Mortgage.

Section 9. Compliance with Law. The Declaration and the Association's Articles of Incorporation, Bylaws and Rules (collectively the "Association Documents") are intended to comply, to the extent applicable, with the requirements of the Colorado Common Interest Ownership Act as set forth in C.R.S., 38-33-117, the Colorado Revised Nonprofit Corporation Act, and any other applicable statute. If there is any conflict between the Association Documents and the provisions of any statute, the provisions of the statute shall control. In the event of any conflict between this Declaration and any other Association Document, this Declaration shall control.

Section 10. Amendment of Association Bylaws. The Association's Bylaws may be amended by the Association members at a duly constituted meeting for such purpose, and no amendment shall take effect unless approved by sixty-seven (67%) percent of the votes of Owners attending an Association meeting in person or by proxy, at which a quorum is present. The notice of such meeting shall contain a summary of the proposed changes, or a copy of such proposed changes.

IN WITNESS WHEREOF, the undersigned Association has executed this instrument this 15 day of October, 2008.

CAMELS RIDGE TOWNHOMES HOMEOWNERS ASSOCIATION  
a Colorado nonprofit corporation

By: Judith Ann Bray  
Judith Ann Bray

Its: President

STATE OF COLORADO     )  
  ) ss.  
COUNTY OF EL PASO     )

The foregoing instrument was acknowledged before me this 15 day of October, 2008, by Judith Ann Bray, as President of Camels Ridge Townhomes Homeowners Association.

Witness my hand and official seal.

My Commission Expires: 3-14-2012

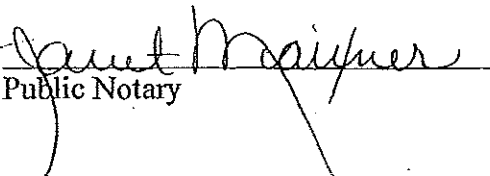
  
Public Notary

Exhibit A  
to  
Covenants, Conditions and Restrictions of Camels Ridge Townhomes

All of the real property described in Book 3461 at Pages 933-936 of the real property records of El Paso County, State of Colorado, including without limitation all of the Lots, Tracts, Common Areas, Private Roads and Easements shown in the Plat for Camels' Ridge – Kissing Camels Subdivision No. 8 recorded in Reception No. 540119 of said records and the Plat for Camels' Ridge No. 2 – Kissing Camels Subdivision No. 15 recorded in Reception No. 666863 of said records.

