

SPECIAL COVENANTS OF SKYLAND RIVER NEIGHBORHOOD

N D ENTERPRISES L.L.C
385 Country Club Drive
Crested Butte, Colorado 81224
Telephone: 970-349-6127
Telecopier: 970-349-6134

Prepared by:
Russell & Wilderson, P.C.
120 North Taylor
Gunnison, Colorado 81230

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OF
SKYLAND RIVER NEIGHBORHOOD

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SPECIAL COVENANTS

OF

SKYLAND RIVER NEIGHBORHOOD

THESE SPECIAL COVENANTS OF SKYLAND RIVER NEIGHBORHOOD is executed the 13th day of December, 1996, by N D Enterprises L.L.C., a Colorado limited liability company, hereafter termed "Declarant".

ARTICLE 1

STATEMENT OF PURPOSE OF DECLARATION

Section 1.1 Ownership of Property. Declarant is the owner of the real property ("Property") situate in Gunnison County, Colorado described as follows:

Skyland River Neighborhood as shown on the Amended Plat of Portions of Skyland, Initial Filing, filed January 3, 1997, with Reception No. 473132 of the records of Gunnison County, Colorado.

Section 1.2 Declaration of Special Covenants. Declarant hereby makes, declares and establishes the following covenants, restrictions and easements which shall affect the Property. These Special Covenants shall run with the Property and shall be binding upon all persons and entities having any right, title or interest in and to the Property or any lot, tract, unit or parcel thereof, their heirs, successors and assigns and their employees, guests and invitees and shall inure to and be for the benefit of a lot or unit within the Property.

Section 1.3 Common Interest Community. Declarant further declares the Property to be a Common Interest Community in accordance with the Colorado Common Interest Ownership Act.

Section 1.4 Statement of Purpose. These Special Covenants are imposed for the benefit of all Owners and future owners of lots, tracts, units and parcels located within the Property and to provide for the preservation of values of the Property and to preserve the covenants, easements, restrictions, assessments and liens hereafter set forth, all of which are for the benefit of the Property.

In construing the purposes of these Special Covenants, primary consideration shall be given to assure that the Property is utilized for Affordable Housing in the manner set forth in these Special Covenants, the Skyland River

Neighborhood Design Guidelines, the Declaration of Protective Covenants Skyland, Initial Filing, and the Amendments to Declaration of Protective Covenants Skyland, Initial Filing.

Section 1.5 Protective Covenants of Skyland. These Special Covenants are in addition to the Declaration of Protective Covenants Skyland, Initial Filing, recorded November 17, 1981 in Book 574 at page 141; the Supplement thereto recorded in Book 607 at page 672; and the Amendments thereto recorded January 3, 1997 at Reception No. 473133 of the records of Gunnison County, Colorado. At all times the Property shall be subject to and controlled by the Declaration of Protective Covenants Skyland, Initial Filing, the Supplement, and the Amendments as to Skyland River Neighborhood and nothing contained herein shall be construed to limit the applicability and enforceability of the same as to the Property.

ARTICLE 2 DEFINITIONS

The following terms and words shall have the following definitions:

Section 2.1 "Affordable Housing" shall mean Owner Occupied Affordable Housing and Tenant Occupied Affordable Housing under the terms and conditions of the Affordable Housing Guidelines as set forth in these Special Covenants.

Section 2.2 "Assessments" shall mean regular monthly, quarterly or annual assessments, special assessments or default assessments levied pursuant to the Association Documents to provide the funds required to meet the obligations of the Association.

Section 2.3 "Association" shall mean the River Neighborhood Association, a Colorado nonprofit corporation, or any successor thereof charged with the duties and obligations set forth herein.

Section 2.4 "Association Documents" shall mean these Special Covenants, the Articles of Incorporation and Bylaws of the Association, any amendments thereto, the Design Guidelines adopted by the Association, and any rules, regulations or policies adopted by the Association.

Section 2.5 "Board of Directors" or "Board" shall mean the Board of Directors of the Association duly elected and acting according to the Articles of Incorporation and Bylaws of the Association. The Board of Directors is also defined as an Executive Board by the Colorado Common Interest Ownership Act.

Section 2.6 "Building" shall mean any structure having a roof supported by columns or walls, or any similar type of Improvement situate and located within the Property.

Section 2.7 "Building Site" or "Building Envelope" shall mean the site, envelope or area within a Lot where the Buildings and other Improvements shall be located and as set forth on the Amended Plat of Portions of Skyland, Initial Filing.

Section 2.8 "Colorado Common Interest Ownership Act" shall mean the "Colorado Common Interest Ownership Act of the State of Colorado and being Section 38-33.3-101, et seq., Colorado Revised Statutes."

Section 2.9 "Common Interest Community" shall have the definition set forth in the Colorado Common Interest Ownership Act.

Section 2.10 "Declarant" shall mean N D Enterprises L.L.C., a Colorado limited liability company, its successors and assigns.

Section 2.11 "Design Guidelines" or "Skyland River Neighborhood Design Guidelines" shall mean those guidelines, rules and regulations adopted by the Board of Directors of the Skyland Community Association pertaining to Skyland River Neighborhood.

Section 2.12 "Design Review Committee" shall mean the Design Review Committee of Skyland Community Association.

Section 2.13 "Duplex Lot" shall mean a Lot so designated within Skyland River Neighborhood which shall be used solely for two Single-Family Residential Units with one Garage for each Unit and one additional parking space for each Unit

Section 2.14 "Family Residence" or "Single-Family Residence" shall mean a residence on any Lot or a Unit designed for occupancy by a single family. The term "family" shall mean one or more persons living together as a group whether or not related by marriage or by blood.

Section 2.15 "Garage" shall mean an attached accessory Building designed for the storage of not less than one motor vehicle. A motor vehicle shall mean an automobile, pickup truck, or similar four-wheeled vehicle.

Section 2.16 "Improvement" shall mean all buildings, structures, parking areas, loading areas, fences, walls, hedges, plantings, poles, driveways, ponds, lakes, recreational facilities, signs, decks, enclosures, changes in exterior color or shape, excavation, and all other site work including, without limitation,

grading, road construction, utility improvements, removal of trees or plantings, and any new exterior construction or exterior improvement constructed or completed on the Property.

Section 2.17 "Landscaping" shall mean planted areas and plant materials, including trees, shrubs, lawns, flower beds and ground cover.

Section 2.18 "Lot" shall mean any lot, tract or parcel of land in Skyland River Neighborhood.

Section 2.19 "Maintenance Fund" shall mean the fund created by Assessments and fees levied pursuant to this Declaration to provide the Association with funds it requires to carry out its duties hereunder.

Section 2.20 "Member" shall mean any person holding membership in the Association.

Section 2.21 "Mortgage" shall mean any mortgage, deed of trust or other document pledging a Lot or Unit or any interest therein as security for the payment of any indebtedness. "First Mortgage" shall mean any mortgage which is not subject to or junior to any lien or encumbrance, except liens for taxes and other liens which are given priority by statute.

Section 2.22 "Open Space" shall mean all of a Lot except only the Building Site and shall be limited to lawns, gardens, walkways, sidewalks, parking areas, driveways, and outdoor living and recreational space.

Section 2.23 "Owner" shall mean the record owner, whether one or more persons or entities, of fee simple title to any Lot or Unit; provided, however, that prior to the first conveyance of any Lot or Unit for value after this Declaration, the Owner shall mean the Declarant unless the Declarant has designated its successor in ownership of fee simple title to exercise the rights, duties and obligations of ownership.

Section 2.24 "Plat" shall mean the Amended Plat of Portions of Skyland, Initial Filing, as filed in the records of Gunnison County, Colorado, and as the same may be amended, enlarged or revised from time to time and affecting the Property.

Section 2.25 "Property" shall mean and include all of the property subject to this Declaration.

Section 2.26 "Quadrplex Lot" shall mean a Lot so designated within Skyland River Neighborhood which shall be used solely for four Single-Family

Residential Units with one Garage for each Unit and one additional parking space for each Unit.

Section 2.27 "Quadrplex Lot - Rental" shall mean a Quadrplex Lot within Skyland River Neighborhood designated for Tenant occupancy which shall be used solely for four Single-Family Residential Units, with two parking spaces for each Unit, and a storage area for each unit.

Section 2.28 "Single-Family Lot" shall mean a Lot so designated within Skyland River Neighborhood which shall be used solely for one Single-Family Residence together with a Garage and one additional parking space.

Section 2.29 "Skyland River Neighborhood" shall mean that portion of the Property designated as "Skyland River Neighborhood, on the Amended Plat of Portions of Skyland, Initial Filing."

Section 2.30 "Special Covenants" or "Special Covenants of Skyland River Neighborhood" shall mean these Special Covenants of Skyland River Neighborhood and as the same may hereafter be amended, modified or extended.

Section 2.31 "Triplex Lot" shall mean a Lot so designated within Skyland River Neighborhood which shall be used solely for two or three Single-Family Residential Units with one Garage for each Unit and one additional parking space for each Unit

Section 2.32 "Unit" shall mean any Single-Family Residence created by a condominium project, townhouse project, or townhome project on any Duplex Lot, Triplex Lot, or Quadrplex Lot.

ARTICLE 3 USE OF SKYLAND RIVER NEIGHBORHOOD

Section 3.1 Affordable Housing. Each Lot or Unit within Skyland River Neighborhood shall be used solely for Affordable Housing as set forth in these Special Covenants.

Section 3.2 Building Site Use. The Building Site of each Lot shall be used for the construction, erection and maintenance of all Buildings situate upon a Lot as provided in Article 4 of these Special Covenants.

Section 3.3 Open Space. The Open Space for each Lot shall be for the exclusive use of the Owner of the Lot or the Owners and/or Tenants of the Units of a Lot for their personal use and enjoyment, together with members of their

family and their guests. The Open Space may be utilized for the installation and maintenance of underground utilities.

Section 3.4 Subdivision of Single-Family Lots. No Single-Family Lot may be partitioned, subdivided nor in any manner divided into two or more tracts of land.

Section 3.5 Subdivision of Duplex Lots. A Duplex Lot may be subdivided into two separate units or parcels of land upon completion of the construction of the Units thereon and a certificate of occupancy being issued therefor without further requirements except for any required approvals by Gunnison County, Colorado.

Section 3.6 Subdivision of Triplex Lots. A Triplex Lot may be subdivided into two or three separate units or parcels of land upon completion of the construction of the Units thereon and a certificate of occupancy being issued therefor without further requirements except for any required approvals by Gunnison County, Colorado.

Section 3.7 Subdivision of Quadraplex Lots. A Quadraplex Lot, except only a Quadraplex Lot - Rental, may be subdivided into four separate units or parcels of land upon completion of the construction of the Units thereon and a certificate of occupancy being issued therefor without further requirements except for any required approvals by Gunnison County, Colorado.

ARTICLE 4 USE OF LOTS AND UNITS

Section 4.1 Residential Use. All Lots and Units shall be used exclusively for residential purposes. No additional Buildings, Improvements, or usage shall be permitted except as authorized by these Special Covenants and the Design Guidelines.

Section 4.2 Building Site. All Buildings shall be situate within the Building Site of the Lot.

Section 4.3 Garage. One Garage shall be required for each Single-Family Lot, each Unit on a Duplex Lot, each Unit on a Triplex Lot, and each Unit on a Quadraplex Lot, except a Quadraplex Lot - Rental.

Section 4.4 Approval of Buildings. No Buildings or Residences shall be constructed on any Lot except only in accordance with the Design Guidelines and as approved by the Design Review Committee.

Section 4.5 No Commercial Use. No commercial or business enterprise of any nature shall be allowed or permitted on any Lot or within any Unit; provided, however, that the Owner of a Lot or Unit may be permitted to conduct an in-home executive office or an in-home occupation, artistic or literary activity on a Lot or within a Unit upon the prior approval by the Design Review Committee as to such occupation or activity. No such occupation or activity shall be approved by the Design Review Committee which would create a visual, sound or traffic nuisance. Any such occupation or activity shall be subject to a reasonable limitation as to the number of persons and the number and type of motor vehicles involved in such occupation or activity. Certain in-home activities may require a Land Use Change Permit from Gunnison County.

Section 4.6 Non-Rental. No residence upon any Lot, Duplex Lot, Triplex Lot, or Quadraplex Lot, (not including a Quadraplex Lot - Rental) may be rented or leased in whole or in part to any person or persons. A Quadraplex Lot - Rental may be rented or leased.

ARTICLE 5 DESIGN REVIEW AND APPROVAL

Section 5.1 Review and Approval. No Single-Family Residence, Building or Improvement shall be commenced, constructed, erected, maintained, altered or changed upon any Lot, nor shall any Landscaping or fencing be accomplished, nor shall any exterior addition, change or alteration be made, until the plans and specifications therefor have been submitted to and approved in writing by the Design Review Committee.

Section 5.2 Submission Requirements. Prior to the commencement of any such construction or the accomplishment of any items requiring the approval of the Design Review Committee, an application, together with all plans and documents, for such Single-Family Residence, Building, Improvement or item shall be submitted to the Design Review Committee for approval in accordance with the requirements of the Design Guidelines.

Section 5.3 Limitation of Liability. The Design Review Committee shall use reasonable judgment in approving or disapproving all plans and specifications submitted to it for review and approval. Neither the Design Review Committee, nor any individual Member thereof, shall be liable to any person for any official act of the Design Review Committee in connection with the submittal of any plans and specifications for approval, except only to the extent that the Design Review Committee, or any individual member thereof, acted with malice or wrongful intent.

Section 5.4 Building Permit. In addition to the approval requirements by the Design Review Committee, each Owner is responsible for obtaining all approvals, licenses and permits as may be required by Gunnison County, Colorado and any entity or district having jurisdiction over the Lot or Unit prior to the commencement of construction.

Section 5.5 Variances. The Design Review Committee may grant variances as to the design criteria set forth in the Design Guidelines.

Section 5.6 Approval of Gunnison County, Colorado. In addition to the approval of the Design Review Committee, any subdivision of a Duplex Lot, Triplex Lot, or Quadraplex Lot and the creation of a condominium project, townhouse project, townhome project, cooperative project, or other development project thereon shall require the approval of Gunnison County, Colorado.

Section 5.7 Design Guidelines. All residences, Buildings or Improvements constructed on any Lot shall be in accordance with the Design Guidelines adopted and then in effect by the Skyland Community Association pertaining to the Skyland River Neighborhood.

ARTICLE 6 AFFORDABLE HOUSING GUIDELINES

Owner Occupied Affordable Housing

Section 6.1 Definition: Owner Occupied Affordable Housing in the Skyland River Neighborhood is housing limited to a narrow segment of the market by deed restriction. The intended beneficiaries for such housing are those people who cannot afford fair market sale prices for housing and who live and primarily work in the Skyland Community.

Section 6.2 Rationale. The rationale to create Owner Occupied Affordable Housing, by deed restriction, is to serve one of the many segments of the Skyland Community and the surrounding area that need affordable housing. Such housing is for people who desire to purchase Lots or Units for long-term housing in the Skyland River Neighborhood and who will contribute to the Skyland Community. Studies have demonstrated that affordable housing is needed in the Skyland Community and that most persons prefer to own their own home when they can afford to do so.

Section 6.3 Qualifications for Ownership. To qualify for and be eligible to purchase Owner Occupied Affordable Housing, a person must be a current resident within Gunnison Watershed School District RE1J and meet the following additional criteria:

Eligibility Qualifications

<u>Category</u>	<u>Residency Within RE1J School District</u>	<u>Own Other Real Estate</u>	<u>Minimum Earned Income in RE1J School District</u>	<u>Owner Occupied</u>	<u>Employed at Skyland</u>
1	Current Resident	no	80%	yes	required
2	5 of past 7 yrs	no	80%	yes	priority
3	3 of past 4 yrs	no	80%	yes	priority
4	6 mos of past 3 yrs	no	80%	yes	priority

For the purpose of Category 1, a current resident is any person who currently resides or is establishing residency within the Gunnison Watershed School District RE1J. For Categories 2, 3, and 4, a current resident who is any person who has resided within Gunnison Watershed School District RE1J for 8 out of the past 12 months and meets the residency requirements. A person shall be considered to be employed at Skyland if either the eligible person or his or her spouse are employed at Skyland.

Section 6.4 Process. Persons eligible for Category I will be given the first opportunity to demonstrate that they qualify to purchase an affordable Lot or Unit. If not enough applicants meet the eligibility qualifications of Category 1, persons eligible in Category 2 will be given the next chance to qualify for an affordable Lot or Unit. If not enough applicants meet the eligibility qualifications of Category 2, persons eligible in Category 3 will be given the next chance to qualify for an affordable Lot or Unit. If not enough applicants meet the eligibility qualifications of Category 3, persons eligible in Category 4 will be given the next chance to qualify for an affordable Lot or Unit. All persons eligible in Categories 1, 2, 3 and 4 may qualify at the time of the initial offering or at any time thereafter.

Section 6.5 Income. 80% of all income of an applicant must be "earned income" earned within the boundaries of Gunnison Watershed School District RE1J. "Earned income" shall be as defined by the Internal Revenue Service, currently Internal Revenue Code Section 32(c)(2) and as the same may be subsequently amended.

Section 6.6 Determination by Association. The Skyland Community Association or its designee, shall be the responsible entity to determine which applicants meet the criteria for eligibility. The Skyland Community Association shall not be liable to any applicant or other person or entity for any such determination made in good faith.

Section 6.7 Sale of Real Estate. Applicants who currently own real estate must utilize their best efforts to sell any owned real estate to an unrelated person or legal entity in which the applicant has no ownership interest for not less than the fair market value prior to the closing of the purchase of Owner Occupied Affordable Housing. Provided, however, if an applicant owns a 50% or less undivided interest in real estate, he or she may convey that interest to the joint owner(s) with or without receiving consideration. If any owned real estate is not sold by the applicant prior to the time the applicant would close on the purchase of Owner Occupied Affordable Housing, the applicant will be ineligible to purchase the Owner Occupied Affordable Housing and may not close on the purchase thereof. The seller of the Owner Occupied Affordable Housing, at its sole option, may delay a closing for not more than 60 days to allow the applicant time to sell any owned real estate or to immediately void the contract to sell to that applicant and to then enter into a new contract to sell to another qualified applicant. Not more than one Owner Occupied Affordable Housing Unit or Lot may be owned by the same person, either as a sole owner or as a joint tenant or tenant in common, nor may such person's spouse own another Owner Occupied Affordable Housing Unit or Lot.

Section 6.8 Maximum Income Limits. There shall be no maximum income limits for applicants.

Section 6.9 Asset Limits. There shall be no asset limits for applicants.

Section 6.10 Co-Borrowers.

6.10.1 Co-borrowers, such as parents helping a dependent, are permitted so long as the person who meets the Qualifications for Ownership is the record owner of the property.

6.10.2 The co-borrower's name may be on the title only if the lender requires both the purchaser and the co-borrower to be grantees for the conveyance of the Owner Occupied Affordable Housing.

6.10.3 The name of the married spouse of the person qualifying as provided in Section 6.3 above may be listed as an additional grantee on the conveyance of the property so long as the qualifying person is also a record owner.

6.10.4 If title to Owner Occupied Affordable Housing is conveyed solely to the co-borrower or the applicant's spouse, the property must be relinquished unless the co-borrower or his or her spouse meet the Qualifications for Ownership. This requirement may be waived by the Skyland Community Association for good cause shown. Co-borrowers who do not meet the Qualifications for Ownership and to whom title is transferred may not occupy or rent the Owner Occupied Affordable Housing at any time.

Section 6.11 Deadline for Building. Owners who have purchased a vacant Owner Occupied Affordable Housing Lot must obtain a certificate of occupancy for a residence constructed thereon not later than 24 months after the date of conveyance of title of the Lot to such person. Any owner who fails to comply with this requirement shall immediately sell their ownership interest in such Lot to a qualified person.

Section 6.12 Establishing the Qualifications for Ownership. In order to determine that a person or a husband and wife desiring to purchase an Owner Occupied Affordable Housing property meet all of the Qualifications for Ownership, the Skyland Community Association shall confirm the Qualifications for Ownership by all or any combination of the following documentation as proof of residency and income:

6.12.1 Individual federal income tax returns for the prior five years.

6.12.2 Wage and Tax statements for the prior five years.

6.12.3 Landlord verification (proof of residency by physical address).

6.12.4 Copy of valid Colorado driver's license.

6.12.5 Vehicle registration.

6.12.6 Voter registration.

6.12.7 Other verification deemed appropriate by the Association, (i.e wage stubs or employer name, address, and phone number).

Section 6.13 Sales Procedures.

6.13.1 Procedure for Initial sales.

6.13.1.1 When the declarant is ready to sell Owner Occupied Affordable Housing Lots or Units, the declarant or its successor in interest shall place an announcement in the legal publications section of the then official newspaper of the Town of Crested Butte, Colorado and/or the Town of Mt. Crested Butte, Colorado, announcing the following:

6.13.1.1.1 The number of, addresses and types of the Owner Occupied Affordable Housing Lots or Units that will be for sale beginning on _____ (Date)_____.

6.13.1.1.2 Those persons meeting the Qualifications for Ownership in any of Categories 1, 2, 3, or 4 of Section 6.3 above may make an offer on the Lots or Units for a period of 30 days following the date of publication of the notice.

6.13.1.1.3 The offer shall be addressed to the Skyland Community Association at the address set forth in the announcement.

6.13.1.2 Persons meeting Categories 1, 2, 3 or 4 eligibility as set forth in Section 6.3 above, may make an offer on any type of Owner Occupied Affordable Housing Lots or Units (whether Single-Family, Duplex, Triplex or Quadraplex) during the 30 days following publication of the notice. A representative of the seller with authority to enter into a contract shall be available during this 30 day period.

6.13.1.3 In the event that contracts to purchase all of the Owner Occupied Affordable Housing Lots or Units are not executed as a result of the initial offering, the declarant, or its successor in interest, may continue to place announcements of the availability of Owner Occupied Affordable Housing Lots or Units until all of the Owner Occupied Affordable Housing Lots or Units have been sold.

6.13.1.4 In the event that the number of persons who qualify in each Category exceed the number of available Lots or Units and/or the types of Units, then qualified persons will be chosen by lottery within each Category and for each type of Unit. The names of all qualified persons will be drawn, assigned a number and placed in that order by priority of eligibility within each Category. All eligible persons will be given the opportunity to purchase the Lot or Unit of their choice in the order drawn. Eligible persons who are not

successful in the purchase of a Lot or Unit shall be placed on a waiting list by priority of eligibility within each Category.

6.13.2 Procedure for sales after the initial sales. The Owner Occupied Affordable Housing Lots may be sold only to persons meeting the eligibility requirements of Categories 1, 2, 3 or 4 in Section 3 above. There shall be no priority of eligibility as to the various Categories.

Section 6.14 Deed Restriction. Each Owner Occupied Affordable Housing Lot or Unit within Skyland River Neighborhood shall be deed restricted by an instrument recorded in the records of Gunnison County, Colorado immediately following the recording of these Special Covenants and prior to the conveyance of any Lot or Unit within the Skyland River Neighborhood in the form set forth on attached Exhibit A.

Tenant Occupied Affordable Housing

Section 6.15 Definition. Tenant Occupied Affordable Housing in Skyland River Neighborhood is limited by deed restriction to persons who desire to lease Tenant Occupied Affordable Housing in the Skyland River Neighborhood and who may move at a later date to other housing that better suites their needs as their needs may change. The target group are residents who work at Skyland, either full time or part time, and who desire to rent a Unit in a Quadraplex Lot - Rental. To the extent that Units remain available within each Category to persons other than those who work at Skyland, either full time or part time, such Units shall further be available, in priority, to the Categories of persons set forth in Section 6.17.

Section 6.16 Qualifications. To qualify for and be eligible to lease Tenant Occupied Affordable Housing, a person must be a current resident within Gunnison Watershed School District RE1J and meet the following minimum criteria:

Eligibility Qualifications

<u>Category</u>	<u>Residency Within RE1J School District</u>	<u>Own Other Real Estate</u>	<u>Minimum Earned Income in REIJ School District</u>	<u>Live on Site</u>	<u>Employed at Skyland</u>
1	Current Resident	no	80%	yes	required
2	5 of past 7 yrs	no	80%	yes	priority
3	3 of past 4 yrs	no	80%	yes	priority
4	6 mos of past 3 yrs	no	80%	yes	priority

For the purpose of Category 1, a current resident is any person who currently resides or is establishing residency within the Gunnison Watershed School District RE1J. For Categories 2, 3, and 4, a current resident who is any person who has resided within Gunnison Watershed School District RE1J for 8 out of the past 12 months and meets the residency requirements. A person shall be considered to be employed at Skyland if either the eligible person or his or her spouse are employed at Skyland.

Section 6.17 Eligibility. Eligibility in Category 1 shall be given to any person who is, or whose spouse is, an employee of (1) the Association; (2) the Skyland Metropolitan District or the East River Regional Sanitation District; (3) the owner and/or operator of the Club House Tract and Golf Course Tract at Skyland; or (4) is employed by any other person or entity within Skyland or works within Skyland. Eight Tenant Occupied Affordable Housing Units will be constructed on the Quadraplex Lots - Rental. At any time there are less than eight Units occupied by the above Category of persons, any Unit that becomes available will be offered to other qualified persons on the waiting list for Tenant Occupied Affordable Housing in priority by Category.

If such designated person is no longer employed by an employer within Skyland, such employee must vacate the Unit within ninety days of ceasing to be so employed. Such person's Unit will then become available for lease to the next qualified person by category on the waiting list and then in descending order to the next such qualified person. If no such person desires the lease the Unit, it will then become available to the next person on the waiting list in priority by the Categories. Provided, however, that if at the time the designated person occupying the Unit still meets the eligibility requirements by a category, and there is no qualified employee on the waiting list, such person may continue to occupy the Unit until a qualified person or persons are placed on the waiting list, in which event the designated person must vacate the Unit within ninety days of being notified that there is a qualified person on the waiting list.

Section 6.18 Renewals. The tenants of all Units must requalify each year when leases are renewed.

Section 6.19 Initial Lottery.

6.19.1. On or before the time that the Tenant Occupied Affordable Housing Units will be available for lease, the owner of such Tenant Occupied Affordable Housing Units will place an announcement as to the availability for lease of such Units in the same manner as provided in Section 6.14.1.

6.19.2 All persons meeting the eligibility requirements for Tenant Occupied Affordable Housing shall submit their names and qualifications within 30 days following the last publication of such notice.

6.19.3 The Tenant Occupied Affordable Housing Units will then be chosen by Lottery within each Category and by priority of Category. After the first eight persons (or the number of persons that there are housing Units) have been identified for Units, the names of all other persons entered in the initial Lottery will also be drawn, assigned a number and placed in that order on the waiting list by priority of eligibility within each category. If any of the chosen persons in the Lottery cannot use the Unit for any reason, the next person on the waiting list will be notified that the Unit is available. This process will continue until all Units are leased. If there are persons on the waiting list when all Units are leased, the Skyland Community Association will maintain the waiting list for future use when a Unit becomes available for lease.

Section 6.20 Follow-up Lottery. Follow-up Lotteries will occur when the waiting list is less than five, and all persons chosen for the subsequent waiting list will have their appropriate priority after the initial Lottery waiting list.

Section 6.21 Process. Persons eligible for Category 1 will be given the first chance to demonstrate to the Association that they qualify to occupy a Unit. If not enough applicants meet the eligibility qualifications of Category 1, applicants eligible in Category 2 will be given the next chance to qualify for a Unit. If not sufficient applicants meet the eligibility qualifications of Category 2, applicants eligible in Category 3 will be given the next chance to qualify for a Unit. If not sufficient applicants meet the eligibility qualifications of Category 3, applicants eligible in Category 4 will be given the next chance to qualify for a Unit.

Section 6.22 Determination by Association. The Association will decide which applicants meet the criteria for eligibility.

Section 6.23 Sale of Real Estate. Applicants who are the owners of developed real estate must list and sell the real estate prior to occupying a Tenant Occupied Affordable Housing Unit. If the real estate is not sold by the time occupation of the Unit the applicant becomes ineligible to lease the Unit and shall not occupy the Unit. The next person on the waiting list shall be notified and, after qualifying, may rent the Unit.

Section 6.24 Undeveloped Residential Real Estate. Applicant owners of undeveloped residential real estate are eligible for Categories 3 and 4. Applicant owners of undeveloped residential real estate are not eligible for Categories 1 and 2.

Section 6.25 Maximum Income Limits. There shall be no maximum income limits for applicants.

Section 6.26 Asset Limits. There shall be no asset limits for applicants.

Section 6.27 Income. 80% of all income of an applicant must be "earned income" earned within the boundaries of Gunnison Watershed School District RE1J. "Earned income" shall be as defined by the Internal Revenue Service, currently Internal Revenue Code Section 32(c)(2) and as the same may be subsequently amended.

Section 6.28 Proof of Initial Qualifications for Tenant Occupied Affordable Housing Unit. In order to determine that a person or a husband and wife desiring to lease a Tenant Occupied Affordable Housing Unit meets all of the qualifications for leasing, the Association shall confirm the Qualifications for Ownership by all or any combination of the following documentation as proof of residency and income source:

6.28.1 Federal income tax returns for the last two years, Forms 1040.

6.28.2 Wage and Tax Statements for the last previous five years, Form W2.

6.28.3 Other verification of employment in Gunnison County, (i.e wage stubs or employer name, address, and phone number);

6.28.4 Landlord Verification (proof of residency by physical address).

6.28.5 Copy of valid Colorado driver's license.

6.28.6 Vehicle registration.

6.28.7 Voter registration.

Section 6.29 Timetables.

6.29.1 An occupant of a Unit must vacate the Unit within ninety days of the date that notice is given by the Skyland Community Association that the occupant is no longer eligible to occupy the Unit or within ninety days of the date that the occupant gives notice that he or she intends to vacate the Unit.

6.29.2 Once a person on the waiting list is notified that a Unit is available, he or she must occupy the Unit within 40 days of the date that the Unit becomes available for occupancy.

Section 6.30 Minimum Criteria for Tenant Occupied Affordable Housing. All Tenant Occupied Affordable Housing shall meet the following minimum criteria:

6.30.1 All Tenant Occupied Affordable Housing Units shall at all times be maintained in a clean and orderly condition and in accordance with the terms of the Lease and the Rules and Regulations attached to such Lease.

6.30.2 Maximum occupancy shall not exceed two persons per bedroom.

6.30.3 The Association shall develop additional rules and regulations for the occupancy of all Tenant Occupied Affordable Housing Units.

Section 6.31 Deed Restriction. Each Tenant Occupied Affordable Housing Unit within Skyland River Neighborhood shall be deed restricted by an instrument recorded in the records of Gunnison County, Colorado immediately following the recording of these Special Covenants and prior to the lease of any Unit in the form set forth on attached Exhibit B.

General Conditions

Section 6.32 Skyland Community Association. The Skyland Community Association has been designated to administer these Affordable Housing Guidelines; to establish and determine eligibility for all Owner Occupied Affordable Housing and Tenant Occupied Affordable Housing within the Skyland River Neighborhood; to establish rules and regulations for the ownership or occupancy of any property within the Skyland River Neighborhood; to enforce all of the terms and conditions of the Affordable Housing Guidelines; and in general to administer and regulate the ownership and occupancy of all Lots and Units within Skyland River Neighborhood. The Board of Directors of the Skyland Community Association shall have complete discretion in its administration and interpretation of the Affordable Housing Guidelines and may, in its discretion, appoint a committee, manager or designated agent to administer the Affordable Housing Guidelines for the Skyland Community Association.

Section 6.33 Limitation of Liability. Neither the Skyland Community Association, its Board of Directors, Members, committees, manager or designated agent shall be subject to any liability by any person in its administration, regulation,

interpretation and enforcement of these Affordable Housing Guidelines. Every owner and occupant of any property within the Skyland River Neighborhood by the submission of any application for Owner Occupied Affordable Housing or Tenant Occupied Affordable Housing hereby waives and releases the Skyland Community Association, its officers, Board of Directors, Members, committees, managers or designated agents from any and all liability in the performance of its duties under these Affordable Housing Guidelines.

Section 6.34 Amendment. Notwithstanding Section 11.2 of these Special Covenants, this Article 6 may be amended by the Skyland Community Association in the manner set forth in this Section as experience with Affordable Housing Guidelines and changing conditions may require amendments or revisions in the future. The procedure to amend the Affordable Housing Guidelines set forth in this Article 6 is as follows:

6.34.1 The Board of Directors shall prepare the proposed amendments to these Affordable Housing Guidelines for approval.

6.34.2 The Skyland Community Association shall schedule a public hearing on the amendments to these Affordable Housing Guidelines at the office of the Skyland Community Association.

6.34.3 Written notice of such public hearing and a copy of the proposed amendments shall be sent by registered or certified mail, return receipt requested, to the owners of all lots, tracts or units within Skyland not less than twenty days prior to the date of such public hearing.

6.34.4 One legal notice of such public hearing shall be published in the newspaper that is the designated official newspaper of the Town of Crested Butte, Colorado not less than ten days prior to the date of the public hearing.

6.34.5 The Skyland Community Association shall deliver a copy of the proposed amendments to these Affordable Housing Guidelines to the Board of County Commissioners of Gunnison County, Colorado for their review and approval and shall obtain the written approval of the Board of County Commissioners of Gunnison County, Colorado.

6.34.6 Following the public hearing and the approval of the Board of County Commissioners of Gunnison County, Colorado, the Board of Directors of the Skyland Community Association shall adopt the amendments to these Affordable Housing Guidelines and such amendments shall then become immediately effective.

Section 6.35 Application Fee. The Skyland Community Association shall charge a reasonable application fee, as determined by that Association, to process each application for affordable housing.

ARTICLE 7 ANIMALS

Section 7.1 Dogs. The Owner of a Lot and the Owner of a Unit within a Duplex Lot, Triplex Lot and Quadraplex Lot may keep and maintain one dog subject to the following conditions:

7.1.1 Any dog shall be confined to the Lot or Unit or attached to a leash or other suitable control device.

7.1.2 The Owner shall at all times be personally liable and responsible for all actions of any dog and any damage caused by the dog.

7.1.3 No dog shall create a nuisance nor noise problem within Skyland River Neighborhood.

7.1.4 The Owner of a dog shall be personally responsible and liable for the cleanup of any excrement left by a dog within Skyland River Neighborhood or Skyland, Initial Filing.

Section 7.2 Tenant Occupied Affordable Housing. No tenant of a Unit on a Quadraplex Lot - Rental may have a dog and no dog shall be allowed on or within a Quadraplex Lot - Rental.

Section 7.3 Other Animals and Pets. Except only as specifically restricted in Section 7.1 and Section 7.2 above, other animals and pets may be kept or maintained by any Owner or tenant in accordance with the Declaration of Protective Covenants of Skyland, Initial Filing, then in force.

ARTICLE 8 RIVER NEIGHBORHOOD ASSOCIATION

Section 8.1 Government of Association. River Neighborhood Association, a Colorado nonprofit corporation, shall be governed by and shall exercise all of the duties, privileges and obligations set forth in this Article, and the Articles of Incorporation and Bylaws of the Association.

Section 8.2 Members. Each Owner of a Lot or Unit shall be a Member of the Association. No Owner, whether one or more persons or entities,

shall have more than one membership per Lot or Unit owned by such Owner, but all persons owning each Lot or Unit shall be entitled to the rights of membership and the use and enjoyment appurtenant to the ownership of each Lot or Unit.

Section 8.3 Termination of Membership. The right of membership in the Association and the status as a Member shall terminate upon the termination of status as an Owner of a Lot or Unit Upon conveyance, sale or assignment of the Owner's interest, the selling Owner shall be relieved of liability for Assessments levied from and after the date of such sale or conveyance; provided, however, that no such sale or conveyance of any ownership shall relieve an Owner of liability arising prior to the date of such sale or conveyance.

Section 8.4 Voting Rights. All Owners within the Skyland River Neighborhood shall be Members of the Association. Each Lot or Unit shall be entitled to one vote in the Association. The one vote for each Lot or Unit shall be exercised by the Owner and when more than one person or entity holds an interest in a Lot or Unit, the vote for the Lot or Unit shall be exercised as the Owners may determine among themselves, but the vote for the Lot or Unit shall be cast by only one person.

Section 8.5 Compliance with Documents. Each Owner shall abide by and have the benefit from the provisions, covenants, conditions and restrictions contained in the Association Documents.

Section 8.6 Rules and Regulations. The Association shall from time to time adopt, amend and repeal rules and regulations to be known as the "Skyland River Neighborhood Rules and Regulations" governing Skyland River Neighborhood.

Section 8.7 Roads, Streets and Utility Easements. The Association, for and on behalf of the Owners and Tenants of the Lots and Units within Skyland River Neighborhood, shall be solely responsible for the proper maintenance of all private roads, streets, drives, access ways and easements, including the resurfacing, grading, drainage and snow removal thereof and including any construction or maintenance after the initial construction by the Declarant and the installation, construction and maintenance of the water and sewer lines within Skyland River Neighborhood after the initial construction by the Declarant. Provided, however, that if at any future time the Skyland Metropolitan District notifies the Association that it desires to accept a dedication of all of the private roads, streets, drives, access ways, easements and water and sewer lines within Skyland River Neighborhood and the maintenance, repair and snow removal thereof, the Association shall immediately convey to the Skyland Metropolitan District all roads, streets, access ways, easements and water and sewer lines within Skyland River Neighborhood.

Section 8.8 Maintenance of Units. The Association shall have final responsibility for the maintenance, upkeep, appearance, repairs and condition of the exterior of all Buildings situate on any Duplex Lot, Triplex Lot, or Quadraplex Lot within Skyland River Neighborhood and the lawns, yards, and Landscaping thereon. To the extent that the Owner of any such Lot, or the Units located thereon, or any association formed to administer the Units on any such Lot fails to so maintain and keep in good repair all Buildings, structures, lawns, yards, and Landscaping on such Lots, the Association shall give immediate written notice of such defective conditions to the appropriate Owner or Owners and set forth the required repairs or maintenance that needs to be accomplished by such Owner or Owners. If the Owner or Owners of such Lots fail to accomplish such repairs or maintenance within 30 days from the date of such written notice by the Association, unless a longer period of time is granted by the Association due to adverse weather conditions, the Association shall immediately accomplish such repairs and/or maintenance at the cost of such Owner or Owners. If such Owner or Owners fail to pay the Association the cost of such repairs or maintenance within 30 days from the date of being presented with an itemized invoice therefore, the Association shall have the power to place a lien upon such Lots in the manner provided in Article 9 of these Special Covenants.

ARTICLE 9 MAINTENANCE ASSESSMENTS

Section 9.1 Creation of Lien. Each Owner of any Lot or Unit, by acceptance of a Deed therefor, whether or not it shall be so expressed in any Deed, is deemed to covenant and agree to pay to the Association: (1) all Regular Assessments or charges; (2) any Special Assessments or charges; and (3) any Default Assessments or charges which shall include any mandatory repairs or maintenance as provided in Section 8.8 of these Special Covenants; all of which shall be fixed, established and collected as determined by the Association. The Regular, Special and Default Assessments, together with interest, costs and reasonable attorneys' fees, shall be a charge and continuing lien upon the Lot against which each such Assessment is made until paid. Each such Assessment, together with interest, costs and reasonable attorneys' fees, shall be the personal obligation of the Owner of such Lot or Unit at the time when the Assessment became due.

Section 9.2 Purpose of Assessments. The Assessments levied by the Association shall be limited to and used exclusively for the following:

9.2.1 The maintenance and improvement of any Open Spaces including the construction, repairs and maintenance of all facilities contained within the Open Spaces.

9.2.2 The maintenance, repairs, snow removal and improvement of any private road or street within the Property.

9.2.3 Any maintenance, repair or improvement required to be made by any Owner to any Improvement on any Lot or Unit which the Owner fails to do.

9.2.4 Any costs and expenses pertaining to the operation of the Association in the performance of its duties.

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

Section 9.3 Regular Assessments. The Board of Directors shall prepare a budget prior to the beginning of each fiscal year of the Association and not less than thirty days prior to the commencement of each fiscal year, the Board shall adopt a final budget and shall determine, levy and assess the Association's Regular Assessments for the following year.

Section 9.4 Special Assessments. In addition to the Regular Assessments set forth in Section 9.3 above, the Board of Directors may levy, in any fiscal year, one or more Special Assessments for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, repair or replacement within or upon any private roads or to make up any shortfall in the current year's budget. Notice of the amount and due dates for such Special Assessments shall be sent to each Owner at least thirty days prior to the due date.

Section 9.5 Assessment for Each Lot. All Regular and Special Assessments shall be apportioned and allocated equally among all Lots and Units.

Section 9.6 Default Assessments. Any expense of the Association which is the obligation of an Owner or which is incurred by the Association on behalf of the Owner, shall be a Default Assessment and shall become a lien against such Owner's Lot or Unit and may thereafter be foreclosed or otherwise collected as provided herein. Notice of the amount and due date of such Default Assessment shall be sent to the Owner subject to such Assessment at least thirty days prior to the due date.

Section 9.7 Nonpayment of Assessments. Any Assessment, whether Regular, Special, or Default, which is not paid within thirty days of its due date shall be deemed delinquent. In the event that any Assessment becomes delinquent, the Association, in its sole discretion, may take any or all the following actions:

9.7.1 Assess a late charge of not more than 10% of the amount due and owing per each delinquency.

9.7.2 Assess an interest rate charge from the date of delinquency at a rate four points above the base rate or prime rate charged by the Association's bank, or such other rate as shall be established by the Board of Directors.

9.7.3 Suspend the voting rights of the Owner during any period of delinquency.

9.7.4 Bring an action against any Owner personally obligated to pay the delinquent Assessment

9.7.5 File a Statement of Lien with respect to the Lot or Unit and foreclose such lien in the manner hereafter set forth. The Association may file a Statement of Lien by recording with the Clerk and Recorder of Gunnison County, Colorado, a written statement with respect to the Lot or Unit, setting forth the name of the Owner, the legal description of the Lot or Unit, the name of the Association and the amount of the delinquent Assessments then owing, which Statement of Lien shall be signed and acknowledged by the President, Vice President or Secretary of the Association and which shall be sent by certified mail, postage prepaid, to the Owner of the Lot or Unit at the latest address the Association may have in its records as to the Owner. Thirty 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. Such Statement of Lien shall secure all Assessments accruing or assessed subsequent to the date of recording of such Statement of Lien until the same have been satisfied and released, together with the Association's attorneys' fees and cost incurred in the preparation and recording of such Statement of Lien and any release thereof. In any action for the payment or foreclosure of such Assessment, the Association shall be entitled to recover as part of the action, the interest, costs and reasonable attorneys' fees with respect to the action.

9.7.6 The Statement of Lien shall be superior to all other liens and encumbrances on such Lot or Unit, except only any tax and assessment liens levied by any government entity and the lien of any First Mortgage. Provided, however, at all times the lien of the Association shall have priority and status over any other lien or Mortgage as provided by the Colorado Common Interest Ownership Act, as it now exists and as it may hereafter be amended.

Section 9.8 Successor's Liability for Assessment. In addition to the personal obligation of each Owner of a Lot or Unit to pay all Assessments and the Association's lien on a Lot or Unit for such Assessments, all successors to the ownership of a Lot or Unit shall be jointly and severally liable with the prior Owner for any and all unpaid Assessments, interest, costs, expenses and attorneys' fees against such Lot or Unit.

ARTICLE 10 ENFORCEMENT OF COVENANTS

Section 10.1 Violations Deemed a Nuisance. Every violation of these Special Covenants, the Articles and Bylaws of the Association or any Rules and Regulations adopted by the Association shall be deemed to be a nuisance and is subject to all the remedies provided for the abatement thereof.

Section 10.2 Failure to Comply. The failure to comply with these Special Covenants, the Design Guidelines, or any Rules and Regulations adopted by the Association or the Design Review Committee shall be grounds for an action to recover damages, or for injunctive relief or for specific performance, or any of them under the following terms and conditions:

10.2.1 Written notice of any violation or failure to comply with these Special Covenants, the Design Guidelines or any Rules and Regulations adopted by the Association or the Design Review Committee shall first be given to any Member or person as to such violation or failure to comply.

10.2.2 Such Member or person shall be given 10 days from the date of such notice to correct such violation or failure to comply.

10.2.3 In the event that any Member or person believes that he or she is not in violation or failure to comply, he or she may request an opportunity for a hearing by the Board of Directors prior to the Association taking further action or commencing any legal proceeding against such Member or person.

10.2.4 Any action by the Association as against any such Member or person shall be by resolution of the Board of Directors following notice as above provided and granting to such Member or person an opportunity to be heard before the Board of Directors.

Section 10.3 Who May Enforce. Any action to enforce any violation of any provision of these Special Covenants may be brought as follows:

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

10.3.2 By the Skyland Community Association.

10.3.3 By the Owner of any Lot or Unit

Section 10.4 No Waiver. The failure of the Board, the Association, the Skyland Community Association, an Owner, Gunnison County, Colorado, or any other legal entity which is entitled to enforce compliance with these Special Covenants to enforce or obtain compliance as to any violation, shall not be deemed a waiver of the right to do so for any subsequent violation or the right to enforce any part of such documents.

Section 10.5 Right of Gunnison County, Colorado. The Board of County Commissioners of Gunnison County, Colorado is specifically granted the right to enforce these Special Covenants and to bring any action as may be required for the violation of these Special Covenants as may be required to protect Gunnison County, Colorado or its residents. Gunnison County, Colorado may enforce these Special Covenants at its sole discretion, without assumption of any liability whether or not such enforcement is exercised, and without obligation to exercise such enforcement in any circumstance. The ability of Gunnison County, Colorado to enforce this Declaration is non-exclusive and does not preclude any other authorized party from enforcing the same.

ARTICLE 11 DURATION OF COVENANTS

Section 11.1 Term. The term of these Special Covenants, and any amendments or supplements thereto, shall be from the date of recording in the records of Gunnison County, Colorado and until January 1, 2030. Thereafter, these Special Covenants shall be automatically renewed for successive periods of ten years each, unless otherwise terminated or amended as hereafter provided.

Section 11.2 Amendment. These Special Covenants, or any provision hereof, may only be terminated, extended, modified or amended as to the Property subject to the Special Covenants, or any portion thereof, upon the written consent by the Owners of 75% or more of the Lots and Units in Skyland River Neighborhood and by the Board of Directors of the Skyland Community Association. Provided, however, that Article 6, Affordable Housing Guidelines, may be amended in the manner set forth in Article 6. Any such amendment shall be by an instrument duly executed, acknowledged and recorded in the records of Gunnison County, Colorado, and upon such recording shall be for the benefit of and be binding on all Owners of Lots or Units within Skyland River Neighborhood.

Section 11.3 Amendment by Declarant. Notwithstanding the provisions of Section 11.2, the Declarant reserves the sole right and power to modify and amend these Special Covenants, and all plats subject to these Special Covenants, by executing and recording such amendment in the records of Gunnison County, Colorado. Such right or power of the Declarant is limited to (1) the correction of any typographical or language errors in these Special Covenants and/or the plats, (2) any corrections required to comply with the applicable laws, rules and regulations of any governmental entity having jurisdiction over the Property, and (3) any changes or corrections required to reasonably satisfy the requirements of any commercial lender to provide financing for the purchase and/or construction of a residence upon any Lot or Unit, which are not contrary to the terms of the agreement. This right and power of the Declarant to modify or amend these Special Covenants and the plats, in whole or in part, as set forth in this Section 12.3, shall be effective only until (1) five years after the date of construction of the first Improvements on the Property or (2) the date that 75% of all Lots and Units within the Property have been sold or conveyed to third person owners by the Declarant, whichever occurs first. Provided, however, the Declarant may not amend or revise the location and dimensions of any Lot or Unit which has been conveyed by Declarant to another Owner, without the consent of such Owner.

ARTICLE 12 PRINCIPLES OF INTERPRETATION

Section 12.1 Severability. These Special Covenants, to the extent possible, shall be construed so as to give validity to all of the provisions hereof. If any provision of these Special Covenants are determined to be invalid, unenforceable or prohibited by any court, the same shall not affect any other provision or section hereof and all other provisions and sections shall remain in full force and effect.

Section 12.2 Construction. In interpreting words herein, unless the context shall otherwise provide or require, the singular shall include the plural, the plural shall include the singular and the use of any gender shall include all genders.

Section 12.3 Headings. The headings on any section or article are included only for purposes of convenient reference and shall not affect the meaning or interpretation of these Special Covenants.

Section 12.4 Written Notice. All notices required under these Special Covenants shall be in writing. Notice to any Owner shall be considered delivered and effective upon personal delivery or five days after mailing by certified or

registered mail, return receipt required, to the latest address of such Owner on file in the record of the Association at the time of such mailing.

Section 12.5 Limitation of Liability. Neither the Association nor the Skyland Community Association, or any officer or director thereof, shall be liable to any party for any action or for any failure to take any action with respect to any matter arising by, through or under these Special Covenants if the action or failure to act was made in good faith. The Association shall indemnify all officers and directors with respect to any action taken in their official capacity as provided in the Articles of Incorporation and Bylaws of the Association.

Section 12.6 Attorneys' Fees. If any legal action is commenced or maintained in court, whether in law or in equity, as to the interpretation, enforcement, construction or the determination of the rights and duties of the parties to these Special Covenants or any provision of the Association Documents provided herein, the prevailing party in any such action shall be entitled to reasonable attorneys' fees together with all reasonable costs and expenses incurred in such action.

Section 12.7 Applicable Law. The proper jurisdiction and venue for any action pertaining to the interpretation or enforcement of the Association Documents shall be the District Court of Gunnison County, Colorado, unless otherwise chosen by the Association and shall be interpreted, construed and governed by the laws of the State of Colorado.

Section 12.8 Interest. Unless otherwise provided in these Special Covenants, any sums, amounts or monies due and owing to the Association under the Association Documents shall bear interest at 18% per year from the date due until paid.

IN WITNESS WHEREOF, the Declarant has executed these Special Covenants the day and year first above written.

N D ENTERPRISES L.L.C.,
a Colorado limited liability company

By: _____
Louis F. Costello
Assistant General Manager

