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Gay Cappia, County Clerk, San Miguel County, CO

DECLARATION
FOR
LIFTSIDE VILLAS CONDOMINIUMS

This instrument was prepared by
and is to be returned after
recording to:

David I. Hoffman
P.O. Box 1438
220 South Pine Street
Telluride, Colorado 81435
(303) 728-4471

DECLARATION
FOR
LIFTSIDE VILLAS CONDOMINIUMS

THIS DECLARATION OF CONDOMINIUM OWNERSHIP is made by 431 Pacific Avenue, LLC, a Colorado limited liability company, (the "Declarant").

WITNESSETH:

WHEREAS, the Declarant is the record owner of a certain parcel of real estate located in the County of San Miguel, State of Colorado, legally described as follows: Lot 8A, Replat of Lots 8, 9 and 10, Block 5, West Telluride Addition to the Town of Telluride, according to the plat recorded in Plat Book 1 at page 909; and

WHEREAS, Declarant intends to and does hereby submit the above-described real estate together with all buildings, improvements and other permanent fixtures of whatsoever kind thereon, and all rights and privileges belonging or in anywise pertaining thereto, to the provisions of the Colorado Common Interest Ownership Act; and

WHEREAS, Declarant is further desirous of establishing for its own benefit and for the mutual benefit of all future owners or occupants of said property or any part thereof, certain easements and rights in, over and upon said property and certain mutually beneficial restrictions and obligations with respect to the proper use, conduct, and maintenance thereof; and

WHEREAS, Declarant desires and intends that the several owners, mortgagees, occupants and any other persons hereafter acquiring any interest in said property shall, at all times, enjoy the benefits of, and shall hold their interests subject to, the rights, easements, privileges, and restrictions hereinafter set forth, all of which are declared to be in furtherance of a plan to promote and protect the cooperative aspect of such property and are established for the purpose of enhancing and perfecting the value, desirability and attractiveness thereof.

NOW, THEREFORE, the Declarant, as the record owner of the above-described real estate and for the purposes above set forth, hereby declares as follows:

1. Definitions. As used herein, unless the context otherwise requires:
 - (a) "Act" means the "Colorado Common Interest Ownership Act".
 - (b) "Association" means Liftside Villas Homeowners' Association, a Colorado nonprofit corporation.
 - (c) "Board" means the duly elected Board of the Association.
 - (d) "Building" means the building or buildings located on the Parcel and forming part of the Property and containing the Units, as shown by the surveys of the respective floors of said Building included in the Map.
 - (e) "By-laws" means the By-laws of the Association, which are attached hereto as Exhibit C and made a part hereof and recorded simultaneously with the recording of this Declaration.
 - (f) "Common Elements" means all portions of the Property, except the Units, including the Limited Common Elements.
 - (g) "Common Expenses" means the proposed or actual expenses affecting the Property, including expenses of administration, repair and maintenance of the Common Elements and reserves, if any, lawfully assessed by the Board, incurred or assessed in accordance with this Declaration or the By-laws.
 - (h) "Declarant" means 431 Pacific Avenue, LLC, a Colorado limited liability company, the record owner of the Parcel and the Building on the date of the execution and recording of this Declaration.

for "Capital Improvements". Any such special assessment made by the Board of Directors must be approved by sixty-eight percent (68%) of the Members who are voting in person or by proxy at a meeting duly called for that purpose. No special assessment for legal action pursued by the Association shall be required of the Declarant without written approval by the Declarant. The amounts determined, levied and assessed pursuant hereto shall be assessed against all Units in the same ratio as their respective percentage ownership of the Common Elements.

(b) "Capital Improvements," as used herein, shall mean the construction, erection or installation of substantial structure(s) or other substantial improvement(s) to the Property, but shall not include the construction, reconstruction, erection, installation, maintenance, repair or replacement of Common Elements presently located on the Property or which may hereafter be constructed, erected or installed on the Property by Declarant in its development of the Project. Notice in writing setting forth the amount of such special assessment per Unit and the due date for payment thereof shall be given to the Unit Owners not less than thirty (30) days prior to such due date.

(c) Notice and Quorum. Written notice of any meeting called for the purpose of taking any action authorized under this Section shall be sent to all members not less than five (5) days nor more than thirty (30) days in advance of the meeting. At the first such meeting called, the presence of Members or of proxies, if permitted, entitled to cast sixty-eight percent (68%) of all the votes of the membership shall constitute a quorum. If the required quorum is not present, the meeting shall be continued to another date to be decided by the voting Members at the first meeting, and it will be called subject to the same notice requirements, and the required quorum at the subsequent meeting shall be sixty-eight percent (68%) of all the votes of the membership. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

(d) Collection. Special assessments, together with reasonable costs of collection, including attorneys' fees, shall be collectable in the same manner as Common Expense Assessments, shall bear the same late and interest charges, and shall constitute a lien on the Units.

15. Separate Mortgages. Each Unit Owner shall have the right, subject to the provisions herein, to make a separate mortgage or encumbrance on his respective Unit together with his respective ownership interest in the Common Elements. No Unit Owner shall have the right or authority to make or create or cause to be made or created any mortgage or encumbrance or other lien on or affecting the Property or any part thereof, except only to the extent of his Unit and his respective ownership interest in the Common Elements.

16. Separate Real Estate Taxes. Real estate taxes shall be separately taxed to each Unit Owner for his Unit and his corresponding percentage of ownership in the Common Elements, as provided in the Act. In the event that for any year such taxes are not separately taxed to each Unit Owner, but are taxed on the Property as a whole, then each Unit Owner shall pay his proportionate share thereof in accordance with his respective percentage of ownership interest in the Common Elements.

14. Insurance. (a) The Board shall have the authority to and shall obtain insurance for the Property against loss or damage by fire and such other hazards as are covered under standard extended coverage provisions, for the full insurable replacement cost of the Common Elements and the Units. The Board shall also obtain flood insurance if the Property is located in an area identified by the Secretary of Housing and Urban Development as having special flood hazards and in which the sale of flood insurance is available under the national flood insurance program, which flood insurance shall be in an amount equal to the maximum limit of coverage available for the particular type of property under the national flood insurance program. Premiums for all such insurance and other expenses in connection therewith shall be Common Expenses.

Such insurance coverage shall be written in the name of, losses under such policies shall be adjusted by, and the proceeds of such insurance shall be payable to, the Board as trustee for each of the Unit Owners in their respective percentages of ownership interest in the Common Elements as established in this Declaration.

The Board may engage the services of any corporation qualified to accept and execute trusts in the State of Colorado to act as agent or trustee for, or as successor trustee to, the Board for the purpose of collecting and disbursing the proceeds of such insurance, upon such terms as the Board shall determine consistent with the provisions

of the Act and this Declaration. The fees of such corporate trustee shall be a Common Expense. In the event of any loss in excess of \$50,000.00 in the aggregate, the Board shall engage a corporate trustee as aforesaid upon the written demand of the mortgagee or owner of any Unit so damaged.

The proceeds of such insurance shall be applied by the Board or by the corporate trustee on behalf of the Board for the reconstruction of the Building, or shall be otherwise disposed of, in accordance with the provisions of this Declaration and the Act; and the rights of the mortgagee of any Unit under any standard mortgage clause endorsement to such policies shall, notwithstanding anything to the contrary therein contained, at all times be subject to the provisions of the Act with respect to the application of insurance proceeds to reconstruction of the Building.

Payment by an insurance company to the Board or to such corporate trustee of the proceeds of any policy, and the receipt of a release from the Board of the company's liability under such policy, shall constitute a full discharge of such insurance company, and such company shall be under no obligation to inquire into the terms of any trust under which proceeds may be held pursuant hereto, or to take notice of any standard mortgage clause endorsement inconsistent with the provisions hereof, or to see to the application of any payments of the proceeds of any policy by the Board or the corporate trustee.

(b) The Board shall also have the authority and duty to obtain comprehensive public liability insurance against claims and liabilities arising in connection with the ownership, existence, use or management of the Property in amounts deemed sufficient in the judgment of the Board, insuring the Board, the Association, the Management Agent, and their respective employees, agents and all persons acting as agents. The Developer shall be included as an additional insured in its capacity as Unit Owner and Board member. The Unit Owners shall be included as additional insureds but only with respect to that portion of the Property not reserved for their exclusive use. The insurance shall cover claims of one or more insured parties against other insured parties. The insurance shall contain a waiver of any rights to subrogation by the insuring company against any of the above named insured persons. Premiums for such insurance shall be Common Expenses.

(c) The Board may also obtain such other and further insurance with respect to the Property and the administration and operation thereof, in such amounts and with such coverages, as shall be deemed necessary or desirable in the judgment of the Board.

(d) Each Unit Owner shall be responsible for his own insurance on the betterments and contents of his own Unit and furnishings and personal property therein, and his personal property stored elsewhere on the Property, and his personal liability to the extent not covered by the liability insurance for all of the Unit Owners obtained as part of the Common Expenses as above provided.

The Board shall not be responsible for obtaining insurance on any additions, alterations or improvements made by any Unit Owner to his Unit unless and until such Unit Owner shall request the Board in writing so to do, and shall make arrangements satisfactory to the Board to reimburse the Board for any additional premiums attributable thereto; and upon the failure of such Unit Owner so to do, the Board shall not be obligated to apply any insurance proceeds to restore the affected Unit to a condition better than the condition existing prior to the making of such addition, alterations or improvements.

(e) The Board shall notify the insured persons concerning the cancellation of any insurance obtained pursuant to this section 15.

(f) Each Unit Owner hereby waives and releases any and all claims which he may have against any other Unit Owner, the Association, its officers, members of the Board, the Declarant, the Developer, the Management Agent, and their respective employees and agents, for damage to the Common Elements, the Units, or to any personal property located in the Units or Common Elements, caused by fire or other casualty, to the extent that such damage is covered by fire or other form of casualty insurance.

16. Maintenance, Repairs and Replacements. Each Unit Owner shall furnish and be responsible for, at his own expense, all of the maintenance, repairs and replacements within his own Unit. Maintenance, repairs and replacements of the Common Elements shall be furnished by the Board as part of the Common Expenses, subject to the

Rules and Regulations adopted by the Board; provided, that at the discretion of the Board, maintenance, repairs and replacements of the Limited Common Elements may be assessed in whole or in part to Unit Owners benefited thereby and be collected in the same manner, and subject to the same charges, as Common Expense Assessments, and further, at the discretion of the Board, the Board may direct such Unit Owners in the name and for the account of such Unit Owners to arrange for such maintenance, repairs and replacements, to pay the cost thereof, and to procure and deliver to the Board such lien waivers and contractor's and sub-contractor's sworn statements as may be required to protect the Property from all mechanics' or materialmen's lien claims that may arise therefrom.

The Board may cause to be discharged any mechanic's lien or other encumbrance which, in the opinion of the Board, may constitute a lien against the Property or Common Elements, rather than against a particular Unit and its corresponding percentage of ownership in the Common Elements. When less than all the Unit Owners are responsible for the existence of any such lien, the Unit Owners responsible shall be jointly and severally liable for the amount necessary to discharge the same and for all costs and expenses (including attorney's fees and expenses) incurred by reason of such lien.

Whenever the Board shall determine, in its discretion, that any maintenance or repair of any Unit is necessary to protect the Common Elements or any other portion of the Building, the Board may cause a written notice of the necessity for such maintenance or repair to be given to such Unit Owner. If such Unit Owner fails or refuses to perform any such maintenance or repair within a reasonable time stated in the notice (or any extension thereof approved by the Board), the Board may cause such maintenance and repair to be performed at the expense of such Unit Owner.

If, due to the act or neglect of a Unit Owner, or of a member of his family or household, or of a pet or of a guest or of any agent or employee of such Unit Owner, or of any other occupant or visitor or invitee of such Unit Owner, damage shall be caused to the Common Elements or to a Unit or Units owned by others, or maintenance, repairs or replacements shall be required which would otherwise be a Common Expense, then such Unit Owner shall pay for such damage and such maintenance, repairs and replacements, as may be determined by the Board, to the extent not covered by insurance.

The Board shall have exclusive authority to take, or refrain from taking, any action pursuant to this section 16. All expenses which, pursuant to this section 15, are chargeable to any Unit Owner, may be specifically assessed to such Unit Owner and shall be payable by such Unit Owner as prescribed by the Board.

17. Alterations, Additions, or Improvements. Except as constructed or altered by or with the permission of the Developer at any time prior to the election of the first Board, nothing shall be altered or constructed in or removed from the Common Elements, except upon the written consent of the Board. The Board may authorize and charge as Common Expenses (or in the case of Limited Common Elements may charge to the Unit Owner benefited thereby) alterations and improvements of, and additions to, the Common Elements; provided, however, that in the event the costs thereof are to be charged as Common Expenses the Board shall not approve such alterations, improvements or additions requiring an expenditure in excess of \$10,000 without the approval of Unit Owners owning not less than sixty-eight percent (68%) in the aggregate in interest of the undivided ownership of the Common Elements. Any Unit Owner may make alterations, additions or improvements within his Unit without the prior written approval of the Board, but in any event such Unit Owner shall be responsible for any damage to other Units, the Common Elements or the Property as a result of such alterations, additions or improvements.

No lien, other than mechanics' liens, assessment liens or tax liens, may be imposed on the Common Elements without the prior approval of Unit Owners owning not less than sixty-eight percent (68%) in the aggregate in interest of the undivided ownership of the Common Elements, or against Limited Common Elements without the prior approval of all Unit Owners benefited by said Limited Common Elements.

There shall be no change in the ownership interest or voting power of a Unit Owner by virtue of the construction of additions to or new General or Limited Common Elements.

Units may be subdivided or combined as provided in the Act.

18. Decorating. Each Unit Owner shall furnish and be responsible for, at his own expense, all of the decorating within his own Unit from time to time, including painting, wall papering, washing, cleaning, paneling, floor covering, draperies, window shades, curtains, lamps and other furnishings and interior decorating. In the event the boundaries of any Unit, as shown on the Map, are the finished undecorated interior surfaces of the perimeter walls, floors and ceilings thereof, the owner of such Unit shall be entitled to the exclusive use of such surfaces, and such Unit Owner shall maintain such surfaces in good condition at his sole expense as may be required from time to time, which said maintenance and use shall be subject to the Rules and Regulations adopted by the Board, and each such Unit Owner shall have the right to decorate such surfaces from time to time in such manner as he may see fit and at his sole expense. The use of and the covering of the interior surfaces of windows, whether by draperies, shades, or other items visible on the exterior of the Building, shall be subject to the Rules and Regulations adopted by the Board. Decorating of the Common Elements (other than interior surfaces within the Units as above provided), and any redecorating of Units to the extent made necessary by any damage to existing decorating of such Units caused by maintenance, repair or replacement work on the Common Elements by the Board, shall be furnished by the Board as part of the Common Expenses.

19. Encroachments and Easements. (a) In the event that by reason of the construction, repair, reconstruction, settlement or shifting of any Building, or the design or construction of any Unit, any portion of the Common Elements encroaches or shall hereafter encroach upon any portion of any Unit, or any portion of any Unit encroaches or shall hereafter encroach upon any portion of the Common Elements, or any portion of any Unit encroaches or shall hereafter encroach upon any portion of any other Unit, valid mutual easements for the maintenance of such encroachment are hereby established and shall exist for the benefit of such Unit or Common Elements so encroaching so long as all or any part of the Building containing such Unit or Common Elements so encroaching shall remain standing; provided, however, that in no event shall a valid easement for any encroachment be created or exist in favor of any Unit Owner or in favor of the owners of the Common Elements if such encroachment occurred due to the intentional, willful or negligent conduct of said person or that of his agent.

(b) Easements are hereby declared and granted for, and the Board may grant easements for, utility purposes, including the right to install, lay, maintain, repair and replace water mains and pipes, sewer lines, gas mains, telephone, television and other communications wires and equipment, and electrical conduits, wires, and equipment over, under, along and on any part of the Common Elements, as they exist on the date of the recording hereof.

(c) A right of entry upon the premises of any Unit and upon any of the Limited Common Elements to effect emergency repairs at any time and to effect other repairs, improvements, replacements, or maintenance at reasonable times, and from time to time, as necessary, is hereby granted to the Board.

(d) All easements and rights described herein are easements appurtenant, running with the land, and shall inure to the benefit of and be binding on the undersigned, its successors and assigns, and any owner, purchaser, mortgagee and other person having an interest in said land, or any part or portion thereof.

(e) Reference in the respective deeds of conveyance, or in any mortgage or trust deed or other evidence of obligation, to the legal description of a Unit, shall be sufficient to create and reserve such easements and rights to the respective grantees, mortgagees and trustees of the Unit as fully and completely as though such easements and rights were recited fully and set forth in their entirety in such documents, even though the same are not expressly mentioned or described therein.

(f) Exhibit D attached hereto describes the recorded easements and licenses appurtenant to or included in the Property.

20. Omitted Intentionally.

21. Use and Occupancy Restrictions. No Unit shall be used other than for a lawful use and in full compliance with all building, zoning and other laws and regulations of applicable governmental authorities having jurisdiction. The Common Elements shall be used in accordance with section 10 hereof. The Developer may maintain sales offices and a model within any Unit then owned by the Developer.

22. Remedies. (a) In the event of any default by any Unit Owner, the Association or the Board under the provisions of the Act, the Declaration, the By-laws or Rules and Regulations adopted by the Board, the Association, the Board or any aggrieved Unit Owner, as the case may be, shall have each and all of the rights and remedies which may be provided for in the Act, the Declaration, the By-laws or the Rules and Regulations adopted by the Board or which may be available at law or in equity, and may prosecute any action or other proceedings against such defaulting party for enforcement of any lien and the appointment of a receiver for the Unit and the ownership interest of a defaulting Unit Owner or to manage the day-to-day operations of the Property, or for damages or injunction or specific performance, or for judgment for payment of money and collection thereof, or the right to take possession of the Unit and to sell the same as hereinafter in this section provided, or for any combination of remedies, or for any other relief. All expenses of the prevailing party in connection with any such actions or proceedings, including court costs and attorneys' fees and other fees and expenses and all damages, liquidated or otherwise, together with interest thereon at the rate of eighteen percent (18%) per annum until paid, shall be charged to and assessed against such defaulting party, and, in the case of the Unit Owner, shall be added to and deemed part of his respective share of the Common Expenses, and the Board shall have a lien for all of the same, as well as for non-payment of his respective share of the Common Expenses, upon the Unit of such defaulting Unit Owner and upon all of his additions and improvements thereto and upon all of his personal property in his Unit or located elsewhere on the Property. In the event of a default by any Unit Owner, the Board and the Management Agent, if any, if so authorized by the Board, shall have the authority to correct such default, and to do whatever may be necessary for such purpose, and all expenses in connection therewith shall be charged to and assessed against such defaulting Unit Owner. Any and all of the rights and remedies referred to herein may be exercised at any time and from time to time, cumulatively or otherwise, by the Board, the Association or by any Unit Owner.

(b) The violation of any restriction or condition or Rule or Regulation adopted by the Board or the breach of any covenant or provision herein contained, shall give the Board the right, in addition to any other rights provided for in this Declaration: (i) if such violation or breach shall not be corrected within ten (10) days after written notice from the Board, to enter upon the Unit, or any portion of the Property upon which, or as to which, such violation or breach exists and to summarily abate and remove, at the expense of the defaulting Unit Owner, any structure, thing, or condition that may exist thereon contrary to the intent and meaning of the provisions hereof, and the Board, or its employees or agents, shall not thereby be deemed guilty in any manner of trespass; or (ii) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any breach; or (iii) to take possession of such Unit Owner's interest in the Property and to maintain an action for possession of such Unit in the manner provided by law.

(c) If any Unit Owner (either by his own conduct or by the conduct of any other occupant of or visitor or guest in his Unit) shall violate any of the covenants or restrictions or provisions of this Declaration or the Rules and Regulations adopted by the Board, and such violations shall not be cured within thirty (30) days after notice in writing from the Board, or shall reoccur more than once thereafter, then the Board shall have the power to issue to said defaulting Unit Owner a ten-day notice in writing to terminate the rights of the said defaulting Unit Owner to continue as a Unit Owner and to continue to occupy, use or control his Unit, and thereupon an action in equity may be filed by the Board against said defaulting Unit Owner for a decree of mandatory injunction against said defaulting Unit Owner or occupant, or in the alternative, for a decree declaring the termination of said defaulting Unit Owner's right to occupy, use, or control the Unit owned by him on account of said violation, and ordering that all the right, title, and interest of said defaulting Unit Owner in the Property shall be sold (subject to the lien of any existing mortgage) at a judicial sale upon such notice and terms as the court shall determine, except that the court shall enjoin and restrain the said defaulting Unit Owner from reacquiring his interest at such judicial sale. The proceeds of any such judicial sale shall first be paid to discharge court costs, court reporter charges, reasonable attorneys' fees and all other expenses of the proceeding and sale, and all such items shall be taxed against said defaulting Unit Owner in said decree. Any balance of proceeds, after satisfaction of such charges and any unpaid assessments hereunder or any liens, shall be paid to said defaulting Unit Owner. Upon the confirmation of such sale, the purchaser shall thereupon be entitled to a deed to the Unit and to immediate possession of the Unit sold and may apply to the court for a writ of assistance for the purpose of acquiring such possession, and it shall be a condition of any such sale, and the decree shall so provide, that the purchaser shall take the interest in the Unit Ownership sold subject to this Declaration.

(d) If any Unit Owner is in default in the monthly payment of assessments for Common Expenses or any other assessment against him as provided by the Act, this Declaration or the Bylaws for thirty (30) days, the Board may assess a service charge of one and one half percent (1-1/2%) of the balance of the aforesaid assessments in default for thirty (30) days for each month, or part thereof, that said balance, or any part thereof, remains unpaid. In addition to any remedies or liens provided by law, if a Unit Owner is in default in the monthly payment of assessments for Common Expenses for sixty (60) days, all other monthly payments of assessments for Common Expenses due for the calendar year in which such default occurs shall accelerate and become immediately due and payable. The Board may bring suit to enforce collection of unpaid assessments for Common Expenses or to foreclose the lien therefor as provided by law; and there shall be added to the amount due legal interest, service charges, costs and attorney's fees and expenses. In addition, the Board may also take possession of such defaulting Unit Owner's interest in the Property and maintain an action for possession in the manner provided by law. No Unit Owner may waive or otherwise escape liability for the assessments provided for herein by non-user of the Common Elements or abandonment of his Unit.

(e) If any Unit Owner shall default in the payment of any moneys required to be paid under the provisions of any mortgage or trust deed against his Unit, the Board shall have the right to cure such default by paying the amount so owing to the party entitled thereto and shall thereupon have a lien therefor against such Unit.

23. Removal. All of the Unit Owners may remove the Property from the provisions of the Act by an instrument to that effect, duly recorded, provided that the holders of all liens affecting any of the Units consent thereto or agree, in either case by instruments duly recorded, that their liens be transferred to the undivided interest of the Unit Owner. Upon such removal the Property shall be deemed to be owned in common by all the Unit Owners. The undivided interest in the property owned in common which shall appertain to each Unit Owner shall be the percentage of undivided interest previously owned by such Unit Owner in the Common Elements.

24. Furnishing of Information. The Association shall make available for inspection, upon request, during normal business hours (i) to Unit Owners, lenders and the holders, insurers and guarantors of the first mortgage on any Unit, current copies of this Declaration, the By-laws, the Rules and Regulations adopted by the Board, and other books, records and financial statements of the Association, and (ii) to prospective purchasers of Units, current copies of this Declaration, the By-laws, the Rules and Regulations adopted by the Board, and the most recent annual audited financial statement of the Association, if such is prepared.

25. Amendment. The provisions of this Declaration may be changed, modified or rescinded by an instrument in writing setting forth such change, modification or rescission, signed by Unit Owners having at least sixty-eight percent (68%) in the aggregate in interest of the undivided ownership of the Common Elements and consented to by the owners and holders of at least thirty-three and one-third percent (33 1/3%) of the aggregate of all indebtedness secured by a first mortgage or deed of trust of record against the Property or any part thereof and certified by the Secretary of the Board.

Notwithstanding the provisions of the foregoing paragraph, if the Act, this Declaration or the By-laws requires the consent or agreement of all Unit Owners or of all lien holders for any action specified in the Act or in this Declaration, then any instrument changing, modifying, or rescinding any provisions of this Declaration with respect to such action shall be signed by all the Unit Owners or all lien holders or both as required by the Act, this Declaration or the By-laws.

The change, modification, or rescission, whether accomplished under either of the provisions of the preceding two paragraphs, shall be effective upon recordation of such instrument in the office of the Clerk and Recorder of San Miguel County, Colorado; provided, however, that no provisions in this Declaration may be changed, modified, or rescinded so as to conflict with the provisions of the Act.

No change, modification, or amendment which affects the rights, privileges or obligations of the Declarant or the Developer shall be effective without the prior written consent of the Declarant or Developer.

26. Notices. Notices provided for in the Act, this Declaration or the By-laws shall be in writing, sent U.S. Mail or by Federal Express, and shall be addressed to the Board or any Unit Owner, as the case may be, at Telluride, Colorado 81435, or at such other address as hereinafter provided. The Board may designate a different address

for notices to it by giving written notice of such change of address to all Unit Owners at such time. Any Unit Owner may also designate a different address or addresses for notice to him by giving written notice of his change of address to the Board. Except as otherwise expressly provided, notices addressed as above shall be deemed delivered when mailed by United States certified mail or when delivered in person.

Upon written request to the Board, the holder of any recorded mortgage or trust deed encumbering any Unit shall be given a copy of all notices permitted or required by this Declaration to be given to the Unit Owner whose Unit is subject to such mortgage or trust deed.

27. Severability. If any provision of this Declaration or the By-laws or any section, sentence, clause, phrase or word, or the application thereof in any circumstances, is held invalid, the validity of the remainder of this Declaration and By-laws and of the application of any such provisions, section, sentence, clause, phrase or word in any other circumstances shall not be affected thereby.

28. Perpetuities and Other Rules of Property. If any of the options, privileges, covenants or rights created by this Declaration would otherwise violate the rule against perpetuities or some analogous statutory provisions, or any other statutory or common law rules imposing time limits, then such provisions shall continue only until twenty-one (21) years after the death of the survivor of the now living lawful descendants of David I. Hoffman, President of the Declarant, and the incumbent President of the United States, Ronald Reagan.

29. Rights and Obligations. Each grantee of the Declarant by the acceptance of a deed of conveyance, and each purchaser under any contract of such deed of conveyance, accepts the same subject to all restrictions, conditions, covenants, reservations, liens and charges, and the jurisdiction, rights, and powers created or reserved by this Declaration, and all rights, benefits, and privileges of every character hereby granted, created, reserved or declared, and all impositions and obligations hereby imposed shall be deemed and taken to be covenants running with the land, and shall bind any person having at any time any interest or estate in said land, and shall inure to the benefit of such person in like manner as though the provisions of this Declaration were recited and stipulated at length in each and every deed of conveyance. Reference in the respective deeds of conveyance, or in any mortgage or trust deed or other evidence of obligation, to the legal description shall be sufficient to create and reserve such easements and rights to the respective grantees, mortgagees and trustees of the Units as fully and completely as though such rights were recited fully and set forth in their entirety in such documents.

30. General Provisions. (a) Until such time as the Board provided for in this Declaration is formed, the Developer shall exercise any of the powers, rights, duties and functions of the Board.

(b) No covenants, restrictions, conditions, obligations or provisions contained in this Declaration shall be deemed to have been abrogated or waived by reason of any failure to enforce the same irrespective of the number of violations or breaches which may occur.

(c) The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the operation of a first class condominium.

Executed on 8/28, 1995.

431 Pacific Avenue, LLC

By  Manager

STATE OF COLORADO)
) ss
COUNTY OF SAN MIGUEL)

The foregoing instrument was acknowledged before me this 28th day of JUNE, 1995, by DURGAN COKER, Manager of 431 Pacific Avenue, LLC, a Colorado limited liability company.

My commission expires: 11/24/97
Witness my hand and official seal.

Julie R. Cantrell
Notary Public

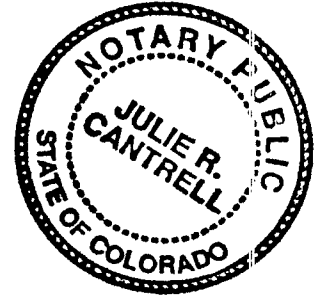


EXHIBIT A TO DECLARATION
FOR
LIFTSIDE VILLAS CONDOMINIUMS

MAP

EXHIBIT B TO DECLARATION
FOR
LIFTSIDE VILLAS CONDOMINIUMS

Percentages of Ownership

Unit No.	Percentage Interest In Common Elements
Unit A	27.847%
Unit B	31.691%
Unit C	28.215%
Unit D	<u>12.247%</u>
	100.000%

EXHIBIT C TO DECLARATION
FOR
LIFTSIDE VILLAS CONDOMINIUMS

By-Laws

ARTICLE I
Members

Section 1. Membership. There shall be one class of membership in the Liftside Villas Homeowners' Association. The members of the Association shall be each of the Unit Owners. The terms "Association" and "Unit Owner" and all other terms used in these By-laws shall have the same meaning as the meaning set forth for such terms in the Declaration to which these By-laws are attached.

Section 2. Voting. There shall be one person with respect to each Unit who shall be entitled to vote at any meeting of the members. Such voting member may be the Unit Owner or one of the group composed of all the Unit Owners of a Unit, or may be some person designated by such Unit Owner or Owners to act as proxy on his or their behalf and who need not be a Unit Owner. Such designation shall be made in writing to the Board and shall be revocable at any time by actual notice to the Board of the death or judicially declared incompetence of any designator, or by written notice to the Board by the Unit Owner or Owners. Any or all of such Unit Owners may be present at any meeting of the members and (those constituting a group acting unanimously) may vote or take any other action as a voting member either in person or by proxy. Voting by the members shall be on a percentage basis, and the Unit Owner or Owners of each Unit shall be entitled to a percentage vote equal to the percentage interest of the undivided ownership of the Common Elements appurtenant to such Unit as set forth in Exhibit B to the Declaration. The Developer shall be the voting member with respect to any Unit owned by the Declarant.

Section 3. Regular Meetings. Meetings of the members shall be held at the Property or at such other place in the county wherein the Property is situated, as may be designated in any notice of a meeting. The presence in person or by proxy at any meeting of members having a majority of the total votes shall constitute a quorum. Unless otherwise expressly provided herein, any action may be taken at any meeting of the members at which a quorum is present upon the affirmative vote of members having a majority of the total votes present at such meeting.

Section 4. Initial Meeting; Annual Meeting. The initial meeting of the members shall be held upon no less than twenty-one (21) days' written notice given by the Developer. The meeting shall take place not later than sixty (60) days after the conveyance by the Declarant of sixty-eight percent (68%) of the Units or three years after the recording of the Declaration, whichever is earlier. Thereafter, there shall be an annual meeting of the members on the first Monday of December following such initial meeting, and on the first Monday of December of each succeeding year thereafter, at 7:30 p.m., or at such other reasonable time or date (not more than thirty (30) days before or after such date) as may be designated by written notice of the Board delivered to the voting members not less than ten (10) days nor more than thirty (30) days prior to the date fixed for said meeting. The Board shall be elected by the members at the annual meeting.

Section 5. Special Meetings. Special meetings of the members may be called at any time for the purpose of considering matters which, by the terms of the Declaration, require the approval of the Unit Owners or for any other reasonable purpose. Said meetings shall be called by written notice, authorized by the President of the Board, the Board, or by the members having twenty-five percent (25%) of the total votes.

Section 6. Notices. Written notice of all annual and special meetings of the members shall be mailed giving members no less than ten (10) and no more than thirty (30) days' notice of the time, place and purpose of such meeting.

Section 7. Special Majorities. The following matters shall be subject to an affirmative vote of not less than sixty-eight percent (68%) of the votes of all Unit Owners at a meeting duly called for that purpose: (i) merger or consolidation of the Association; (ii) sale, lease, exchange, mortgage, pledge or other disposition of all,

or substantially all, of the Property and assets of the Association; and (iii) the purchase or sale of land or of Units on behalf of all Unit Owners.

ARTICLE II
Board of Managers

Section 1. Board. The direction and administration of the Property shall be vested in the Board of Managers, which shall consist of four (4) persons who shall be elected by the members of the Association in the manner hereinafter provided. If the Association is incorporated as an Colorado not for profit corporation, the board of directors of such corporation shall constitute the Board of Managers. The Board of Managers is referred to in the Declaration and in these By-laws as the "Board". Each member of the Board shall be one of the Unit Owners; provided, however, that in the event a Unit Owner is a corporation, partnership, trust or other legal entity other than a natural person or persons, then any officer or director of such corporation, partner of such partnership, beneficiary of such trust, or manager of such other legal entity, shall be eligible to serve as a member of the Board. Members of the Board shall receive no compensation for their services, unless expressly allowed by the Board at the direction of the members of the Association having sixty-eight percent (68%) of the total votes.

Section 2. Election; Term of Office. At the initial meeting the members shall elect a Board. Members of the Board elected at the initial meeting shall serve until the first annual meeting of the members. At the first annual meeting of the members, and at each successive annual meeting thereafter, members of the Board shall be elected for a term of one (1) year. Any member of the Board may be elected to succeed himself. In all elections for members of the Board, each Unit Owner shall have the right to elect one member of the Board. The members of the Association having at least sixty-eight percent (68%) the total votes may from time to time increase or decrease such number of persons on the Board or may increase the term of office of members of the Board at any annual or special meeting; provided that such number shall not be less than three (3), that the terms of at least one-third (1/3) of the persons on the Board shall expire annually, and that no member of the Board shall be elected for a term of more than two (2) years. Vacancies on the Board, including vacancies due to any increases in the number of persons on the Board, shall be filled by election by the members of the Association present at the next annual meeting or at a special meeting of the members called for such purpose.

Section 3. Officers. The Board shall elect from among its members a President who shall preside over both its meetings and those of the members of the Association, and who shall be the chief executive officer of the Association and who shall execute all amendments to the Declaration, the Map and these By-laws as provided in the Act and in such instruments; a Secretary who shall keep the minutes of all meetings of the Board and of the members of the Association and who shall, in general, perform all the duties incident to the office of Secretary including the mailing and receiving of all notices permitted or required under the Act, the Declaration or these By-laws, and who shall attest to all amendments to the Declaration, the Map and these By-laws which are executed by the President as provided above; and a Treasurer who shall keep the financial records and books of account; and such additional officers as the Board shall see fit to elect. No officer shall be elected for a term of more than two (2) years, but any officer may be elected to succeed himself. Any vacancy in any office may be filled by the Board at any regular or special meeting of the Board. Any officer elected may be removed from office by affirmative vote of the members of the Board having at least sixty-eight percent (68%) of the total votes. A successor to fill the unexpired term of an officer so removed may be elected by the Board at the same meeting or any subsequent meeting called for that purpose.

Section 4. Meetings. Four (4) regular meetings of the Board shall be held annually, one of which shall be within ten (10) days following the annual meeting of Unit Owners. Special meetings of the Board shall be held upon a call by the President or by a majority of the members of the Board. Notice of each regular and special meeting of the Board, setting forth the date, time, place and purpose of the meeting, shall be mailed or delivered to each member of the Board at least forty-eight (48) hours prior to the meeting, unless a waiver of such notice is signed by the person or persons entitled to such notice before the meeting is convened. Copies of all notices of meetings of the Board shall be posted in entranceways, elevators or other conspicuous places on the Property at least forty-eight (48) hours prior to the meeting of the Board. In addition, each Unit Owner shall be given notice, in the same manner as that provided in Section 5 of Article I hereof for the annual meeting of Unit Owners, of any meeting of the Board concerning the adoption of the Annual Budget (as hereinafter defined) or any increase or

establishment of assessments for Common Expenses. All meetings of the Board shall be open to any Unit Owner. A majority of the total number of members on the Board shall constitute a quorum at any meeting of the Board. Except as otherwise provided in the Act, the Declaration or these By-laws, the Board shall act by majority vote of those present at a meeting at which a quorum exists.

Section 5. Removal. Any Board member may be removed from office by affirmative vote of the members of the Association having at least sixty-eight percent (68%) of the total votes, at any special meeting called for that purpose. A successor to fill the unexpired term of a Board member so removed may be elected by the members at the same meeting or any subsequent meeting called for that purpose.

Section 6. Signatures. All agreements, contracts, deeds, leases, vouchers for payment of expenditures, and other instruments shall be approved and signed by such officer or officers, agent or agents of the Board and in such manner as from time to time shall be determined by written resolution of the Board. In the absence of such determination by the Board, such documents shall be approved and signed by the President or any Vice-President and countersigned by the Secretary or any Assistant Secretary of the Board.

Section 7. Powers and Duties. The Board shall have the following powers and duties in addition to those provided in the Act, the Declaration or elsewhere in these By-laws:

(a) to engage the services of a Management Agent who shall manage and operate the Property for all the Unit Owners upon such terms and with such authority as the Board may approve; provided, however, that any contract between the Board and the Management Agent must be terminable for cause upon thirty (30) days' notice, shall run for a period not to exceed three (3) years, and shall be renewable upon the consent of the Board and the Management Agent;

(b) to formulate policies for the administration, management, and operation of the Property;

(c) to adopt administrative Rules and Regulations, with written notice thereof to all Unit Owners, governing the administration, management, maintenance, operation, use, conservation and beautification of the Property and for the health, comfort, safety and general welfare of the Unit Owners, and to amend such Rules and Regulations from time to time, with written notice thereof to all Unit Owners;

(d) to provide for any construction, alteration, installation, maintenance, repair, painting and replacement for which the Board is responsible under the Declaration and By-laws and for such purposes to enter and to authorize entry into any Unit and/or Limited Common Elements, causing as little inconvenience to the Unit Owners as practicable and repairing any damage caused by any such entry at the expense of the Association;

(e) to provide for the designation, hiring and removal of employees and other personnel, including attorneys and accountants, and to engage or contract for the services of others, and to make purchases for the maintenance, repair, replacement, administration, management, and operation of the Property and to delegate any such powers to the Management Agent (and any such employees or other personnel as may be employees of the Management Agent);

(f) to estimate the amount of the annual budget, and to provide the manner of assessing and collecting from the Unit Owners their respective shares of such estimated expenses as hereinafter provided;

(g) to pay out of the funds of the Association the following:

(i) Water, waste removal, electricity and telephone and other necessary utility services for the Common Elements and (if not separately metered or charged) for the Units.

(ii) The services of a Management Agent or any other person or firm employed by the Board.

(iii) Payment for the operation, maintenance, repair and replacement of the Common Elements.

(h) to bid for and purchase any Unit at a sale pursuant to a mortgage foreclosure, or a foreclosure of the lien for Common Expenses under the Act, or at a sale pursuant to an order or direction of a court, or other involuntary sale, upon the consent or approval of Unit Owners owning not less than sixty-eight percent (68%) in the aggregate in interest of the undivided ownership of the Common Elements;

(i) assign its right to future income, including the right to receive assessments;

(j) to the extent not inconsistent with the Act, the Declaration or these By-laws, to comply with the instructions of a Majority of the Unit Owners, as expressed in a resolution duly adopted at any annual or special meeting of the Unit Owners; and

(k) to exercise all other powers and duties of the Board as referred to in the Act, Declaration or these By-laws.

ARTICLE III Assessments

Section 1. Proposed Annual Budget; Assessments. Each year on or before April 15th, the Board, by affirmative vote of members of the Board elected by members of the Association having in the aggregate at least sixty-eight percent (68%) in the undivided ownership of the Common Elements, shall adopt an annual budget (the "Fiscal Budget") for the next fiscal year containing an estimate of the total Common Expenses for the next calendar year, including expenses of administration, repair and maintenance of the Common Elements, a reasonable amount considered by the Board to be necessary for a reserve for contingencies, maintenance and replacements, such other reserves as in the judgment of the Board shall be necessary or advisable, and an estimate of the net available cash income from the operation of the Common Elements. The Fiscal Budget shall set forth all such estimates in reasonable detail. The Annual Budget shall not be adopted by the Board until at least thirty (30) days after a copy of same as proposed by the Board has been provided to all Unit Owners in the manner specified in section 26 of the Declaration for the giving of notices, and acted upon by the Unit Owners as provided on in C.R.S. 38-33.3-303(4). The estimated cash requirement for the Common Expenses as shown in the Fiscal Budget shall be assessed by the Board to the Unit Owners according to each Unit Owner's percentage of ownership in the Common Elements as set forth in Exhibit B attached to the Declaration. On or before June 1st of each year, and the 1st day of each and every month of said year, each Unit Owner shall be obligated to pay to the Board or as it may direct, one-twelfth (1/12) of the assessment made pursuant to this section. Each year on or before August 31, the Board shall supply to all Unit Owners an itemized accounting of the Common Expenses for the preceding calendar year actually incurred and paid, together with a tabulation of the amounts collected pursuant to the budget and assessments for such year, and showing the net excess or deficit of income over expenditures plus reserves.

Section 2. Reserve; Additional Assessments. The Board shall build up and maintain a reasonable reserve for contingencies, maintenance and replacements. Extraordinary expenditures not originally included in the Annual Budget which may become necessary during the year shall be charged first against such reserve. If the original assessment pursuant to Section 1 above proves inadequate for any reason, including non-payment of any Unit Owner's assessment, the Board may at any time levy a further assessment, which shall be assessed to the Unit Owners according to each Unit Owner's percentage of ownership in the Common Elements as set forth in Exhibit B to the Declaration. The Board shall serve notice of such additional assessment on all Unit Owners by a statement in writing giving the amount and reasons therefor, and such additional assessment shall become effective with the next monthly assessment payment which is due more than ten (10) days after the delivery or mailing of such notice of additional assessment. All Unit Owners shall be obligated to pay the adjusted monthly amount.

Section 3. Assessments by First Board. When the first Board elected hereunder takes office, it shall estimate the Common Expenses for the period commencing thirty (30) days after said election and ending on May 31 of the calendar year in which said election occurs. Assessments shall be levied against the Unit Owners during said period as provided in Section 1 of this Article.

Section 4. Non-Waiver. The failure or delay of the Board to prepare or serve or adopt the Fiscal Budget or an assessment for Common Expenses on the Unit Owners shall not constitute a waiver or release in any manner of such Unit Owner's obligation to pay the assessments for Common Expenses as herein provided, whenever the same shall be determined, and in the event of a delay in the adoption of any Fiscal Budget or assessment, the Unit Owners shall continue to pay the monthly assessment at the then existing monthly rate established for the previous period until the next assessment which is due more than ten (10) days after such new Fiscal Budget or assessment adjusted estimate shall have been adopted and mailed or delivered.

Section 5. Books and Records. The Board shall keep full and correct books of account in chronological order of the receipts and expenditures affecting the Common Elements, specifying and itemizing the Common Expenses incurred. Such records and vouchers authorizing the payments shall be available for inspection by any Unit Owner, or his mortgagee, if applicable, or any representative of a Unit Owner duly authorized in writing, at such reasonable time or times during normal business hours as may be requested by the Unit Owner. Upon ten (10) days' notice to the Management Agent or the Board and payment of a reasonable fee as determined by the Board, any Unit Owner shall be furnished a statement of his account setting forth the amount of any unpaid assessments or other charges due and owing from such Unit Owner.

Section 6. Lien of Assessments; Enforcement. Unpaid assessments shall be a lien on the Unit to which they relate, as provided in the Act and the Declaration. Such lien, which shall be subject to any prior recorded mortgage or encumbrance may be foreclosed as provided by law and the Board shall have such other remedies on account of and to enforce the payment of unpaid assessments for Common Expenses as are provided in the Act, the Declaration and By-laws.

Section 7. Non-User. No Unit Owner may waive or otherwise escape liability for the assessments provided for herein by non-user of the Common Elements or abandonment of his Unit.

Section 8. Withdrawal. The responsibility of a Unit Owner to pay assessments in respect of the Unit so owned shall cease upon the withdrawal of such Unit from the condominium.

ARTICLE IV General Provisions

Section 1. Common Elements. The use, maintenance, and operation of the Common Elements shall not be obstructed, damaged or unreasonably interfered with by any Unit Owner, nor shall anything be stored in the Common Elements without the prior consent of the Board except as hereinafter expressly provided.

Section 2. Increased Risk. Nothing shall be done or kept in any Unit or in the Common Elements which will increase the rate of insurance on the Building, or the contents thereof, applicable for residential use, without the prior written consent of the Board. No Unit Owner shall permit anything to be done or kept in his Unit or in the Common Elements which will result in the cancellation of insurance on the Building, or the contents thereof, or which would be in violation of any law. No waste shall be committed in or to the Common Elements.

Section 3. Exterior Walls. Unit Owners shall not cause or permit anything to be placed on the outside walls of the Building and no sign, awning, canopy, shutter or radio or television antenna shall be affixed to or placed upon the exterior walls or roof or any part thereof, without the prior consent of the Board.

Section 4. Animals, Pets. No animals of any kind shall be raised, bred or kept in any Unit or in the Common Elements, except that dogs, cats and other household pets may be kept in Units, subject to Rules and Regulations adopted by the Board, provided they are not kept, bred or maintained for any commercial purpose; and provided further that any such pet causing or creating a nuisance or unreasonable disturbance shall be permanently removed from the Property upon three (3) days' written notice from the Board.

Section 5. Nuisance. No noxious or offensive activity shall be carried on in any Unit or in the Common Elements, nor shall anything be done therein, either willfully or negligently, which may be or become an annoyance or nuisance to the other Unit Owners or occupants of the Units.

Section 6. Laundry. No clothes, sheets, blankets, laundry of any kind, or other articles shall be hung out or exposed on any part of the Common Elements. The Common Elements shall be kept free and clean of rubbish, debris and other unsightly materials.

Section 7. Signs. No "For Sale" or "For Rent" signs, advertising, or other displays shall be maintained or permitted on any part of the Property except at such location and in such form as shall be determined by the Board and except as the Developer is permitted under Section 8 of this Article.

Section 8. Access and Marketing By Developer. During the period of construction of the Building on the Property by the Developer, the Developer and its contractors and subcontractors, and their respective agents and employees, shall be entitled to access, ingress, and egress to the Building and Property as may be required in connection with said renovation. Until all of the Units have been sold by the Developer and occupied by the purchasers thereof, the Developer may use and show one or more of such unsold or unoccupied Units as a model apartment or apartments and sales office, and may maintain customary signs in connection therewith.

Section 9. Electrical Usage. No Unit Owner shall overload the electric wiring in the Building, or operate any machines, appliances, accessories or equipment in such manner as to cause, in the judgment of the Board, an unreasonable disturbance to others, or connect any machines, appliances, accessories, or equipment to the heating or air conditioning system or plumbing system, without the prior written consent of the Board.

Section 10. Unit A Window Treatment. Unit A shall all all times maintain window treatments visible from the exterior of the Building in which it is located which shall have been approved by the Board.

ARTICLE V Amendments

These By-laws may be amended or modified from time to time by action or approval of the members of the Association having at least sixty-eight percent (68%) of the total votes; provided, however, that each one of the particulars set forth in C.R.S. 38-33.3-306 shall always be embodied in these By-laws, and no provision in these By-laws may be amended or modified so as to conflict with the provisions of the Act. Such amendments shall be recorded in the Office of the Recorder of Deeds of San Miguel County.

EXHIBIT D TO DECLARATION
OF CONDOMINIUM OWNERSHIP
COLUMBINE CONDOMINIUMS

Easements

(i) "Declaration" means this instrument by which the Property is submitted to the provisions of the Act, as hereinafter provided, and such Declaration as from time to time amended.

(j) "Developer" means the Declarant.

(k) "Limited Common Elements" means any portion of the Common Elements designated in this Declaration as being reserved for the use of a certain Unit or Units to the exclusion of other Units, if any.

(l) "Majority" or "Majority of the Unit Owners" means the owners of more than 50% in the aggregate in interest of the undivided ownership of the Common Elements. Any specified percentage or fraction of the Unit Owners means such percentage or fraction in the aggregate in interest of such undivided ownership of the Common Elements.

(m) "Management Agent" means the person or entity providing management services to the Association on a contractual basis.

(n) "Map" means the map of survey of the Parcel and all Units and all Common Elements and Limited Common Elements in the Property, dated _____, prepared by _____, said Map being attached hereto as Exhibit A, and made a part hereof and recorded simultaneously with the recording of the Declaration.

(o) "Parcel" means the parcel of real estate described above in this Declaration.

(p) "Property" means all the land, property and space comprising the Parcel, all improvements and structures erected, constructed, or contained therein or thereon, including the Building and all easements, rights and appurtenances belonging thereto, and all fixtures and equipment intended for the mutual use, benefit, or enjoyment of the Unit Owners.

(q) "Rules and Regulations" means the administrative Rules and Regulations relating to the operation and use of the Property, adopted by the Board pursuant to authority granted by the Act, this Declaration and the By-laws.

(r) "Unit" means a part of the Property designed and intended for independent use as a dwelling or commercial space, or such other incidental uses permitted by this Declaration, as set forth on the Map. Each Unit shall consist of all space and other fixtures and improvements enclosed and bounded by the horizontal and vertical planes constituting the boundaries of such Unit as shown on the Map; provided, however, that:

(i) to the extent that perimeter and partition walls, floors or ceilings are designated as the boundaries of the Units or of any specified Units, all decorating, wall and floor coverings, wallboard, paneling, molding, tiles, wallpaper, paint, finished flooring and any other materials constituting any part of the finished surfaces thereof, shall be deemed a part of such Units, while all other portions of such walls, floors or ceilings shall be deemed part of the Common Elements; and

(ii) if any chutes, flues, ducts, conduits, wires, bearing walls, bearing columns, or any other apparatus lies partially within and partially outside of the designated boundaries of a Unit, any portions thereof serving only that Unit shall be deemed Limited Common Elements allocated solely to that Unit, while any portions thereof serving more than one Unit or any portion of the Common Elements shall be deemed a part of the Common Elements.

(iii) There shall be in no event in excess of 10 Units.

All references to a Unit or Units shall include the undivided interest in the Common Elements appurtenant to such Unit or Units.

(s) "Unit Owner" means the person or persons whose estates or interests, individually or collectively, aggregate fee simple absolute ownership of a Unit.

2. Submission of Property to the Act. The Declarant, as the owner in fee simple of the Parcel, expressly intends to and, by recording this Declaration does, hereby submit the Parcel and the Property to the provisions of the Act.

3. Map. The Map sets forth the measurements, elevations, locations, and other data, as required by the Act, including (i) the Parcel and its exterior boundaries; (ii) the Building and each floor thereof; (iii) each Unit; and (iv) the Limited Common Elements.

4. Unit Identification. Each Unit is identified on the Map by a distinguishing number or other symbol. The legal description of each Unit shall refer to such identifying number or symbol.

5. Name and Location. The name of the common interest community, which shall be a condominium, shall be Liftside Villas Condominiums. The Parcel and the Property are located entirely within the Town of Telluride, San Miguel County, Colorado.

6. Administration and Operation of the Property. (a) The administration of the Property shall be governed by the Act, this Declaration and the By-laws. The Association shall be responsible for the overall administration of the Property through its Board. Each Unit Owner shall be a member of the Association. The Association shall have and exercise all powers necessary or convenient to effect any or all of the purposes for which it is organized and to do every other act not inconsistent with law which may be appropriate to promote and attain the purposes set forth in the Act, this Declaration, the By-laws and the Map. The governing body of the Association shall be the Board, which shall be elected in the manner provided in the By-laws. The powers and duties of the Board shall be as set forth in the Act, this Declaration and the By-laws.

(b) Neither the Board, the Association nor the Unit Owners shall be deemed to be conducting a business of any kind. All funds collected by the Board shall be held and expended for the purposes designated in the Act, this Declaration and By-laws and (except for such adjustments as the Board may require to reflect delinquent, prepaid and special assessments) shall be deemed to be held for the benefit, use and account of all the Unit Owners in the percentages set forth in Exhibit B, and shall be administered in accordance with the provisions of the Act, this Declaration and the By-laws.

(c) Each Unit Owner's membership in the Association shall automatically terminate when he ceases to be a Unit Owner, and upon transfer of title to his Unit, the new Unit Owner shall succeed to such membership in the Association.

7. (a) Disclaimer. The members of the Board and the officers thereof or of the Association shall not be liable to the Unit Owners for any mistake of judgment, or any acts or omissions done or made in good faith as such members or officers on behalf of the Unit Owners or the Association unless any such act or omission shall have been made in bad faith or contrary to the provisions of the Act, this Declaration or the By-laws. Each agreement made by such members or officers or by the Management Agent on behalf of the Unit Owners or the Association shall be executed by such members or officers or the Management Agent, as the case may be, as agents for the Unit Owners or for the Association.

(b) Indemnification. To the full extent permitted by law, each officer and director of the Association shall be and are hereby indemnified by the Unit Owners and the Association against all expenses and liabilities including attorneys' fees, reasonably incurred by or imposed upon them in any proceeding to which they may be a party, or in which they may become involved, by reason of being or having been an officer or member of the Board of the Association, or any settlements thereof, whether or not they are an officer or member of the Board of the Association at the time such expenses are incurred; except in such cases wherein such officer or member of the Board is adjudged guilty of willful misfeasance or malfeasance in the performance of his duties; provided that in the event of a settlement the indemnification shall apply only when the Board approves such settlement and reimbursement as being in the best interests of the Association.

8. Board's Determination Binding. In the event of any dispute or disagreement between any Unit Owners relating to the Property, or any question of interpretation or application of the provisions of this Declaration, the By-laws or the Rules and Regulations adopted by the Board, the determination thereof by the Board shall be final and binding on each and all of such Unit Owners.

9. Ownership of the Common Elements. Each Unit Owner shall be entitled to the percentage of ownership interest in the Common Elements allocated to the respective Unit owned by such Unit Owner, as set forth in the schedule attached hereto as Exhibit B and by this reference made a part hereof as though fully set forth herein, which

percentage interest is determined on the respective square foot areas of the Units.

10. Use of the Common Elements. The Common Elements and the Limited Common Elements are described in the definitions of such terms in section 1 of this Declaration and are identified in the Map. The assignment of the Limited Common Elements, if any, to a Unit or Units is set forth in the Map. Each Unit Owner shall have the right to use the Common Elements (except the Limited Common Elements) in common with all other Unit Owners, as may be required for the purposes of access and ingress and egress to and use and occupancy and enjoyment of the respective Unit owned by such Unit Owner. Common parking areas, laundry areas, storage areas, commercial and recreational space and other special use areas shall be used for the purposes approved by the Board. Such right to use the Common Elements shall extend to each Unit Owner and the agents, servants, tenants, family members and invitees of each Unit Owner without fee or charge unless hereafter imposed by the Board. Each Unit Owner shall have the right to the exclusive use and possession of the Limited Common Elements serving exclusively his Unit. Such rights to use and possess the Common Elements, including the Limited Common Elements, shall be subject to and governed by the provisions of the Act, this Declaration, the By-laws and the Rules and Regulations adopted by the Board. The Board shall have the exclusive authority from time to time to adopt or amend administrative Rules and Regulations governing the use, occupancy and control of the Common Elements as provided in the By-laws. The Board shall have the authority to lease or to grant licenses or concessions with respect to parts of the Common Elements, subject to the provisions of this Declaration and the By-laws, including specifically, but not by way of limitation, common parking areas, laundry areas, storage areas and commercial and recreational areas. Except as is otherwise provided in the Act, the Common Elements shall remain undivided, and no Unit Owner shall bring any action for partition or division of the Common Elements.

11. Common Expenses. (a) Declarant, for each Unit, shall be deemed to covenant and agree for each Unit owned by it, and each Unit Owner, by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to covenant and agree to pay to the Association annual Common Expense Assessments and such other assessments as imposed by the Association. Such assessments, including fees, charges, late charges, attorney fees, fines and interest charged by the Association shall be the personal obligation of the Unit Owner of such Unit at the time when the assessment or other charges became or fell due. The Association annual Common Expense Assessments and such other assessments as imposed by the Association, including fees, charges, late charges, attorney fees, fines and interest charged by the Association, shall be a charge on each Unit and shall be a continuing lien upon the Unit against which each such assessment or charge is made. If any Assessment is payable in installments, the full amount of the assessment is a lien from the time the first installment becomes due. The personal obligation to pay any past due sums due the Association shall not pass to a successor in title unless expressly assumed by them. No Unit Owner may become exempt from liability for payment of the Common Expense Assessments by waiver of the use or enjoyment of the Common Elements or by abandonment of the Unit against which the Common Expense Assessments are made. All Assessments shall be payable in the amounts specified in the levy thereof, and no offsets or reduction thereof shall be permitted by any reason including, without limitation, any claim that the Association or the Executive Board is not properly exercising its duties and powers under this Declaration.

(b) Except as provided in this Declaration, all Common Expense Assessments shall be assessed against all Units in the same ratio as their respective percentage ownership of the Common Elements.

(c) The assessments levied by the Association through its Board shall be used exclusively for the purposes of promoting the health, safety, and welfare of the Unit Owners and their residents and guests. The assessments may also be used to provide insurance of various types, and in such amounts deemed appropriate by the Board. Also, a portion of the assessments may be used to provide a reserve fund for the replacement, repair, and maintenance of Common Elements or other improvements which must be replaced on a periodic basis.

(d) The Common Expense Assessment may be made on an annual basis against all Units and shall be based upon the Association's advance budget of the cash requirements needed by it to provide for the administration and performance of its duties during such assessment year. Common Expense Assessments shall be due and payable in monthly, quarterly, or annual installments, or in any other manner, as determined by the Board. Common Expense Assessments may begin on the first day of the month in which conveyance of the first Unit to a Unit Owner other than the Declarant occurs. The omission or failure of the Executive Board to levy the Assessment for any period shall

not be deemed a waiver, modification or a release of the Unit Owners from their obligation to pay.

(e) Any assessment, charge or fee provided for in this Declaration, or any monthly or other installment thereof, which is not fully paid within ten (10) days after the due date thereof, as established by the Board, shall bear interest at the rate of eighteen percent, on a per annum basis from the due date, and the Association may assess a reasonable late charge thereon as determined by the Executive Board. Failure to make payment within sixty days of the due date thereof shall cause the total amount of such Unit Owner's Common Expense Assessment for the remainder of that fiscal year to become immediately due and payable at the option of the Board. Further, the Association may bring an action at law or in equity, or both, against any Unit Owner personally obligated to pay such overdue assessments, charges or fees, or monthly or other installments thereof, and may also proceed to foreclose its lien against such Unit Owner's Unit. An action at law or in equity by the Association against a Unit Owner to recover a money judgment for unpaid assessments, charges or fees, or monthly or other installments thereof, may be commenced and pursued by the Association without foreclosing, or in any way waiving, the Association's lien therefor. Foreclosure or attempted foreclosure by the Association of its lien shall not be deemed to estop or otherwise preclude the Association from thereafter again foreclosing or attempting to foreclose its lien for any subsequent assessment, charges or fees, or monthly or other installments thereof, which are not fully paid when due. The Association shall have the power and right to bid on or purchase any Unit at foreclosure or other legal sale, and to acquire and hold, lease, mortgage, vote the Association votes appurtenant to ownership thereof, convey or otherwise deal with the same. If a foreclosure action is filed to foreclose any Assessment lien, and a Unit Owner abandons or leaves vacant his or her Unit, the Board may take possession and rent said Unit or apply for the appointment of a receiver for the Unit without prior notice to the Unit Owner. The rights of the Association shall be expressly subordinate to the rights of any holder of a first lien Security Interest as set forth in its deed of trust or mortgage (including any assignment of rents), to the extent permitted under the Act.

(f) The lien of the Association under this section is prior to all other liens and encumbrances on a Unit except: (1) liens and encumbrances recorded before the recordation of the Declaration; (2) a first lien Security Interest on the Unit (except as allowed by the Act with regard to the limited lien priority allowed to the Association); and (3) liens for real estate taxes and other governmental assessments or charges against the Unit. This section does not affect the priority of mechanics' or materialmen's liens. The lien of the Association is not subject to the provision of any homestead exemption as allowed under State or Federal law. Sale or transfer of any Unit shall not affect the lien for said assessments or charges except that sale or transfer of any Unit pursuant to foreclosure of any first lien Security Interest, or any proceeding in lieu thereof, including deed in lieu of foreclosure, or cancellation or forfeiture shall only extinguish the lien of assessment charges as provided by applicable State law. No such sale, transfer, foreclosure, or any proceeding in lieu thereof, including deed in lieu of foreclosure, nor cancellation or forfeiture shall relieve any Unit from continuing liability for any assessment charges thereafter becoming due, nor from the lien thereof.

(g) The Association or Declarant may require the first Unit Owner of each Unit (other than Declarant) to make a non-refundable payment to the Association in an amount equal to one-sixth (1/6th) of the annual Common Expense Assessment against that Unit in effect at the closing thereof, which sum shall be held, without interest, by the Association as a working fund. Said working fund shall be collected and transferred to the Association at the time of closing of the initial sale by Declarant of each Unit, as aforesaid, and shall be for the use and benefit of the Association. Such payment shall not relieve a Unit Owner from making regular payments of assessments as the same become due. Upon the transfer of their Unit, a Unit Owner shall be entitled to a credit from their transferee for any unused portion of the aforesaid working fund. This account may be updated annually by the Association, and in that event, notice shall be given to all Unit Owners whose individual account does not equal one-sixth (1/6th) of the current annual assessment. Payment of any shortage shall be due with the next regular assessment payment, following written notice.

12. Special Assessments. (a) In addition to the assessments authorized above, the Association may at any time, from time to time, determine, levy and assess, a special assessment for the purpose of defraying, in whole or in part, payments for any operating deficit and/or unbudgeted costs, fees and expenses of any construction, reconstruction, repair, demolition, replacement or maintenance of the Common Elements or