

**DECLARATION OF UNIFIED COVENANTS,  
CONDITIONS AND RESTRICTIONS  
FOR CRYSTAL LAKES SUBDIVISION**

Myatt, Brandes, 's Gast ✓

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DECLARATION OF UNIFIED COVENANTS,  
CONDITIONS AND RESTRICTIONS  
FOR CRYSTAL LAKES SUBDIVISION

This Declaration of Unified Covenants, Conditions and Restrictions for Crystal Lakes Subdivision (the "Property") is effective as of \_\_\_\_\_, 2007.

RECITALS

A. Crystal Lakes Road & Recreation Association (hereinafter the "Association"), is a Colorado non-profit corporation organized and operating as the owners' association for Crystal Lakes Subdivision, First Filing through Fifteenth Filing, in Larimer County, Colorado. All owners of Lots or tracts within Crystal Lakes are Members of the Association by virtue of their ownership, and are governed by the Association's Articles of Incorporation, Bylaws and Rules and Regulations, as amended from time to time.

B. Each of the 15 Filings in Crystal Lakes has been subject to protective covenants as described on the attached Exhibit A up until the same are amended by deletion upon the execution and recording of this Declaration. Nothing herein contained shall amend or supercede any Covenants appearing upon the Plats of Crystal Lakes, First Filing through Fifteenth Filing as described on Exhibit B attached hereto, or any Declaration, Amended Master Declaration or Supplemental Declaration of the Crystal Lakes Water and Sewer Association, or the Supplemental Declarations for Crystal Lakes Eighth through Fifteenth Filings.

C. It is the desire of the Association that this Declaration supercede the protective covenants described on Exhibit A in order to correct or eliminate inconsistencies among the provisions of the various protective covenants; to establish standards for the maintenance and care of the Property; to provide for the fair assessment of the Association's members; and to ensure the lasting beauty, value and enjoyment of the Property.

1 SUBMISSION OF PROPERTY

The Association declares that the Property shall be held, sold, conveyed, transferred, leased, subleased, and occupied subject to the following covenants, conditions, restrictions and easements which are for the purpose of protecting the value and desirability of the Property, which shall run with the land and shall be binding upon and inure to the benefit of all parties having any right, title, or interest in the Property or any portion thereof, their heirs, personal representatives, successors, and assigns.

2 DEFINITIONS

2.1 General. The following sections define words and phrases which, as used in this Declaration, have the meaning set forth below. Other terms in this Declaration may be defined in specific provisions of the Declaration and shall have the meaning assigned by such definition. Defined words and phrases are indicated in this Declaration by capitalizing the first letter of a defined word or of each word in a defined phrase.

2.2 Act. The "Act" shall mean and refer to the Colorado Common Interest Ownership Act as it may be amended from time to time. In the context of this Declaration, the Association specifically has not elected under the Act, but shall be governed by those specific provisions of the Act applicable to pre-Act associations and communities.

2.3 Assessments. "Assessments" means all annual, special and/or other assessments levied by the Association for the purposes set forth herein or set forth in Section 38-33.3-302(1)(b) and (k) CRS of the Act, including but not limited to payment for Common Expenses, capital improvements, and reserves for the same.

2.4 Association. "Association" means Crystal Lakes Road & Recreation Association, a Colorado non-profit corporation, and its successors and assigns.

2.5 Board or Board of Directors. "Board" or "Board of Directors" means the governing body of the Association as provided for in the Articles of Incorporation and Bylaws of the Association.

2.6 Common Elements. "Common Elements" means any real estate within the Property and improvements thereon owned or leased by the Association, other than a Lot.

2.7 Common Expenses. "Common Expenses" means all costs and expenses incurred by the Association for the maintenance, repair, renovation, or replacement of any Roads, road improvements and other Common Elements and facilities. Common Expenses include, by way of example and not limitation, insurance; taxes; reserves for repair or replacement of Roads or Common Elements or facilities, and capital improvements; special assessments by taxing districts, if any; management or administrative expenses; legal and accounting fees and all other reasonable costs and expenses incurred by the Association in the performance of its duties. The Association shall collect Assessments from the Owners to pay Common Expenses in accordance with this Declaration and applicable provisions of the Act.

2.8 Community. "Community" means the Property and all improvements located on the Property subject to this Declaration.

2.9 Declaration. "Declaration" means this Declaration of Unified Covenants, Conditions and Restrictions, together with any amendments and supplements thereto.

2.10 Easements. "Easements" means access and utility easements described on the Plats of the First through Fifteenth Filings; trail and fishing easements owned by the Association within and outside the Property; and such other easements as have been or may be granted to or by the Association.

2.11 Fines. "Fines" means any monetary penalty imposed by the Board of Directors or its appointed representative against an Owner because of a violation of this Declaration, the Articles of Incorporation of the Association, its Bylaws or the Rules and Regulations, by such Owner, a member of the Owner's family or a tenant or guest of the Owner.

2.12 Hearing Panel. The Board of Directors may create a Hearing Panel consisting of Members of the Association, to hear appeals from the Architectural Control Committee (ACC) and to conduct investigations and hearings regarding covenant, bylaw or Rules and Regulations violations, all as determined by the Board of Directors and defined in the Association's Rules and Regulations.

2.13 Lot. "Lot," means a physical portion of the Property designated for separate ownership or occupancy.

2.14 Member. Each Lot Owner in the Property shall be a Member of the Association.

2.15 Owner. "Owner" means any natural person or entity who holds title in part or in total to a Lot or tract in the Property, but does not include a natural person or entity having an interest in a lot solely as security for an obligation.

2.16 Plats. "Plats" means the plats previously recorded with the Larimer County Clerk and Recorder for Crystal Lakes, First through Fifteenth Filings and all future filings or additions to the Property.

2.17 Property. "Property" means all of Crystal Lakes Subdivision, First through Fifteenth Filings, Larimer County, Colorado, according to the recorded Plats and all future subdivision developments incorporated into Crystal Lakes by the election of such future developments and the consent of the Association, as set forth in Paragraph 10.

2.18 Road Easements and Roads. "Road Easements" means the Roads and Easements appurtenant to the Roads described on the plats of Crystal Lakes and other recorded easements outside the Property owned by the Association. "Roads" means all roadways and road improvements located within the Road Easements. All Roads within the Property are private, except for Creedmore Road and part of Huron Drive as shown on the Plats. The term Roads does not include private drives within any Lot outside of the described Road Easements.

2.19 Rules and Regulations. "Rules and Regulations" means any instruments, however denominated, which are adopted by the Association for the regulation and management of the Property, including any amendment to those instruments. Rules and Regulations may be adopted relating to the use of Lots as well as the regulation of Common Elements.

2.20 Structure. "Structure" means and includes, but is not limited to, residences, fences, driveways, storage buildings, decks, outhouses, gazebos, ponds, dams, etc.

### 3 ASSOCIATION

3.1 Powers and Authority. The Association has managed and shall continue to manage the business and affairs of the Community. The Association shall have and may exercise with regard to the Community all powers and authority of a non-profit corporation under the Colorado Revised Non-profit Corporation Act, as that Act may be amended. The Association has and may continue to adopt Rules and Regulations. Additionally, the Association, acting through its Board, shall have all the powers and authority granted by Sections 38-33.3-117 and 38-33.3-302, CRS, to an association which has not elected under the Colorado Common Interest Ownership Act, as the same may be amended from time to time.

3.2 Membership. The Association shall have one class of membership. Membership shall be appurtenant to and may not be separated from ownership of any Lot. Ownership of a Lot shall be the sole qualification for membership; however, the Board of Directors shall have the authority to define the benefits of membership. The votes of multiple owners of any Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot. Owners of more than one Lot shall be allocated one (1) vote for each Lot on which full assessments are paid. All membership rights may be assigned by a Member to a tenant, guest or family member, except voting rights.

#### 4 MAINTENANCE

4.1 Roads. The Association shall be responsible for maintenance, repair and replacement of the Roads, except as provided in paragraph 4.3 below. In the event that the Association shall fail to maintain the roads, the Larimer County Board of County Commissioners may cause the same to be maintained and may file a lien against said roads for the costs expended for such maintenance. This covenant shall run with the land and may not be amended or deleted without the consent of the Larimer County Commissioners.

4.2 Lots. Each Owner is obligated to maintain and keep in good repair and condition such Owner's Lot and all improvements on the Lot. Installation and maintenance of all utilities (including, without limitation, water, septic system, electricity, telephone and cable TV) shall be the responsibility of the Owner or the utility provider, and shall not be the responsibility of the Association, unless otherwise provided herein.

4.3 Damage by Owner. Notwithstanding anything to the contrary contained in this Declaration, in the event the need for the Association to maintain or repair or replace any Road or Common Element or improvement is caused by the willful act, negligence or other misconduct of an Owner or a member of such Owner's family or a guest, invitee or tenant of an Owner or a member of such tenant's family, the cost of such repair, replacement or maintenance shall be the personal obligation of such Owner, and any costs, expenses and fees incurred by the Association for the same shall be assessed to such Owner as part of the Assessment to which the Owner's Lot is subject and the Association shall have a lien to secure such Assessment as provided by this Declaration and Colorado law.

#### 5 ARCHITECTURAL AND USE RESTRICTIONS

5.1 Land Use and Building Type. Except as provided herein, no Lot shall be used for other than residential purposes. No building shall be erected, altered, placed or permitted to remain on any Lot other than one (1) single family dwelling and two (2) additional structures, such as detached garages, outbuildings, barns, stables (if applicable) or workshops. Detached garages shall not exceed three (3) car capacity. Buildings on a Lot designated by the Association as historic buildings or structures shall not be counted as structures for purposes of this paragraph.

5.2 Commercial or Utility Uses. Except as provided in paragraph 5.3, no Lot or tract shall be used for retail sales activity of any kind or to conduct a commercial or manufacturing business or trade, including commercial equipment or vehicle repair, except as set forth herein. Professional or "home" occupations such as physician, attorney, dentist, engineer, beauty shop operator, or real estate agent, together with such other home occupations as may be permitted by the Larimer County Land Use Code, as it may be amended, may be conducted only from the residence structure on a Lot and only after specific approval of the Architectural Control Committee (ACC) and in accordance with Road Use regulations.

5.3 Exception to Prohibition on Commercial Use. Lots or tracts which may be used for commercial, retail or utility purposes are Tracts C, D and E, 11<sup>th</sup> Filing; Tracts D and I, 13<sup>th</sup> Filing; Tract A, 14<sup>th</sup> Filing; and Tracts C and D, 15<sup>th</sup> Filing.

##### 5.4 Architectural Control.

5.4.1 No building or other structure shall be erected, placed or altered on any Lot until the plans and specifications, and a plot plan showing the location of the structure(s) have first been submitted to and approved in writing by the ACC. Such plans and specifications shall identify the type and color of exterior materials and design, existing structures, and the location of the proposed structure with respect to topography, and finish grade elevations.

5.4.2 The ACC shall consist of a minimum of three (3) members, appointed by the Board of Directors of the Association for three-year terms. The Board may reappoint any Member of the Committee whose term has expired. The ACC shall carry out the provisions of this Declaration and follow any rules or procedures prescribed by the Association not in conflict with this Declaration. The

ACC may charge Owners of Lots such application and service fees as are approved from time to time by the Board of Directors and contained in the Rules and Regulations of the ACC.

5.4.3 Applicants shall submit to the ACC, as set forth herein, the same plans and specifications which are submitted to Larimer County. The Committee shall process the application and endeavor to issue its approval or disapproval in a timely manner. In the event the ACC shall fail to approve or disapprove the application within forty-five (45) days of its submission with all requisite information to the Association office, such approval shall be deemed to have been given and received; provided, however, that no building or other structure shall be erected or allowed to remain on any Lot which violates the provisions of this Declaration or the Larimer County Land Use Code, as it may be amended from time to time. The exterior of the proposed building and finish grading must be completed by an Owner within two (2) years of the commencement of construction. The ACC may grant an extension in its discretion upon prior written application by the Owner and notice to the owners of record of surrounding properties located within 500 feet of the property for which the extension has been requested. The expense and processing of this notice shall be borne by the owner requesting the extension. Construction debris shall be removed immediately upon completion of construction.

5.4.4 Appeals from ACC Rulings. All lot owners in Crystal Lakes shall be entitled to appeal any ACC ruling against them with which they disagree. Appeal shall be made in writing to the Road and Recreation Board of Directors, or its designated Hearing Panel if established by the Board, within thirty (30) days of receiving notice of the ruling. All appeals shall be filed with the Association office. The Board of Directors or Hearing Panel, as appropriate, shall review the appeal and shall, within forty-five (45) days, set a time for a hearing. A majority of the Board or Panel shall attend such hearing. The Lot Owner may represent him or herself or may be represented by others. The Board or Hearing Panel shall determine whether to affirm or reverse the ACC ruling and shall issue its decision in writing within forty-five (45) days of the hearing. The decision shall be final and may not be appealed. The Lot Owner shall not be required to take action on the matter appealed until the appeal process is concluded.

#### 5.5 Building Size.

5.5.1 Dwellings in the First through Twelfth Filings and all future filings or additions to the Property shall have a ground floor footprint of not less than 600 square feet. Dwellings in the Thirteenth through Fifteenth Filings shall have a ground floor footprint of not less than 900 square feet. In computing such minimum areas, the area of open porches, carports and garages shall not be included. These footprint size requirements do not apply to any dwelling constructed in accordance with plans previously approved by the ACC. The minimum footprint may be waived by the ACC when in its discretion it believes a submitted plan has sound architectural planning, conforms to the overall design and pattern of the development, and otherwise meets all criteria as set forth herein.

5.5.2 The maximum building height shall be 35 feet from finished ground level to the peak of the roof. Building width shall be considered as the horizontal distance between two opposite exterior walls. The minimum dwelling width shall be 20 feet.

5.5.3 The designated maximum building height and minimum width requirements may be waived by the ACC when in its discretion it believes a submitted plan has sound architectural planning and appropriate utilization of topography; conforms to the overall design and pattern of the development; and meets all other criteria set forth herein. However, waivers of maximum building height and minimum width requirements shall not be granted prior to written application by the Owner and notice to the owners of record of surrounding properties located within 500 feet of the property for which the waiver has been requested. The expense and processing of the notice shall be borne by the owner requesting the waiver.

5.6 Building Location. The ACC shall not require setback distances, which exceed those required by the zoning restrictions in affect. The location of any building upon the site must meet the Larimer County Land Use Code and have prior written approval of the Architectural Control Committee. No building shall be placed so as to interfere with any easements, without the prior written consent to such variance by the ACC and the easement owner.



5.7 Temporary Residence. No structure of a temporary character; or a trailer, motor home, mobile home, tent, camper, pickup camper, teepee, yurt, basement or accessory building, may be used on any Lot as a temporary or permanent residence, except that one trailer, motor home, camper, pickup camper, tent, teepee or yurt may be placed on a lot and used as a temporary residence for a period not to exceed five (5) months during any calendar year. With the prior written consent of the ACC, a motor home, mobile home or camper may be used as a temporary residence during construction of a permanent residence for a period not to exceed two years from the time of issuance of a Building Permit by Larimer County. Owners shall apply for and obtain a permit for temporary residence from the Association Office and shall return the permit to the Association Office upon ending the temporary residence.

5.8 Water and Wastewater. All water wells and wastewater disposal systems placed upon any Lot shall comply with the requirements of the State of Colorado, County of Larimer, Colorado, and the Crystal Lakes Water and Sewer Association, as applicable.

5.9 Clearing of Trees. Live trees may be cut only for fire protection, clearing an approved building site, leachfield and driveway, and thinning of dense tree growth. Thinning of dense tree growth shall be conducted in accordance with guidelines established by the ACC. Dead or diseased trees may be cut and cleared. Trees shall not be cut for commercial purposes without the prior written approval of the ACC.

5.10 Manufactured and/or Factory Built Homes. A manufactured and/or factory built home may be installed on a Lot, provided the structure is permanent and erected on a permanent foundation, and complies with the Larimer County Land Use Code and ACC requirements.

5.11 Refuse and Rubbish. Refuse, rubbish, garbage, trash, and other waste shall be kept within sealed containers and shall not be allowed to accumulate on any Lot. All refuse or waste containers shall be kept in a neat, clean, and sanitary condition. All refuse, rubbish, garbage, and trash shall be disposed of in a sanitary manner in an approved location. Owners shall take precaution to keep refuse or waste away from animals. No Lot or any driveway, road, or easement area shall be used as a dumping ground for any waste or rubbish. Construction waste must be removed from a Lot immediately upon completion of construction and no later than the expiration of the ACC permit. The burning of refuse, rubbish, garbage, slash or other waste products is prohibited.

5.12 Nuisance. No Lot shall be used in such a manner as to obstruct or interfere with the enjoyment of Owners of other Lots or annoy them by permitting unreasonable noises, lights, odors, or otherwise, nor shall any nuisance or illegal activity be committed or permitted to occur on any Lot. For purposes of this paragraph, ungaraged, inoperative or deteriorating vehicles, machines or other equipment which remain on any Lot for longer than 30 days, including automobiles, trailers, boats, boat trailers, or recreational vehicles, constitute a nuisance. Failure to properly maintain buildings, grounds and temporary residences so that such structures become dilapidated; pets running at large; or exterior lighting on a Lot that does not comply with ACC guidelines, constitute nuisances.

5.13 Fences. No fences or gates shall be erected or installed unless the Owner of the Lot can show necessity for a fence or gate and receives prior written approval for location, installation and materials for said fence or gate from the ACC. Permission of the Committee to construct or alter a fence or gate shall not be considered to be a waiver of this covenant. Fences must provide gates or other appropriate access where they cross easements.

With respect to filings and Lots where livestock is permitted, in the event any Owner intends to place any livestock on such Owner's Lot, such Owner shall, at the Owner's sole cost and expense, and after the prior written approval of the ACC has been attained, fence all or any portion of the Owner's Lot so as to fence in such livestock. Penetrations through such fencing for access purposes shall be gated, or at the option of the Owner, shall have adequate cattle guards.

5.14 Exterior Lights. The location of all outside lights or lighting on a Lot and the intensity thereof shall be approved by the Architectural Control Committee before installation.

5.15 Signs/Flags. The display of all signs and flags must comply with applicable governmental statutes and ordinances, and the Rules and Regulations of the Association.

5.16 Driveways. All private driveways providing access from the Roads to the interior of a Lot shall be installed in locations approved in writing by the ACC. When determined to be needed by the ACC, driveways shall have an adequate culvert installed within the Road Easement and on the property side of the barrow ditch so as to permit full flow of the ditch. The area of the driveway within the Road Easement shall be properly compacted and shall be adequately surfaced with a road base consistent with the Road itself. Once installed, the driveway culvert and driveway remain the responsibility of the Lot owner to maintain. A Larimer County Permit is required for construction of driveways from Creedmore Lakes Road.

5.17 Vehicle Storage. One pickup camper, camp trailer, or motor home may be stored on a Lot with a County approved residential structure, and utility trailers and boat trailers may be stored on any Lot in accordance with guidelines established by the ACC.

5.18 Animals. Commonly accepted domestic household pets may be kept on a Lot provided they are not kept or maintained for any commercial purposes, and are not a nuisance to adjoining property owners. Dogs and other domesticated animals may be kept upon the Property so long as they are securely confined in an enclosure such as a pen, or restricted by a suitable leash or chain; or they are properly trained and at all times within the control of the Owner under voice command, and not running at large. Horses and cattle and other domesticated livestock may be kept on Lots as set forth on the attached Exhibit C hereto and in accordance with the Rules and Regulations of the ACC.

5.19 Re-Subdivision. No further subdivision of any Lot or tract as shown on the plats shall be permitted except upon the prior approval of the Architectural Control Committee and the Larimer County Board of County Commissioners, except that Tracts C, D, E, and L in the Eleventh Filing may be re-subdivided in accordance with the rules and regulations of the County of Larimer and the State of Colorado.

5.20 Irrigation Ditches. No obstruction which may interfere with the maintenance or operation of an irrigation ditch or the flow of water in an irrigation ditch or the drainage to an irrigation ditch shall be placed within the ditch easements. No culvert or bridge, fence, gate or other structure shall be constructed within the ditch easements without the express written approval of the ACC and Red Feather Storage and Irrigation Co., Inc.

## 6 ASSESSMENTS

6.1 Purpose of Assessments. The Assessments adopted by the Association through its Board of Directors shall be used for the purposes of promoting the safety and welfare of the Lot Owners; for payment of all Common Expenses including the maintenance and repair of the Roads; to operate and administer the Association; to provide a reserve fund for capital acquisitions including equipment, resurfacing or replacing the Roads on a periodic basis, and repairing or replacing Common Elements and facilities; and to provide other services to the Lot Owners which promote their health and safety, and the welfare of the Community.

6.2 Annual Assessments. Annual Assessments shall be based on an annual budget adopted by the Association Board of Directors to promote and pay for the administration and performance of its duties set forth herein. No increase or adjustment in annual assessments, and/or special assessments shall be charged to the Members of the Association except those previously approved by the Membership, or approved by a majority of the Owners' votes cast. Collection of the Assessments shall be by procedures determined by the Board of Directors. The omission or failure of the Board to fix the Annual Assessments for any assessment period shall not be deemed a waiver, modification or release of the Owners for their obligation to pay the same.

6.3 Special Assessments. In addition to Annual Assessments authorized above, the Association may levy in any fiscal year, one or more Special Assessments, payable over such period of time as the Association may determine, for the purpose of defraying, in whole or in part, the cost of any unbudgeted costs; for the construction, reconstruction, repair or replacement of any Common Elements or Road improvements for which the Association is responsible; or for the provision for new functions or services, provided that any such special assessment shall have the consent of at least a majority of the Owners' votes cast.

6.4 Use Fees. In accordance with the provisions of the Association's governing documents, the Association's Board of Directors shall have the authority to establish use fees as may become necessary to provide or continue to provide particular services to or for the benefit of Owners who use such services. Fees established by the Board of Directors shall be such as to cover the full cost of services provided; however, fees shall not exceed the actual costs of services provided.

6.5 Personal Obligation. Each Lot Owner, by acceptance of the deed for any Lot, whether or not it shall be so expressed in any such deed or other conveyance or has been recorded shall be deemed to covenant and agree to pay all Assessments allocated to such Lot. Such Assessments, including fees, charges, late charges, attorney fees, court costs, Fines and interest charged by the Association, shall be the personal, joint and several obligation of the Lot Owners at the time when the Assessments or other charges became due. Any lien against a Lot for unpaid assessments or other charges may be foreclosed.

6.6 Default. Any Assessment, charge, fee, Fine or penalty provided for in this Declaration which is not fully paid before the delinquency date as established from time to time by the Board of Directors shall bear interest at a rate

determined by the Board from time to time. In addition, the Board may assess a late charge thereon. Any Owner who fails to pay any Assessment, charge, interest, late charge, fee, Fine, or penalty levied by the Association shall also be obligated to pay to the Association all costs and expenses incurred by the Association, including reasonable attorney's fees, in collecting the delinquent amount, whether or not suit is filed, and such Owner shall have all privileges suspended until such time as the total amount due is paid in full. The total amount due to the Association, including unpaid Assessments, fees, charges, Fines, penalties, interest, late payment charges, costs and attorney's fees shall constitute a continuing lien on the defaulting Owner's Lot. The Association may bring an action against any Owner personally obligated to pay any amount due to the Association, and may also proceed to foreclose its lien against such Owner's Lot. An action at law or in equity by the Association against a delinquent Owner to recover a money judgment for unpaid amounts due to the Association may be commenced and pursued by the Association without foreclosing or in any way waiving the Association's lien. Additionally, if any Owner does not timely pay Assessments, the Association in its discretion may suspend the voting rights and other privileges of membership of the Owner during the period of default, upon notice to such Owner.

6.7 Certificate of Assessments Due. Upon written request of any person with an interest in any property subject to this Declaration, the Association shall furnish a written statement detailing the amount of any unpaid Annual Assessments, Special Assessments, charges, Fines, interest, or late fees, if any, with respect to the particular property which is the subject of such request, together with the amount of the current year's Assessments and charges whether delinquent or not, if established by the Association at the time said request is received, within fourteen (14) calendar days of the receipt of the request, in accordance with the provisions of Section 38-33.3-316(8), CRS, as the same as may be amended from time to time. Persons or agencies making such request shall pay the full and complete cost of providing such information.

6.8 Homesteads. The lien of the Assessments shall be superior to any homestead exemption as is now or may hereafter be provided by Colorado or federal law. The acceptance of a deed to any Lot subject to this Declaration constitutes a waiver of the homestead exemption as against the Assessment lien.

## 7 INSURANCE

7.1 Public Liability and Property Damage Insurance. The Association shall maintain comprehensive public liability insurance, including personal injury liability coverage, covering liabilities of the Association, its Directors, officers, employees, agents and Members arising in connection with the ownership, operation, maintenance, occupancy or use of the Common Elements in amounts determined by the Association.

7.2 Insurance Obtained by Owners. Each Owner shall have the right to obtain insurance for such Owner's benefit, at such Owner's expense, covering the Owner's Lot, improvements and personal property and personal liability. To the extent available, and without additional cost to the Owner, any such insurance obtained by an Owner shall include a waiver of the particular insurance company's right of subrogation against the Association, its Directors, officers, employees and agents. In the event an Owner does not obtain such insurance, or to the extent such insurance does not fully cover a loss on the Owner's Lot, each Owner hereby waives any and all rights of recovery against the Association, its Directors, officers, employees and agents for loss of or damage to such Owner's Lot, improvements and personal property, unless such loss was caused by the intentional or malicious acts or gross negligence of the Association or its agents.

7.3 Workers' Compensation and Employer's Liability Insurance. The Association shall obtain and maintain Workers' Compensation and Employer's Liability Insurance as may be necessary to comply with applicable laws.

7.4 Directors' and Officers' Liability Insurance. The Board shall maintain Directors' and Officers' liability insurance, if available, covering all of the Directors and Officers and committee members of the Association. This insurance will have limits determined by the Board.

7.5 Other Insurance. The Association may carry other insurance which the Board considers appropriate to protect the Association.

## 8 INDEMNIFICATION

To the full extent permitted by law, each officer and member of the Board, employee, ACC or other Committee member of the Association shall be indemnified by 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 their being or having been an officer, member of the Board,

employee or Committee member of the Association, or any settlement thereof, whether or not they are an officer, member of the Board, employee or Committee member of the Association at the time such expenses are incurred, except in such cases where such officer, member of the Board, employee or Committee member, is adjudged guilty of willful misfeasance or malfeasance in the performance of his or her 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.

## 9 EASEMENTS

9.1 All Easements, as shown on recorded plats, Crystal Lakes Subdivision, shall run with the land and shall not be altered or terminated without the express, written consent of the owner of such Easement.

9.2 Road, Trail and Fishing Easements. Every Owner has a perpetual, non-exclusive easement for access to and from such Owner's Lot over and across the Road Easements, which Easements are appurtenant to and shall pass with title to such Owner's Lot, and the right to use the trail and fishing Easements owned by the Association. All conveyances or other instruments affecting title to such Lot shall be deemed to grant and reserve the Easements and rights provided for herein as though set forth in said document in full even though no specific reference to such Easement or right appears in any such conveyance or instrument. Any Owner entitled to use the Road Easements may delegate to such Owner's tenants, invitees and guests the right to use the Road Easements, subject to any Rules and Regulations adopted by the Board. Each Owner's right to use the Road Easements shall be subject to the rights of other Owners as well as subject to the following:

- The right of the Association to reasonably restrict access and use, such as for closure due to repairs, maintenance or replacement.
- The right of the Association to enact reasonable Rules and Regulations governing the use of the Roads, provided such Rules and Regulations are enforced in a uniform manner.

9.3 Utility Easements. The Utility Easements described in the plats are for the purpose of construction, installation, location, maintenance and repair of public utilities and other private facilities, which may furnish utility services to the Lots. The Utility Easements are perpetual and non-exclusive.

9.4 Association Grant of Easement. The Association, acting through its Board, shall have the power to grant easements to public agencies, providers of utility service and others across the Road Easements and across the Common Elements, in order to provide services to the Lots, or for such other purpose as the Board may determine to be in the best interest of the Association and its members.

## 10 ADDITIONAL SUBDIVISION DEVELOPMENTS AND FUTURE ANNEXATIONS

The Association reserves the right to subject additional real property to this Declaration of Unified Covenants, Conditions and Restrictions, based on the following criteria:

- (a) That the real property to be subjected to this Declaration is contained within the service area and boundaries of Crystal Lakes Water and Sewer Association, the Crystal Lakes Fire Protection District, and/or included within the real property subject to the Crystal Lakes Master Plan dated November 26, 1976; and
- (b) That the consent of all the Owner(s) of the real property to be included hereunder is obtained and that a majority of the Members of the Board of the Association approve the inclusion of such real property at a meeting called for that purpose; and
- (c) If such consent(s) and approval are obtained, that the Owner(s) of the real property included hereunder become Members of the Association.

## 11 MISCELLANEOUS PROVISIONS

11.1 Enforcement. Enforcement of any provision of this Declaration, the Bylaws, and Rules and Regulations shall be by appropriate proceedings by statute, at law or in equity against those persons violating or attempting to violate any such provision. Such proceedings may be for the purpose of removing a violation, restraining or enjoining a future violation, recovering damages for any violation, foreclosing a lien, obtaining such other and further relief as may be available, or any combination thereof. Such proceedings may be instituted by the Association or by a Lot Owner. In any such proceedings the prevailing party shall be entitled to recover the costs and reasonable attorney's fees incurred in connection with such proceedings. However, the Association shall not be liable to reimburse any Lot Owner for attorney's fees or costs incurred in any suit brought by a Lot Owner to enforce or attempt to enforce this

Declaration against another Owner or third party. In addition, the Association may levy Fines against a Lot Owner, or such Owner's lessee, because of a violation of the terms of this Declaration or any Rules and Regulations. The Rules and Regulations adopted by the Association shall provide for notice to the affected Lot Owner, or such Owner's lessee, and hearing before any such Fines are assessed. The unpaid Fines shall be added to the Assessments against the Lot of such Owner. The failure to enforce any provision of this Declaration, the Bylaws and the Rules and Regulations shall not preclude or prevent the enforcement thereof for a further or continued violation, whether such violation shall be of the same or of a different provision.

11.2 Severability. If any provision or term of this Declaration is invalidated, such invalidity shall not affect the validity of the remainder of this Declaration.

11.3 Conflict. In the event of the Amendment of the Mandatory Provisions of the Colorado Common Interest Ownership Act or the Colorado Non Profit Corporation Act, creating a conflict with any provision in this Declaration, the Act(s) as amended, shall control. In the event of a conflict between this Declaration and the Bylaws, the Articles of Incorporation, or other Rules and Regulations, this Declaration shall control.

11.4 Duration. Subject to paragraph 11.5 below, the Covenants, Conditions and Restrictions of this Amended Declaration shall run with the Property, shall be binding on all Lot Owners, their legal representatives, heirs, successors and assigns, and shall be in effect for twenty-five (25) years from the date hereof at which time they will automatically extend for successive periods of ten (10) years unless terminated by the vote of sixty-seven percent (67%) of the Members of the Association entitled to vote thereon.

11.5 Amendment. This Declaration may be amended at any time upon proper notice, by the affirmative approval of the majority of the membership (all Members of the Association not just a majority of a quorum), or under any authorized procedure to amend covenants set forth in the Colorado Common Interest Ownership Act, as amended.

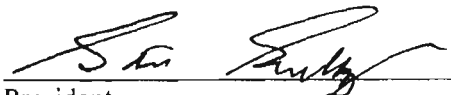
11.6 Notice. Unless otherwise required by this Declaration, notice of matters affecting the Property may be given to Lot Owners by the Association, or by other Lot Owners, in the following manner: Notice shall be hand delivered or sent by United States mail, first class with postage prepaid, to the mailing address on record with the Association for each Lot or to any other mailing address designated in writing by the Lot Owner. Such notice shall be deemed given when hand delivered or, if mailed, three days after being deposited in the United States mail. Receipt by any Lot Owner shall be deemed receipt by all of the Lot Owners for that Lot.

11.7 Waiver. No provision in this Declaration is waived by reason of any failure to enforce the provision, regardless of the number of violations or breaches which may occur.

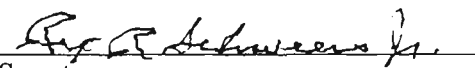
11.8 Limited Liability. Neither the Association, a Member of the Board of Directors, nor any member of the ACC or other Committee, agent or employee of any of the same shall be liable to any party for any action or for any failure to act with respect to any matter in which the action taken or failure to act was in good faith and without malice. Such parties shall be reimbursed by the Association for any costs and expenses, including reasonable attorney's fees, incurred by them with the prior approval of the Association (which approval shall not unreasonably be withheld), as a result of the threatened or pending litigation in which they are or may be named as parties.

Dated this 17th day of August, 2007.

Crystal Lakes Road & Recreation Association,  
a Colorado non-profit corporation

By:   
President

ATTEST:

  
Secretary



**EXHIBIT A**  
**Protective Covenants, First through Fifteenth Filings**

1. Protective Covenants of Crystal Lakes Development Co. Recorded October 28, 1969, Reception #972352 of the Larimer County Public Records.
2. Protective Covenants of Crystal Lakes Subdivision, Second Filing. Recorded December 30, 1969, Book 1424, Page 563 of the Larimer County Public Records.
3. Protective Covenants of Crystal Lakes Subdivision, Third Filing. Recorded April 30, 1970, Reception #979755 of the Larimer County Public Records.
4. Protective Covenants of Crystal Lakes Subdivision, Fourth Filing. Recorded June 28, 1971, Book 1466, Page 628 of the Larimer County Public Records.
5. Protective Covenants of Crystal Lakes Development Co. Fifth Filing. Recorded October 14, 1971, Reception #11125 of the Larimer County Public Records.
6. Protective Covenants of Crystal Lakes, 6<sup>th</sup> Filing. Recorded February 15, 1972, Book 1492, Page 622 of the Larimer County Public Records.
7. Protective Covenants of Crystal Lakes Development Co. Seventh Filing. Recorded October 14, 1971, Reception #11126 of the Larimer County Public Records.
8. Protective Covenants of Crystal Lakes 8<sup>th</sup> Filing. Recorded February 5, 1974, Reception #79794 of the Larimer County Public Records.
9. Crystal Lakes Subdivision, Ninth Filing Protective Covenants. Recorded September 24, 1975, Reception #129033 of the Larimer County Public Records.
10. Crystal Lakes Tenth Filing Protective Covenants. Recorded July 26, 1976, Reception #159016 of the Larimer County Public Records.
11. Crystal Lakes Subdivision, Eleventh Filing Protective Covenants. Recorded January 5, 1977, Reception #177941 of the Larimer County Public Records.
12. Crystal Lakes Subdivision, Twelfth Filing Protective Covenants. Recorded February 15, 1978, Reception #235726 of the Larimer County Public Records.
13. Crystal Lakes Subdivision, Thirteenth Filing Protective Covenants. Recorded March 15, 1979, Reception #297360 of the Larimer County Public Records.
14. Crystal Lakes Subdivision, Fourteenth Filing Protective Covenants. Recorded June 9, 1980, Reception #364707 of the Larimer County Public Records.
15. Crystal Lakes Subdivision, Fifteenth Filing Protective Covenants. Recorded July 14, 1980, Reception #368895 of the Larimer County Public Records.

## EXHIBIT B

### Plats, First through Fifteenth Filings

1. Covenants appearing upon Plat of Crystal Lakes, First Filing. Recorded September 23, 1969 Book 1418, Page 729, Reception #970765 of the Larimer County Public Records.
2. Covenants appearing upon Plat of Crystal Lakes, Second Filing. Recorded December 30, 1969 Book 1424, Page 563, Reception #974784 of the Larimer County Public Records.
3. Covenants appearing upon a Replat of Tract "E", Crystal Lakes Second Filing (Lots 50-66 inclusive). Recorded April 22, 1970, Book 1431, Page 294, Reception #979454 of the Larimer County Public Records.
4. Covenants appearing upon Plat of Crystal Lakes, Third Filing. Recorded December 30, 1969, Book 1424, Page 568, Reception #974785 of the Larimer County Public Records.
5. Covenants appearing upon the Replat of a Portion of Crystal Lakes, Third Filing (Lots 19-34) (88-102). Recorded April 19, 1971, Book 1458, Page 946, Reception #997807 of the Larimer County Public Records.
6. Covenants appearing upon the Plat of Crystal Lakes, Fourth Filing. Recorded April 19, 1971 Book 1458, Page 948, Reception #997808 of the Larimer County Public Records.
7. Covenants appearing upon the Plat of Crystal Lakes, Fifth Filing. Recorded October 14, 1971, Book 1479, Page 848, Reception #11125 of the Larimer County Public Records.
8. Covenants appearing upon the Plat of Crystal Lakes, Sixth Filing. Recorded February 15, 1972, Book 1492, Page 622, Reception #19248 of the Larimer County Public Records.
9. Covenants appearing upon the Plat of Crystal Lakes 7th Filing. Recorded October 14, 1971, Book 1479, Page 853, Reception #11126 of the Larimer County Public Records.
10. Covenants appearing upon Plat of Crystal Lakes, Eighth Filing. Recorded February 5, 1974, Reception #79794 of the Larimer County Public Records.
11. Covenants appearing upon Plat of Crystal Lakes Ninth Filing. Recorded September 24, 1975, Book 1664, Page 874, Reception #129033 of the Larimer County Public Records.
12. Covenants appearing upon the Plat of Crystal Lakes, Tenth Filing. Recorded July 26, 1976, Book 1712, Page 405, Reception #159016 of the Larimer County Public Records.
13. Covenants appearing upon the Plat of Crystal Lakes Eleventh Filing. Recorded January 5, 1977, Book 1742, Page 764, Reception #177941 of the Larimer County Public Records.
14. Covenants appearing upon the Plat of Crystal Lakes Twelfth Filing P.U.D. Recorded February 15, 1978, Book 1835, Page 666, Reception #235726 of the Larimer County Public Records.
15. Covenants appearing upon the Plat of Crystal Lakes Thirteenth Filing P.U.D. Recorded March 15, 1979, Reception #2297360 of the Larimer County Public Records.



16. Covenants appearing upon the Plat of Crystal Lakes Fourteenth Filing P.U.D. Recorded June 9, 1980, Reception #364707 of the Larimer County Public Records.
17. Covenants appearing upon the Plat of Crystal Lakes, Fifteenth Filing P.U.D. Recorded July 14, 1980, Reception #368895 of the Larimer County Public Records.

## EXHIBIT C SPECIAL CONDITIONS

These Special Conditions pertain to specific Filings under the original filing of Covenants and shall remain in full force under this Declaration of Unified Covenants, Conditions and Restrictions for Crystal Lakes.

### 1. The Keeping of and Maintenance of Livestock

1.1 Horses, cattle and other domesticated livestock may be kept on Lots in the First through the Eighth Filings, provided they are not kept for any commercial purpose; the Larimer County Land Use Code is not violated by such keeping of livestock; and subject to the rules and regulations listed below.

1.2 The following restrictions and exceptions apply in the Ninth through Fifteenth Filings:

1.2.1 No animals, livestock, or poultry of any kind shall be housed, raised or kept on any lot, except that commonly accepted domestic household pets but not including horses, may be kept, provided they are not kept or maintained for any commercial purposes, and are not a nuisance to adjoining property owners. Dogs may be kept upon the premises so long as they are securely confined in an enclosure such as a pen, restricted by a suitable leash or chain or having been properly trained are at all times within the control of the owner under voice command and are not running at large.

#### 1.2.2 EXCEPTIONS:

a. Horses and cattle, but not other domesticated livestock, may be kept on the following Lots:

1) NINTH FILING: Lots 30, 31, 32, 33, 34, 35, 36, 39, 41, 42, 60, 61, 63, 64, 65, 66, 70, 71, 72, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 107, 115, 116, 117, 118, 119, 120, 121, 122, 123 through 130.

2) ELEVENTH FILING: Lots 101, 102, 103.

b. Horses, but not cattle, may be kept and maintained on the following Lots:

FOURTEENTH FILING: Lots 1, 2, 3, 4, 5, 6, 7, and 8.

1.3 The following Rules and Regulations apply to all of the above mentioned Lots:

1.3.1. All stable areas shall be constructed and maintained in accordance with such Rules and Regulations as the ACC may from time to time designate. Commercial riding and boarding operations are expressly prohibited.

1.3.2. The premises shall be maintained in a clean and sanitary condition.

1.3.3. The Lots shall not be overgrazed nor the character of the premises changed or destroyed nor the fragile mountain ecology damaged. The animals shall be maintained following the rules of good animal husbandry.

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2. The animals shall not be permitted to destroy any ditches, ditch banks or irrigation structure or interfere with irrigation waters.
3. Maintenance of Livestock. This provision shall not be construed to allow a violation of the provisions of any Decree of Water Augmentation, and the watering of livestock shall not violate any decree or order of court or the authority of the State of Colorado.

CRYSTAL LAKES WATER AND SEWER ASSOCIATION  
AMENDED MASTER DECLARATION

KNOW ALL MEN BY THESE PRESENTS: That this amended Master Declaration of Protective and Design Covenants made this 3rd day of Oct, 1975, by Crystal Lakes Development Company, a limited partnership, which amends by substituting these covenants therefore, the Master Declaration heretofore filed 29<sup>th</sup> day of MARCH, 1974, in Book 1594 at Page 629 of the Larimer County Records for areas or lots as filed in the records of Larimer County, Colorado hereinafter referred to as Crystal Lakes subdivision which have been made subject hereto and those supplemental declarations which may be filed in addition hereto affecting separate lots, parcels, or plat filings of Crystal Lakes Development Company, a limited partnership as designed, and to be recorded from time to time confirming or adopting these covenants, which together with this Master Declaration shall constitute the covenants of the Crystal Lakes Water and Sewer Association.

NOW THEREFORE, in consideration of the acceptance hereof by the purchasers and grantee (s), their executors, administrators, successors, and assigns and all persons or concerns claiming by, through or under such grantees of those deeds to lots encumbered hereby, declares to and agrees with each and every person who shall be or who shall become owners of any of said lots that said lots, in addition to the regulations of the County of Larimer with the State of Colorado, shall be and are hereby bound by the covenants set forth in these presents and that the property to which these restrictions are applicable shall be held and enjoyed, subject to and with the benefit and advantage of the restrictions, limitations, conditions and agreements as set forth in this Declaration and any supplemental declaration hereto.

I.

PURPOSE

1.1 General: This Declaration is executed to: 1) define and describe a management association to perform certain obligations with respect to some or all of the property within the Crystal Lakes subdivision; 2) establish the manner and extent to which property may be made subject to these covenants and additional or different provisions, covenants, conditions and restrictions and to establish the effect of such; and, 3) to implement and provide for the enforcement of the judgment or decree in Case Number W-7631-74 in the District Court in and for the Water Division I, State of Colorado.

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## II.

## PROPERTY SUBJECTED TO DECLARATION PROVISIONS

2.1 Regulated Property: Any real property which has heretofore or may hereafter by consent or ratification shall be regulated hereby.

2.2 Supplemental Declaration: Any real property may be made subject in whole or in part to any or all of the provisions, covenants, and restrictions of this declaration by the recording, in the office of the County Clerk and Recorder of Larimer County, Colorado, or an instrument (hereinafter called a Supplemental Declaration) executed by the owner thereof, describing the property, and stating that, except as may be specifically stated in such Supplemental Declaration, the real property described therein shall be subject to the provisions hereof and to the additional or different provisions, which may be contained in such Supplemental Declaration, and such provisions shall be effective upon the recording thereof.

## III.

## CRYSTAL LAKES WATER AND SEWER ASSOCIATION

3.1 Establishment of Association: There has been established the Crystal Lakes Water and Sewer Association, as a vehicle to perform certain functions and to hold and manage certain property for the common benefit of owners of property within the Crystal Lakes Area and shall define certain rights and obligations of the Association, and certain rights and obligations of owners of property within the Crystal Lakes Area with respect to the Association, and with respect to the functions undertaken and property held by the Association.

3.2 Organization: Crystal Lakes Water and Sewer Association, a Colorado Corporation not for profit, shall consist of an elected board of directors. The means of electing the board of directors shall be set forth in the Code of By-Laws of the Association.

3.3 Certificate of Incorporation and By-Laws. The Certificate of Incorporation and, where applicable, the By-Laws of the Association, as adopted shall (a) outline the purposes and powers for which the Crystal Lakes Water and Sewer Association, Inc., is established. (b) define the rights and obligations of said Association with respect to the property owners and the property the subject of this Declaration, (c) set forth the rights and obligations of the property owners with respect to said Association, (d) provide for the election of directors, and (e) shall include any reasonable provisions necessary to effectuate the corporate

powers as conferred on said corporation by law or as outlined herein, but no provision thereof shall be inconsistent with the provisions of this Declaration.

**3.4 Right to Make Rules, Regulations and Grant Variances:** The Association shall be authorized to and shall have the power to adopt and enforce rules and regulations and grant variances thereto, applicable within Crystal Lakes Area, to promote the general health, safety and welfare of persons within Crystal Lakes Area; and to protect and preserve property and property rights. All rules and regulations adopted by the Association shall be reasonable and shall be uniformly applied. Nothing herein shall prohibit the Association from requiring different water and/or sewage disposal facilities for various lots or buildings. Each owner and guest shall be obligated to, and shall comply with, and abide by such rules and regulations. No variance shall be granted which would be in violation of the resolutions and regulations of the County of Larimer or the statute and regulations of the State of Colorado or of any decree of court. The Association may provide for enforcement of any such rules and regulations through exclusion of violators from facilities, collection of obligations due, injunctive relief, or otherwise.

**3.5 Charges for Use of Facilities:** Subject to the provisions of this Declaration requiring the consent of the Crystal Lakes Development Company, with respect to its property, the Association may establish reasonable and uniformly applied charges for use of the Facilities for each lot to assist the Association in offsetting the costs and expenses of the Association attributable thereto. Each Owner and Guest shall be obligated to and shall pay any such charges for use should they be imposed.

**3.6 Right to Dispose of Facilities:** The Association shall have full power and authority to sell, lease, grant rights in, transfer, encumber, abandon or dispose of any facilities.

**3.7 Implied Rights of Association:** The Association shall have and may exercise any right or privilege given to it expressly in this Declaration or given to it by law, except to the extent limited by the terms and provisions of this Declaration, and shall have and may exercise every other right or privilege or power and authority necessary or desirable to fulfill its obligations under this Declaration, including the right to engage necessary labor and acquire use of or purchase necessary property, equipment or facilities; employ a professional director or other personnel necessary to manage affairs of the Association; and obtain and pay for legal, accounting and other professional services as may be necessary or desirable. The Association shall assume full authority and control over the

acquisition and distribution of water on those parcels so designated in the Supplemental Declaration and it shall assume full authority and control over the disposal of sewage on those parcels so designated on the Supplemental Declaration.

3.8 Governmental Successor: Any facility of the Association and any function may be turned over and conveyed to a governmental authority which is capable of, willing to accept and assume the same upon such terms and conditions as the Association shall deem to be appropriate with the consent of the Owners of a majority of the lots bearing the costs and expenses relating to any such facility or function.

3.9 Legal Responsibility of the Association: The Association shall be responsible for the enforcement of the provisions of this Declaration and of the Decree in Case Number W-7631 in the District Court in and for Water Division I, State of Colorado. The issuance of a building permit or license by the Association and/or the County of Larimer or State of Colorado, which may be in contravention of these covenants, shall not prevent the Association from enforcing these provisions. It shall also be lawful, in the event of a breach of any of the covenants or conditions of this Declaration which the Association may fail to enforce, for the Owner or Owners of any lot or parcel the County of Larimer or State of Colorado to institute, maintain and prosecute any proceedings at law, or in equity against the person violating any of the provisions of this Declaration for injunctive relief and specific performance thereof, or to recover damages for the violation thereof. The County of Larimer and the State of Colorado through the appropriate agency may enforce any provision which shall affect the general health or welfare of the owner of lots or parcels herein or the people of the County of Larimer, or the State of Colorado.

3.10 Indemnification: The Association shall be obligated to and shall indemnify Crystal Lakes Development Company, a limited partnership, and hold it harmless from all liability, loss, cost, damage and expense, including attorney's fees, arising with respect to any operations of the Association or any facilities or functions.

3.11 General Functions of the Association: The Association, as designated in this Declaration, may undertake any activities or services which in their opinion are necessary or desirable for the benefit of the members of the Association and within the scope of their powers as outlined in the articles and by-laws

of the Association including but not exclusively those described herein. In order to perform said functions, the Association may hold and manage real or personal property as provided in this Declaration to further the common interests of all owners of property subject to the provisions contained herein, and the Association shall have all powers necessary to desirably effectuate these purposes.

3.12 Property Maintenance: The Association may accept title to any real property or equipment conveyed to the Association; pay all taxes and assessments of whatever nature relating to any of said property; adequately and fully insure all of said property against casualty loss; provide for the best and highest quality care, operation, management, maintenance, repair and replacement of the same which could include, in addition to normal upkeep and repair, rubbish removal and the removal of snow to the extent necessary to assure full use of the property or facilities regulated hereby.

IV.

FINANCING OF THE ASSOCIATION

4.1 Levying of Assessments: Each property owner, including property owners purchasing property under contract from Crystal Lakes Development Company, or their successors or grantees, shall pay to the Association an annual levy or assessment prorata share basis as may be necessary to defray the costs and expenses of the Association functions as herein provided; that each property owner shall receive one membership unit in the Association for each single family residential lot, one membership unit for each dwelling unit designated for each multiple family unit lot (including condominiums) and one membership unit for each commercial tract; that each owner shall also receive one additional membership unit for the value of all improvements placed on such lots or tracts in the ratio of one membership unit for each \$25,000.00 or any part thereof of the value of such improvements. In the event less than the maximum number of dwelling units are constructed on a multiple family lot and sold as condominium units, each condominium owner will receive a membership unit for the interest in the land and additional membership units for the value of the improvements owned by him as above provided. Such additional membership units shall be established by the Association at the time the plans for such improvements shall be approved by said Association and shall be issued to become effective as of the date of completion of such improvements or installation of facilities by the Association. Occupancy of a dwelling shall be conclusive evidence of its completion.



4.2 Annual Budget: The board of directors of said Association, on or before May 1, 1976 and annually thereafter shall establish a proposed budget which in its opinion is sufficient to defray the costs of operation of said Association, including a reasonable sum set aside for contingencies or reserve for the next ensuing fiscal year or a capital improvements fund to provide for anticipated facilities. Said budget shall be in an amount necessary to cover the costs and expenses of the functions to be undertaken or performed by the Association and to fulfill any long term or continuing commitments of the Association. The Association, except as emergencies may arise, shall make no commitment or expenditures in excess of the funds budgeted. The Board of Directors shall mail a copy of said budget, together with notice of the annual meeting, to each property owner at his address as shown on the books of said Association. The notice shall indicate the amount of levy on each membership unit that will be necessary to defray such annual costs and shall designate a date for the annual meeting of the property owners. Said annual meeting shall be within the first 15 calendar days of the month of May in each calendar year, the exact date to be set by the Board of Directors, on which date said budget shall be considered and adopted with such changes as may be made by the directors of said Association at said annual meeting; that said annual meeting shall also coincide with a date established for the election of directors to said Association as provided for in the by-laws of said Association. Such budget shall be for the fiscal year commencing June 1 next after the date of said meeting. Said budget and notice of said meeting shall be mailed to said property owners by ordinary regular mail at least thirty days prior thereto to the address appearing on the books of the Association. In establishing the budget the directors shall carefully consider all comments and opinions of the property owners and attempt to provide to the best of their ability and within the means available all functions of said Association as above outlined or as subsequently adopted. In establishing the levy and assessment, consideration shall be given to all anticipated revenues of said Association in addition to the monies raised by said levy and assessment; that once established, adopted and approved said budget shall constitute the budget

for said Association for the ensuing fiscal year and the budget as finally approved shall be mailed to all property owners on or before August 1 next following such annual meeting, together with a notice of the amount of assessment established for each property owner, which notice shall include the terms of payment and the method of enforcement as hereinafter provided.

4.3 Additional Assessments: The Association may assess each lot owner, based upon a standard rate, for the individual services performed. All special assessments shall become due and payable within 10 days from the date a statement for the assessment is mailed. All annual assessments shall become due and payable on June 1, the beginning of each fiscal year, and shall become delinquent on September 1 of each fiscal year; the Association shall establish procedures for the payment and issuing receipts therefor. If such assessment is not paid by September 1 it shall bear interest at the rate of 1% per month or for any part of a month that said payments are in default. Said Association shall have a lien against any property owned by the property owner which may be the subject of such levy and assessments to secure the payment of any amounts due the Association, including such assessment, interest thereon and all costs and expenses for collecting such unpaid assessments, including a reasonable attorney's fee. Said lien may be foreclosed in the same manner as mortgages are foreclosed in the State of Colorado and a certificate from the secretary of said Association shall be evidence of said lien. The Association may also cause the water or sewer services to be discontinued or the facilities of the association to be removed without liability of any kind to the Association, directors, its agents or employees.

4.4 New Functions or Facilities: Prior to the acquisition of new facilities or undertaking new functions at a cost in excess of \$10.00 per annum per membership unit, the board of directors of said Association shall estimate the initial and subsequent costs and income of such new facility or function and shall furnish a copy of the proposal and its estimated costs and income to all holders of a membership unit and such new function or facility shall not be undertaken by the Association unless approved by at least 60% of the holders of membership certificates voting on such proposals. The board of directors may consider such new facilities or functions at a regular annual meeting or at a special meeting called for this purpose. Written notice that an election will be held to consider

such new function or facility shall be given each holder of membership units at least thirty days prior to such election. Voting by proxy shall be allowed. In the event the Association accepts the responsibility for new functions or facilities designed for the benefit of one segment, the Association may segregate the costs and expenses of said new function or facility and assess for such costs only those of the particular segment or class utilizing said new function or facility; that in this event, only those membership units within the segment or class shall vote on such proposals.

**4.5 Liability of Owner of Property:** The amount of any levy, assessment or charge as herein provided payable by the property owner shall be the joint and several obligation of the persons or entities who constitute the property owners at the time the amount was payable and may be recovered by suit or money judgment by the Association without foreclosing or waiving any lien securing the same.

**4.6 Liability of Purchasers and Encumbrancers:** A purchaser of any property subject to these Declarations shall be jointly and severally liable with the seller of the property for any unpaid levy, assessments, or charges appurtenant to the property sold and purchased which had accrued or was payable at the time of the sale of the said property. No holder of a lien or encumbrance on any property shall be personally liable for any levy, assessment or charge and the lien for such levy, assessment and charge shall be junior to any lien or encumbrance on said property taken or acquired in good faith and for value without notice of the delinquency and perfected by recording prior to the time a notice of failure to pay any such amount is recorded in the office of the Clerk and Recorder of Larimer County against said property.

**4.7 Certificate of Assessments Due:** Upon written request of any person with an interest in any property subject to this Declaration the Association shall furnish a written statement detailing the amount of any unpaid levy, assessment or charges, if any, with respect to the particular property the subject of such request, together with the amount of the current year's assessments whether delinquent or not if established by the Association at the time said request is received, which statement shall be conclusive upon the Association. The Association may make a reasonable charge for furnishing this information.

**4.8 Implementation:** The Board of Directors of said Association are hereby authorized and directed to make such rules, regulations and policies which will promulgate and enforce the performance of the functions herein delegated to said Association, provided that no such rules or regulations shall be contrary to the provisions of this Declaration.

**V.**

**MISCELLANEOUS PROVISIONS**

**5.1 Duration of Restrictions:** The foregoing provisions of this Declaration constitute an encumbrance and servitude upon and in the lands herein conveyed or by separate instrument made subject hereto, running with the land, and shall remain in full force and effect for twenty-five (25) years from the date hereof, at which time they shall automatically extend for successive periods of ten (10) years each unless by a vote of the majority of the then owners of the residential tracts of this subdivision, it is agreed to change them in whole or in part. These covenants may not be removed except with the express prior consent of the Water Court of competent jurisdiction, or its successor, and of the County of Larimer acting through the Board of County Commissioners.

**5.2 Amendment or Revocation:** At any time while any provision contained in this Declaration is in force and effect, it may be amended or repealed, only with the written consent of the Water Court of competent jurisdiction and the County of Larimer through the Board of County Commissioners, and by the owners of not less than a majority of the area of the property then subject to this Declaration, excluding the Common Open Space. No such amendment shall be effective until it is recorded in the office of the Clerk and Recorder of Larimer County, Colorado. No such amendment or repeal shall be effective with respect to the holder of a mortgage or deed of trust recorded prior to recording of the instrument specifying the amendment or repeal unless such holder executes the said instrument.

**5.3 Arbitration of Disputes:** All controversies arising under or with respect to arbitration in accordance with the following procedures. All determinations, decisions and actions of Crystal Lakes Development Company, the Association, or of Committee members at any meeting of such members which is made, taken or purportedly taken pursuant to any provision of this Declaration shall be binding and conclusive on every person including the Association, and each owner of property and each owner's heirs, personal representatives, successors and assigns

unless notice of dispute is given as herein provided and the manner is submitted to arbitration in accordance with the following procedure.

Any party desiring to arbitrate any controversy shall file written notice of his desire with the Association and any party desiring to dispute any determination as aforesaid shall file a written notice of the existence and nature of the dispute with the Association. As promptly as possible, after receipt of such notice, the party interested in the matter shall be notified by the Association and the matter shall be heard by the Association. If the matter is not settled or resolved at said hearing the parties on each side of the dispute shall select an arbitrator; the matter of dispute shall be heard by the arbitrators at a convenient location in the State of Colorado; and a decision in the arbitration shall be rendered by the arbitrators. In the event that the arbitrators shall be unable to agree and render a decision, said arbitrators shall select a third arbitrator. If said arbitrators are unable to agree upon a third arbitrator, said third arbitrator shall be selected by a judge of the District Court sitting in Larimer County, Colorado. The decision of the arbitrators may be appealed to the District Court of competent jurisdiction. Costs of any arbitration and litigation shall be borne equally by the party on each side of the dispute.

5.4 Effect of Provisions of this Declaration: Each provision, covenant, restriction and agreement contained in this Declaration shall be deemed incorporated in each deed or other instrument by which any right, title or interest in any real property subject to this Declaration is conveyed or encumbered whether or not set forth or referred to in any such conveyance or other instrument and any person or entity accepting any right, title or interest in any parcel of property subject to this Declaration shall be conclusively deemed to have accepted and adopted the provisions, covenants, conditions, restrictions and agreements herein contained as a personal covenant for such person or entity and it shall be binding on such person or entity and their heirs, executors, administrators, successors and assigns and the provisions hereof are made for the benefit of not only the Association but for the benefit of the owners of all property the subject to this Declaration.

5.5 Enforcement and Remedies: The provisions, covenants, restrictions, conditions and agreements herein contained shall be enforceable by the State of Colorado, acting through its appropriate agent, the County of Larimer, the Crystal

Lakes Water and Sewer Association or any property owner the subject of these Declarations either by proceeding for injunctive relief or by suit or action to recover damages or to recover any amount due and unpaid; these covenants may be enforced by the exclusion of any person or entity from the use of any property or facility owned or held by the Association or from the enjoyment of any function undertaken by the Association. The Association may terminate the service provided to any owner or its parcel of land, and may enter upon the land and remove the facilities of the Association. The Association may also refuse to grant future services until such time as the breach hereof or default of the owner is corrected. If Court proceedings are instituted in connection with the enforcement of the rights and remedies as herein provided, the prevailing party shall be entitled to recover its costs and expenses connected therewith, including a reasonable attorney's fee.

5.6 Protection of Encumbrancer: No violation or breach of any provision, restriction, covenant or condition contained in this Declaration and no action to enforce the same shall defeat, render invalid or impair the lien of any mortgage or deed of trust taken in good faith and for value and perfected by recording prior to the time of recording of an instrument giving notice of such violation or breach, or the title or interest of the holder thereof of the title acquired by any purchaser upon foreclosure of any such mortgage or deed of trust. Any such purchaser shall, however, take subject to this Declaration except only that violations or breaches which occur prior to such foreclosure shall not be deemed breaches or violations hereof with respect to such purchaser, his heirs, personal representatives, successors, and assigns.

5.7 Limitation of Liability: Neither Crystal Lakes Development Company, the Association, the Board of Directors of the Association, the County of Larimer, the State of Colorado (or its agents or employees) nor any member, agent or employee of any of the same shall be liable to any party for any action or for any failure to act with respect to any matter if the action taken or failure to act was in good faith and without malice.

5.8 Successors and Assigns of Association: This Declaration shall be binding upon assigns of the Association whether voluntary or involuntary by designation of law or otherwise. The successors of the Association shall be bound

by this Declaration and any supplemental Declaration.

**5.9 Severability:** Invalidity or unenforceability of any provision of this Declaration in whole or in part by any judgment or court order shall not affect the validity or enforceability of any other provision or valid and enforceable part of a provision of this Declaration.

**5.10 Captions:** The captions and headings in this Declaration are for convenience only and shall not be considered in construing any provision contained in this Declaration.

**5.11 Waiver:** Failure to enforce any provision, in this Declaration shall not operate as a waiver of any such provision, or of any other provision, restriction, covenant or condition.

**5.12 Ownership of Water and Sewer Facilities:** All water and sewer facilities except those within any dwelling shall be owned by the Association notwithstanding the location thereof.

## VI.

### DECREE OF AUGMENTATION

**6.1 General:** The District Court in and for Water Division I, State of Colorado, action number W-7631-74 has entered a decree affecting the waters in and used in the area.

**6.2 Enforcement of Decree:** The Association shall comply with and enforce the terms, conditions and obligations of the aforementioned decree. All obligations therein and requirements thereof shall be the principal responsibility of the Association. The Association may do whatever is reasonable and necessary to comply with the provisions of said decree. In the event that the aforementioned court shall modify or change said decree, the Association shall comply with and enforce said amendment or modification. In the event that the Association shall fail or neglect, with a reasonable time, to comply with the requirements of said decree or any amendments thereto, the same may be enforced or implemented by any lot owner or by the State of Colorado. The Association is herein expressly given the power to sue, be sued, or interplead or join any necessary or proper party to cause said decree to be complied with. The cost of enforcement of said decree, regardless of who initiates any action to enforce it, shall be paid by the Association. If there shall be insufficient moneys in the treasury of

the Association, the Association shall assess the members therefore, which assessment shall be due and payable within ten (10) days from the date of the notice. Notices shall be mailed by ordinary mail to the addresses of owners as they appear on the records of the Association. In the event that any owner shall violate any of the provisions of said decree, which violation shall cause an expense to the Association, said owner shall be liable therefor and the amount may be collected from said defaulting owner in the same manner that a delinquent annual assessment is collected. This may include, but not be limited to, levy upon its property and the foreclosure thereof, or an action in a court of competent jurisdiction to recover the debt.

6.3 Receipt of Water Rights: Pursuant to the aforementioned decree, certain water rights will be transferred to the Association. These water rights shall not be transferred, assigned, pledged or in any manner conveyed by the Association without the express prior approval of the aforementioned water court and/or the appropriate authority of the State of Colorado (the Division of Water Resources, or its successor) and Crystal Lakes Development Company, a Limited Partnership, or its successor.

6.4 Payment of Water Assessments: The Association shall pay all water assessments and charges due on the aforementioned water rights before the same become delinquent. In the event that said water assessments and charges are not paid and they become delinquent, any owner may pay the same, and said payment shall become a debt of the Association.

6.5 Use of Waters: The use of the waters represented by the water rights above mentioned shall be by a majority vote of the Board of Directors and the appropriate agent of the State of Colorado (Division of Natural Resources). The use of water may be curtailed or rationed if required by the appropriate authority of the State of Colorado.

IN WITNESS WHEREOF, the undersigned, has executed the foregoing Crystal Lakes Water and Sewer Association Master Declaration on the day and year first above written.

*CRYSTAL LAKES DEVELOPMENT COMPANY  
A LIMITED PARTNERSHIP*  
BY *Donald B. Helkelman*  
GENERAL PARTNER

STATE OF COLORADO }  
COUNTY OF LARIMER } ss.

The foregoing was acknowledged before me this 3rd day of October, 1975  
by Donald B. Helkelman, General Partner of Crystal Lakes Development Company, a Limited Partnership.  
Witness my hand and official seal.  
My Commission expires: Feb. 14, 1978



*Henda L. Johnson*  
Notary Public