

est, late charges, costs, and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such Lot at the time when the assessment became due. The personal obligation for delinquent assessments shall not pass to such Owner's successors in title unless expressly assumed by them. The Association's lien on a Lot for assessment shall be superior to any homestead exemption now or hereafter provided by the laws of the State of Colorado or any exemption now or hereafter provided by the laws of the United States. The acceptance of a deed to land subject to this Declaration shall constitute a waiver of the homestead and any other exemption as against said assessment lien.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents of the Properties, and for all of those purposes and activities which may be required of the Association or which the Association may be empowered to pursue pursuant to this Declaration, the Articles of Incorporation or Bylaws of the Association, including without limitation the improvement and maintenance of the Common Area and payment for any utilities services paid or payable by the Association.

Section 3. Maximum Monthly Assessment.

(a) The maximum monthly assessment, until commencement of the second fiscal year of the Association after recording of this Declaration, shall be Seventy Dollars (\$70.00) per Lot per month, plus any amounts for utilities services payable by the Association.

(b) Effective with commencement of the second and each subsequent Association fiscal year, the maximum monthly assessment against each Lot (exclusive of amounts for utilities services paid or payable by the Association) shall be increased over the maximum monthly assessment for the preceding fiscal year, by the greater of: (i) the percentage increase, if any, in the Consumer Price Index published by the U.S. Department of Labor, Washington, D.C., for All Urban Consumers, U.S. City Average, All Items (1982 through 1984 = 100), for the one (1) year period ending with the preceding month of March, or (ii) ten percent (10%). The aforesaid annual increase in the maximum monthly assessment shall occur automatically upon the commencement of each Association fiscal year without the necessity of any action being taken with respect thereto by the Association. In the event the aforesaid Consumer Price Index is not published, for whatever reason, then the increase in the maximum monthly assessment, as provided herein, shall be calculated by using a substantially comparable index designated by the Board of Directors of the Association from time to time. The amounts

charged to any Owner(s) as assessments for utilities services paid or payable by the Association may be increased by the Association at any time, from time to time, to permit the Association to timely pay amounts due for utilities services or to recoup such amount(s) as previously paid.

(c) Effective with commencement of the second and each subsequent Association fiscal year, the maximum monthly assessment may be increased above that established in accordance with Section 3(b) hereof. Any such additional increase shall have the assent of two-thirds (2/3) of each class of Members who are voting in person or by proxy, at a meeting duly called for this purpose.

(d) The Board of Directors of the Association may, at any time and from time to time, after consideration of the projected maintenance costs and other financial needs of the Association, fix the actual assessment against each Lot in an amount less than the maximum.

(e) Written notice of any increase in the amount of the actual assessment (whether to an amount less than or equal to the maximum), at any time, shall be sent to every Owner affected thereby at least thirty (30) days in advance of the effective date of such change.

(f) The limitations contained in this Section 3 shall not apply to any change in the maximum, actual and basis of the assessments undertaken as an incident to a merger or consolidation in which the Association is authorized to participate under its Articles of Incorporation.

(g) The Association shall maintain an adequate reserve fund out of the monthly assessments for the maintenance, repair and replacement of those items that must be maintained, repaired or replaced on a periodic basis, and for the payment of insurance deductibles.

Section 4. Notice and Quorum for Any Action Authorized Under Section 3(c). Written notice of any meeting called for the purpose of taking any action authorized under Section 3(c) of this Article shall be sent to all Members not less than 30 days or more than 60 days in advance of the meeting, and such notice shall set forth the purpose thereof. At the first such meeting called, the presence of Members or of proxies entitled to cast sixty percent (60%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than 60 days following the preceding meeting.

