DECLARATION
OF
LAND USE RESTRICTIONS

August 1994

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The Highlands at Breckenridge Land Use Restrictions
For
Filings 1 through 5

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DECLARATION OF LAND USE RESTRICTIONS FOR THE HIGHLANDS AT BRECKENRIDGE SUBDIVISION

THIS DECLARATION OF LAND USE RESTRICTIONS FOR THE HIGHLANDS AT BRECKENRIDGE SUBDIVISION (this "Declaration") is made and executed this 23rd day of August, 1994, by Lincoln Highlands I Limited, a Colorado limited partnership ("Declarant").

476057

DORIS L. BRILL

1994 SEP 15 A 10:45

SUMMIT COUNTY RECORDER

I. INTRODUCTION, PURPOSE AND DECLARATION

1.1 Declarant is the record owner of a parcel of real property consisting of approximately 54 acres situated in the County of Summit, State of Colorado, that is more particularly described in Exhibit A attached hereto and made a part hereof (the "Development Property"). Declarant also owns of record a parcel of real property consisting of approximately 240 acres situated in the County of Summit, State of Colorado, that is more particularly described in Exhibit B attached hereto and made a part hereof (the "Expansion Property"). The Development Property and all other real property which becomes part of The Highlands at Breckenridge ("The Highlands") as provided in Article XIV below are hereinafter referred to as the "Property." Declarant reserves the right to add all or any part of the Expansion Property to The Highlands pursuant to Article XIV below.

1.2 Declarant desires to develop the Property as a residential community that is not subject to the Colorado Common Interest Ownership Act, Colorado Revised Statutes 38-33.3-101 through 38-33.3-319 (as the same may be amended from time to time, the "Act").

1.3 The purposes of this Declaration are to set forth limitations and restrictions with respect to the use, density and design of improvements on the Property with the goal of (a) preserving the natural beauty of the Property and its setting, (b) maintaining the Property as a pleasant and desirable environment, (c) establishing and preserving a harmonious design for the community, and (d) protecting and enhancing the value of the Property.

1.4 To further the general purposes herein expressed, Declarant, for itself, its successors and assigns, hereby declares that the Property shall, at all times, be owned, held, used, occupied, sold and conveyed subject to the provisions of this Declaration and to the covenants, conditions and restrictions, easements, reservations, assessments and charges herein contained, which shall run with the Property and bind all parties having any right, title or interest in the Property, or any portion thereof, and their respective successors, assigns, heirs, devisees and personal representatives.

II. DEFINITIONS

2.1 "Accessory Apartment" means an apartment, as defined in the Development Code, constructed as a part of a Single Family Structure, except that such apartment may contain no more than 900 square feet and contain no more than one dwelling unit.

2.2 "Act" shall have the meaning given to it in Section 1.2 above.

2.3 "Annual Assessment" means the Assessment levied and assessed each year against each Lot pursuant to Section 7.5 below.

2.4 "Articles" means the Articles of Incorporation of the Association, as the same may be amended from time to time.

2.5 "Assessment" means an Annual Assessment or a Default Assessment levied pursuant to Article VII below.

2.6 "Assessment Lien" means the lien of the Association on a Lot described in Section 7.7 below.

2.7 "Association" means The Highlands at Breckenridge Property Owners' Association, Inc., a Colorado nonprofit corporation, and its successors and assigns.

2.8 "Association Documents" means the Declaration, the Articles, the Bylaws and the Rules and Regulations, as the same may be amended from time to time.

2.9 "Bed and Breakfast" operation means the letting of one or more rooms in a residence to an unrelated party or parties where the Owner (i) is also residing, and (ii) provides his or her guests with breakfast (but no other meals) as part of the lodging accommodations and without additional charge.

2.10 "Bylaws" means the Bylaws of the Association, as the same may be amended from time to time.

2.11 "Chalet" operation means the letting of one or more rooms in a residence to an unrelated party or parties where (i) the Owner is not also residing, and (ii) additional services (such as on-site meals and transportation), excluding the services of a management company, are provided to the guests as a part of the accommodations.

2.12 "Common Elements" means any real estate, together with any improvements located thereon, within The Highlands that is owned or leased by the Association or that the Association is otherwise required to operate, manage, maintain or repair, but excluding any such real estate or improvements that are dedicated to and/or maintained by the Town of Breckenridge.

2.13 "Common Expenses" means (a) all costs, expenses and liabilities incurred by or on behalf of the Association, including, but not limited to, costs, expenses and liabilities for (i) managing, operating, maintaining, repairing, altering

and improving the Common Elements; (ii) administering and enforcing the covenants, conditions, restrictions, reservations and easements created hereby; (iii) levying, collecting and enforcing the assessments, charges and liens due the Association pursuant hereto, (iv) regulating and managing The Highlands; and (v) operating the Association; and (b) allocations to reserves.

2.14 "Declarant" means Lincoln Highlands I Limited, a Colorado limited partnership, and any Person that (a) acquires from Declarant all or substantially all of its property at The Highlands and (b) prior to or at the time of such acquisition is designated by a written instrument signed by Declarant as a successor or assignee of Declarant under this Declaration. Such instrument may specify the extent and portion of the rights or interest as a declarant that are being assigned, in which case Lincoln Highlands I Limited shall retain all other rights as a declarant.

2.15 "Declaration" means this instrument and all amendments and/or supplements hereto hereafter recorded in the real property records of Summit County, Colorado.

2.16 "Default Assessment" shall have the meaning given to it in Section 7.6 below.

2.17 "Density and Land Use Classification" means the classifications establishing maximum densities and land uses for certain areas in The Highlands as set forth on the Master

Plan or on any Plat for the Property, including Single-Family Residential ("SFR"), Multi-Family Residential ("MFR"), Trail Easements, Access Easements, Open Space and roads.

2.18 "Design Guidelines" shall have the meaning given to it in Section 9.3 below.

2.19 "Development Code" means the Town of Breckenridge Development Code as it may from time to time be amended, revised or supplemented.

2.20 "First Filing" means the Plat for the Property designated therein as "The Highlands at Breckenridge Filing #1," as recorded with the County Clerk and Recorder of the County of Summit, Colorado, at Rec. # 476056, as amended and as the same may be further amended from time to time.

2.21 "The Highlands at Breckenridge" or "The Highlands" shall mean the Property, as such term is defined in Section 1.1 above.

2.22 "Lot" means (a) with respect to areas set forth on the Master Plan or on any Plat for the Property as having a Density and Land Use Classification of SFR, any area of real property located within The Highlands that is designated by number as a lot on any subdivision Plat for The Highlands filed or recorded in the real property records of Summit County, Colorado, or (b) with respect to areas set forth on the Master Plan or on any Plat for the Property as having a

Density and Land Use Classification of MFR, any area of real property located within The Highlands that is designated by number as a lot on any subdivision Plat for The Highlands filed or recorded in the real property records of Summit County, Colorado, unless such area is further subdivided, in which case, "Lot" shall mean each lot or other legally transferable unit of the area (including, without limitation, a condominium unit) following such subdivision.

2.23 "Master Plan" means the Master Plan Agreement, dated March 28, 1984, as it may be amended from time to time, between the Town of Breckenridge and Declarant, as assignee of Delaware Associates, Ltd., an Oregon limited partnership.

2.24 "Membership" means a membership in the Association and the rights granted to Owners pursuant to this Declaration to participate in the Association.

2.25 "Mortgage" means any mortgage, deed of trust or other document creating a security interest in any Lot or interest therein as security for payment of a debt or obligation.

2.26 "Mortgagee" means any Person named as a mortgagee or beneficiary in any Mortgage, or any successor to the interest of any such Person under such Mortgage.

2.27 "Multi-Family Residential Lots" means any Lot or Tract designated on any Plat or in the Master Plan for MFR use.

2.28 "Open Space" means any portion of the Property designated on any Plat or in the Master Plan as Open Space or Private Open Space.

2.29 "Owner" means the Person(s) who own of record, according to the real property records of Summit County, Colorado, fee simple title to a Lot or an undivided portion thereof. If there is more than one record holder of legal title to a Lot, each shall be an Owner. Each Owner shall also hold a Membership, which Membership is appurtenant to ownership of a Lot or an undivided portion thereof. The term "Owner" shall include Declarant to the extent Declarant is the holder of fee simple title to a Lot or Tract.

2.30 "Person" means any natural person, corporation, partnership, limited liability company, association, trustee or any other entity recognized as being capable of owning real property under the laws of the State of Colorado.

2.31 "Plat" or "Plats" means the plat(s) of The Highlands at Breckenridge subdivision on file with the Clerk and Recorder of Summit County, Colorado, as such plat(s) may be amended or supplemented from time to time.

2.32 "Property" shall have the meaning given to it in Section 1.1 above.

2.33 "Review Board" means the Design Review Board established by the Association in accordance with this Declaration.

2.34 "Rules and Regulations" means any instruments adopted by the Association or the Review Board for the regulation and management of The Highlands, as such instruments may be amended from time to time.

2.35 "Single Family Equivalents" or "SFEs" shall have the meaning from time to time given to it in the Development Code.

2.36 "Single-Family Residential Lot" means any Lot or Tract within The Highlands which has not been designated on the Plat or the Master Plan for MFR use, Open Space, Access Easement, Trail Easement or a road right-of-way.

2.37 "Single-Family Structure" means a residential structure containing one, detached dwelling unit as defined in the Development Code and which may also contain one Accessory Apartment.

2.38 "Supplemental Declaration" means additional covenants, conditions and restrictions which modify the covenants, conditions and restrictions set forth herein or further restrict the use, density or design of the applicable property, and which are placed on the Property or any portion thereof by one or more instruments recorded in the real property records of Summit County, Colorado, prior to the time Declarant transfers or conveys such Property or a portion thereof to any third party.

2.39 "Tract" means any portion of the Property designated as a Tract on any filed or recorded Plat for The Highlands. No Tract shall be subject to the terms and conditions of this Declaration unless and until an instrument meeting the requirements of Article XIV hereof and describing such Tract has been recorded in the records of the Clerk and Recorder of Summit County, Colorado. Upon recordation of such an instrument, any Tracts described therein shall become subject to the terms of this Declaration and may be designated for uses allowed by the Master Plan or any recorded Plat for The Highlands.

2.40 "Trail Easement" means any portion of the Property designated on any Plat or in the Master Plan as a Trail Easement.

III. APPLICABILITY OF THE ACT

As set forth in Section 7.9 below, the annual average Common Expense liability of each Lot, exclusive of optional user fees and any insurance premiums paid by the Association, shall not exceed the amount specified from time to time in Section 38-33.3-116 of the Act as the maximum annual average common expense liability of each unit restricted to residential purposes (currently $300 per year). Owners of Lots shall not be liable for Common Expenses prior to December 31, 1995. Accordingly, pursuant to

Section 38-33.3-116 of the Act, The Highlands is subject only to Sections 38-33.3-105 through 38-33.3-107 of the Act and such other sections of the Act which this Declaration expressly provides apply to The Highlands.

IV. THE ASSOCIATION

4.1 Formation of the Association. On or before the date on which Declarant conveys to any Person other than Declarant fee simple title to the first Lot within The Highlands, Declarant shall form the Association.

4.2 Purposes and Powers.

(a) The Association's purposes are to: (i) manage, operate, construct, improve and maintain the Common Elements, as necessary or appropriate; (ii) administer and enforce the covenants, conditions, restrictions, reservations and easements created hereby; (iii) levy, collect and enforce the assessments, liens, charges and penalties imposed pursuant hereto; (iv) create, manage and otherwise provide recreational and social activities for Owners and residents of The Highlands and their guests; (v) appoint a Design Review Board with the goal of ensuring that all improvements within The Highlands are constructed in accordance with Design Guidelines adopted by such Design Review Board, (vi) take any action necessary or appropriate to protect the general welfare and safety of Owners and residents

of The Highlands and their guests, and (vii) regulate and manage The Highlands with the goal of enhancing and protecting its value.

(b) Unless expressly prohibited by law or any of the Association Documents, the Association may take any and all actions that it deems necessary or advisable to fulfill its purposes. Without in any way limiting the foregoing, the Association may:

(i) adopt and amend the Articles (as provided therein), the Bylaws and the Rules and Regulations;

(ii) adopt and amend budgets for revenues, expenditures and reserves, and collect Assessments;

(iii) hire and fire managing agents and other employees, agents and contractors;

(iv) institute, defend or intervene in litigation or administrative proceedings in its own name on behalf of itself or two or more Owners on matters affecting The Highlands;

(v) make contracts and incur liabilities;

(vi) regulate the use, maintenance, repair, replacement and modification of the Common Elements;

(vii) cause additional improvements to be made part of the Common Elements;

(viii) acquire, hold, encumber and convey in its own name any right, title or interest in real or personal property;

(ix) grant easements, leases, licenses and concessions across, through, under or over the Common Elements;

(x) impose and receive any payments, fees or charges for the use, rental or operation of the Common Elements;

(xi) impose charges for late payments of Assessments, recover reasonable attorneys' fees and disbursements and other costs of collection for Assessments and other actions to enforce the rights of the Association, regardless of whether suit was initiated, and, after notice and an opportunity to be heard, levy reasonable fines and impose reasonable penalties for violations of Association Documents or any of them;

(xii) impose reasonable charges for the preparation and recordation of amendments to this Declaration or statements of unpaid Assessments;

(xiii) provide for the indemnification of the Association's officers and directors and maintain directors' and officers' liability insurance;

(xiv) assign its right to future income, including its right to receive Assessments;

(xv) provide or procure any services necessary for the safety or security of the Property, Owners, guests or visitors;

(xvi) approve, install, maintain, repair and replace signage;

(xvii) provide or procure landscaping services within The Highlands;

(xviii) plan, arrange and hold recreational activities for the benefit of Owners, residents and their guests;

(xix) become a member of another property owners' association or other similar associations;

(xx) exercise any other powers expressly or implicitly conferred on it by the Association Documents or any of them;

(xxi) exercise all other powers that may be exercised in Colorado by nonprofit corporations; and

(xxii) exercise any other powers necessary or proper for the governance and operation of the Association.

4.3 Association Documents.

(a) Each Owner shall comply with and benefit from each term, provision, covenant, condition, restriction, reservation and easement contained in the Association Documents. The obligations, burdens and benefits of Membership in the Association touch and concern the Property and are, and shall be, covenants running with each Lot for the benefit of all other Lots and the Common Elements.

(b) In the event that there is any conflict or inconsistency between the terms and conditions of this Declaration and the terms and conditions of the Articles, the Bylaws or the Rules and Regulations, the terms and conditions of this Declaration shall control. In the event that there is any conflict or inconsistency between the terms and conditions of the Articles and the terms and conditions of the Bylaws or the Rules and Regulations, the terms and conditions of the

Articles shall control. In the event of any conflict or inconsistency between the terms and conditions of the Bylaws and the terms and conditions of the Rules and Regulations, the terms and conditions of the Bylaws shall control.

4.4 Books and Records. Upon request, the Association shall allow Owners and Mortgagees to inspect current copies of the Association Documents and the books, records, budgets and financial statements of the Association at the offices of the Association during normal business hours and under other reasonable circumstances. The Association may charge a reasonable fee for copying such materials as well as for the time of Association staff members associated with such inspection.

4.5 Personal Liability and Indemnification.

(a) No officer, director, employee, agent or committee member of the Association shall be personally liable to the Association or any Owner for any injury, damage, loss, cost or expense suffered or incurred by reason of any act or omission of such officer, director, employee, agent or committee member unless a court of competent jurisdiction finds that the act or omission of such officer, director, employee, agent or committee member was wanton and willful.

(b) The Association shall indemnify and hold harmless each present or former officer, director, employee, agent or committee member of the Association against any and

all claims, suits, proceedings, injuries, damages, losses, costs and expenses, including, but not limited to, attorneys' fees and disbursements, asserted against or incurred by any such present or former officer, director, employee, agent or committee member to the fullest extent permitted by the Association Documents; provided, however, that in no event shall the Association indemnify or hold harmless any such officer, director, employee, agent or committee member to the extent that he or she is personally liable for an act or omission under paragraph 4.5(a) above.

V. MEMBERSHIP IN THE ASSOCIATION

5.1 Membership.

(a) There shall be one Membership appurtenant to each Lot. A Membership may not be separated from the ownership of the Lot to which it is appurtenant.

(b) Any Membership appurtenant to a Lot having more than one Owner shall be shared by such Owners, and each such Owner shall be a member of the Association. The voting rights of any such members shall be shared between or among the Owners as provided in paragraph 5.3 below.

5.2 Transfer of Membership. An Owner shall not sell, assign, transfer, convey, pledge or encumber the Owner's Membership in any way, except upon the sale or encumbrance of the Lot to which the Membership is appurtenant, and then only

to the purchaser(s) of fee simple title to the Lot or the Mortgagee of the Lot. A transfer of ownership of a Lot may be made by deed, intestate succession, testamentary disposition, foreclosure of a Mortgage of record or such other legal process as is now effective or may hereafter become effective in that regard under the laws of the State of Colorado. Any attempt to transfer a Membership in a manner other than those permitted by this Section 5.2 shall be null and void.

5.3 Voting.

(a) The Owner of each Lot to which a Membership is appurtenant shall be entitled to one vote, except that the Association shall have no voting rights.

(b) If a Lot to which a Membership is appurtenant is owned by more than one Person, such Owners shall be entitled to cast one collective vote; fractional voting shall not be allowed. If such Owners cannot agree as to how to cast their vote when they are required to cast their vote on a particular matter, they shall lose their right to vote on such matter. If any Owner casts a vote representing a certain Membership, it will thereafter be conclusively presumed for all purposes that the Owner was acting with the authority and consent of all other Owners with whom such Owner shares the Membership, unless objection to such vote is made to the chairperson of the meeting at the time the vote is

cast. If more than one vote is cast for any particular Membership, none of such votes shall be counted and all of such votes shall be deemed null and void.

(c) Notwithstanding anything to the contrary contained herein, Declarant shall have the exclusive right to appoint and remove all members of the Board of Directors of the Association until the date on which 95 percent of the Property and the Expansion Property has been sold to a Person or Persons other than Declarant. Thereafter, Declarant shall have the exclusive right to appoint and remove two-thirds of the members of the Board of Directors (rounded upward to the nearest whole director) until such time as Declarant no longer owns any Lot or Tract within The Highlands. Declarant may relinquish the exclusive rights afforded it pursuant to the two preceding sentences in the manner provided in Section 6.2 below. Any director(s) not appointed by Declarant pursuant to the exclusive rights afforded it by this paragraph and Section 6.2 below shall be elected by the affirmative vote of a majority of the Owners present in person or by proxy at a meeting at which a quorum is present called for the purpose of electing directors. In any election of members of the Board of Directors of the Association, each Membership shall have a number of votes equal to the number of members to be elected to the Board of Directors of the Association. Cumulative voting shall not be allowed in the election of members of the Board of Directors or for any other purpose.

(d) All meetings at which the Owners shall be presented with matters to vote on shall be called by the Board of Directors of the Association on not less than fifteen days' written notice to all Owners, which notice shall be delivered to each such Owner at the address of such Owner's property within The Highlands, unless such Owner designates another address for such purpose by written notice to the Secretary of the Association.

5.4 Membership Rights and Obligations. Each Owner shall have the rights, duties and obligations set forth in the Association Documents.

VI. BOARD OF DIRECTORS OF THE ASSOCIATION

6.1 Powers of the Board of Directors.

(a) Except as provided in this Declaration, the Articles and the Bylaws, or by law, the Board of Directors may act on behalf of the Association in all instances.

(b) The Board of Directors may not act on behalf of the Association to: (i) amend this Declaration; (ii) terminate the legal status of The Highlands; (iii) elect members of the Board of Directors, other than to fill a vacancy for the unexpired portion of the term of a member of the Board of Directors as provided in the Articles and Bylaws; or (iv) determine the qualifications, powers and duties, or terms of office, of members of the Board of Directors.

(c) The Board of Directors shall consist of at least three members, one of whom shall be designated as chairperson. The term of each director shall be as set forth in the Articles and Bylaws. A member of the Board of Directors may resign at any time by giving written notice to the Association, and such a resignation shall take effect upon receipt by the Association or such other date as is specified in such notice.

(d) The Board of Directors shall appoint all members of the Review Board and shall have the authority to remove or replace such members, with or without cause, upon a majority vote of the members of the Board of Directors.

6.2 Declarant Control Period.

(a) Declarant shall have the exclusive right to appoint and remove all of the members of the Board of Directors of the Association during that portion of the Declarant Control Period (as such term is defined in paragraph (b) below) commencing on the date on which Declarant forms the Association and ending on the date on which 95 percent of the Property and the Expansion Property has been sold to a Person or Persons other than Declarant.

(b) Subject to the terms and conditions of paragraphs 6.2(a) above and 6.2(c) below, but notwithstanding anything else to the contrary contained in this Declaration or in any other Association Document, Declarant shall have the

exclusive right to appoint and remove two-thirds of the members of the Board of Directors of the Association during the Declarant Control Period. The term "Declarant Control Period" means the period commencing on the date on which Declarant forms the Association and ending on the date on which Declarant no longer owns any Lot or Tract.

(c) Declarant may voluntarily surrender its right to appoint and remove all members of the Board of Directors, or any of them, prior to the expiration of the Declarant Control Period, by giving written notice to the Association that Declarant relinquishes its right to appoint all members or any member of the Board of Directors, which notice shall be accompanied by the written resignation of that member or those members of the Board of Directors. In the event Declarant so relinquishes its right with respect to a member or all members of the Board of Directors, Declarant may require, for the remainder of the Declarant Control Period, that specific actions of the Association or the Board of Directors, as described in a recorded instrument executed by Declarant, be approved by the Declarant before they become effective.

(d) Not later than thirty days after the expiration of the Declarant Control Period, the Owners shall elect a Board of Directors of at least three members pursuant to Section 6.1 above and the Articles and Bylaws.

(e) Notwithstanding anything to the contrary contained herein, Declarant may not authorize nor cause the Board of Directors of the Association to authorize the distribution or lending of any funds from the Association to Declarant or any entity controlled by Declarant.

6.3 Removal of Members of the Board of Directors. Notwithstanding any provision of this Declaration or any other Association Document to the contrary, the Owners, by a vote of at least 60 percent of the votes allocated to all Memberships represented in person or by proxy at any meeting at which a quorum is present, may remove any member of the Board of Directors, with or without cause, other than a member of the Board of Directors appointed by Declarant.

VII. ASSESSMENTS, COMMON EXPENSES, BUDGETS AND LIENS

7.1 Obligations for Assessments and Other Charges.

(a) Declarant, for each Lot it owns, hereby covenants and agrees, and each Owner, by accepting a deed to a Lot (whether or not it shall be expressly stated in such deed), shall be deemed to have covenanted and agreed, to pay to the Association all (i) Annual Assessments; (ii) Default Assessments; and (iii) other charges that the Association is required or permitted to levy or impose on such Owner or such Owner's Lot pursuant to this Declaration or any other Association Document.

(b) No Owner shall be exempt from liability under this Section 7.1 by waiving the use or enjoyment of any Common Element or by abandoning the Lot against which such Assessments are made.

(c) Except as provided in this paragraph 7.1(c) and Section 17.4 below, the obligation to pay to the Association any Assessment or other charges levied against any Lot shall be a joint and several obligation of the Owner of such Lot and such Owner's successors, assigns, heirs, devisees and personal representatives. A Person acquiring fee simple title to a Lot shall be jointly and severally liable with the former Owner of the Lot for all Assessments and other charges that had accrued and were payable when such Person acquired fee simple title to the Lot, for so long as such Person holds fee simple title to the Lot.

(d) Each Assessment or other charge, together with interest and penalties thereon and all costs and expenses incurred by the Association to collect such Assessment or other charge, including reasonable attorneys' fees and disbursements, may be recovered by a suit for a money judgment by the Association without foreclosing or waiving any Assessment Lien securing the same.

7.2 Purpose and Use of Assessments and Other Charges. The Assessments and other charges levied or imposed and collected by the Association under the Association

Documents shall be used exclusively to pay Common Expenses, including allocations to reserves. The Association may invest any funds allocated to reserves in a prudent manner. Unless expressly required by the laws of the State of Colorado or an Association Document, the Association need not refund or credit to Owners any excess funds collected by the Association.

7.3 Allocation of Common Expenses. Except as otherwise set forth in this Declaration, all Common Expenses shall be allocated equally among all Lots that have been created pursuant to a Plat prior to the date on which the Common Expenses were incurred. The formula for calculating the percentage of Common Expenses allocated to each Lot shall be:

$$\frac{1}{\text{Number of Lots created prior to the date on which the Common Expenses were incurred}}$$

7.4 Budgets.

(a) Prior to the first levy of an Annual Assessment, and, thereafter, on or before October 1 of each calendar year the Board of Directors of the Association shall adopt an annual budget for the Association for the following calendar year.

(b) If the Board of Directors of the Association deems it necessary or advisable to amend an annual

budget that it has adopted under paragraph 7.4(a) above, the Board of Directors may adopt an amendment to the annual budget.

7.5 Annual Assessments.

(a) After the Board of Directors adopts an annual budget pursuant to paragraph 7.4(a) above, the Association shall levy an Annual Assessment on each Lot based on the budget. The amount of the Annual Assessment shall be the same for each Lot. Except as otherwise provided herein, the Owners shall pay the Annual Assessments levied against their respective Lots in such periodic installments as may be required by the Board of Directors.

(b) If the Board of Directors ratifies an amendment to the annual budget pursuant to paragraph 7.4(b) above, the amount of the Annual Assessment levied against each Lot shall be adjusted accordingly, as shall the amount of each Owner's periodic installments.

(c) If the Board of Directors fails to adopt an annual budget for any calendar year prior to January 1 of that calendar year, the Owners shall continue to pay periodic installments of the Annual Assessment to the Association at the rate payable during the prior calendar year until such time as the Board of Directors adopts a new annual budget for the then-current calendar year. Once the Board of Directors adopts a new annual budget, the Association shall levy on each

Lot the Annual Assessment for the then-current calendar year and each Owner's periodic installments shall be adjusted as necessary to pay the new Annual Assessment in equal periodic installments over the remainder of such calendar year, giving the Owners credit for any installments that the Owners have previously paid to the Association during such calendar year.

(d) The failure of the Association to levy an Annual Assessment for any calendar year shall not be deemed a waiver, modification or release of the Owners' liability for Common Expenses.

(e) Notwithstanding anything to the contrary contained herein, no assessment for Common Expenses shall be levied against Owners by the Association prior to December 31, 1995.

7.6 Default Assessments.

(a) Notwithstanding anything to the contrary contained herein, if any Common Expense is caused by (i) the negligence or misconduct of an Owner or an Owner's family member, employee, agent or guest, or (ii) a violation of any covenant, condition or restriction of an Association Document by an Owner or an Owner's family member, employee, agent or guest, the Association shall, if it deems necessary or advisable, levy an Assessment against such Owner's Lot for the amount of such Common Expense. In addition, the Association shall, if it deems necessary or advisable, impose a fine,

penalty, fee or other charge upon an Owner for the violation of any covenant or condition of any Association Document by an Owner or an Owner's family member, employee, agent or guest. Any such Assessment levied by the Association, and each fine, penalty, fee or other charge imposed hereunder, are each referred to herein as a "Default Assessment."

(b) Default Assessments need not be shown on an annual budget, or on an amendment to an annual budget, adopted by the Board of Directors of the Association; provided, however, that with respect to any Default Assessment, or portion thereof, levied other than as a late charge, the Owner of the Lot against which the Association seeks to levy the Default Assessment shall be provided notice and an opportunity to be heard. Owners of Lots against which Default Assessments have been levied shall pay such Default Assessments when required by the Association.

7.7 Assessment Lien.

(a) The Association shall have a lien on each Lot for any Assessment levied against that Lot or the Owner thereof and any interest, reasonable attorneys' fees and disbursements and costs of collection incurred by the Association in connection therewith. The Assessment Lien shall secure all of the foregoing obligations of an Owner from the time such obligations become due. If an Assessment is payable in installments, the Assessment Lien secures each

installment from the time it becomes due, including the due date set by any valid acceleration of installment obligations by the Association.

(b) An Assessment Lien is prior to all other liens and encumbrances on a Lot except:

(i) liens and encumbrances recorded prior to the recordation of this Declaration;

(ii) a Mortgage which is not subordinate to any other lien or encumbrance, except liens for taxes or other liens which are given priority by statute, and which was recorded before the date on which the Assessment sought to be enforced became delinquent; and

(iii) liens for real estate taxes and other governmental assessments or charges against the Lot.

(c) An Assessment Lien is also prior to a Mortgage which is not subordinate to any other lien or encumbrance, except liens for taxes or other liens which are given priority by statute, and which was recorded before the date on which the Assessment sought to be enforced became delinquent, but after June 30, 1992, to the extent of an amount equal to the Assessments based on an annual budget

adopted by the Board of Directors of the Association in accordance with Section 7.4 above that would have become due, in the absence of any acceleration, during the six months immediately preceding institution by either the Association or any Person holding a lien senior to any part of the Assessment Lien of an action or a nonjudicial foreclosure either to enforce or extinguish the Assessment Lien.

(d) The recording of this Declaration constitutes record notice and perfection of an Assessment Lien on each Lot. No further recordation of any claim of any Assessment Lien is required.

(e) An Assessment Lien is extinguished unless proceedings to enforce the Assessment Lien are instituted within ten years after the Assessment secured thereby becomes due.

(f) This Section 7.7 does not prohibit: (i) actions or suits to recover sums secured by an Assessment Lien, or (ii) the Association's taking of a deed in lieu of foreclosure.

(g) In any action by the Association to collect Assessments or to foreclose an Assessment Lien for unpaid Assessments, the court may appoint a receiver of the Owner to collect all sums alleged to be due from the Owner prior to or during the pendency of the action. A court may order the

receiver to pay any sums held by the receiver to the Association during the pending of the action to the extent of the Association's Assessments.

(h) An Assessment Lien may be foreclosed in like manner as a mortgage on real estate.

7.8 Estoppel Certificates; Notices to Mortgagees.

(a) The Association shall furnish to an Owner or such Owner's designee or to a Mortgagee or its designee, upon written request, delivered personally or by certified mail, first-class postage prepaid, return receipt requested, to the Association's Treasurer, a statement setting forth the amount of unpaid Assessments currently levied against such Owner's Lot. The statement shall be furnished within 14 calendar days after the Association's receipt of the request and shall be binding on the Association, the Board of Directors of the Association and every Owner. If no statement is furnished by the Association to the Owner, the Mortgagee or their designee, delivered personally or by certified mail, first-class postage prepaid, return receipt requested, following a written request meeting the requirements set forth above, then the Association shall have no right to assert an Assessment Lien upon the Lot for unpaid Assessments which were due as of the date of such request.

(b) The Association shall report to any Mortgagee any unpaid Assessments remaining unpaid for more

than sixty days after the same shall have become due, if such Mortgagee first shall have delivered to the Association a written request for notice of unpaid Assessments. Any Mortgagee holding a lien on a Lot may pay any unpaid Assessment with respect to such Lot, together with any and all costs and expenses incurred with respect to the Assessment Lien securing such unpaid Assessment, and upon such payment, such Mortgagee shall have a lien on the Lot for the amounts paid with the same priority as a lien of the Mortgage held by such Mortgagee.

7.9 Limitation of Liability for Common Expense. Notwithstanding anything to the contrary contained herein or in any other Association Document, the annual average Common Expense liability of each Lot, exclusive of optional user fees and any insurance premiums paid by the Association, shall not exceed the amount specified from time to time in Section 38-33.3-116 of the Act as the maximum annual average common expense liability of each unit restricted to residential purposes. The amount specified in Section 38-33.3-116 of the Act as of the date hereof is $300 per Lot.

VIII. MAINTENANCE OF COMMON ELEMENTS

Except as otherwise provided in this Declaration, the Association, or its duly designated agent, shall have the authority to maintain all Common Elements and the improvements

and landscaping located thereon in good order and repair and to otherwise manage and operate all Common Elements so that The Highlands reflects a high level of pride of ownership. In this regard the Association may:

(a) construct, modify, add to, replace or renovate any improvements that are located on, or constitute a part of, any Common Element;

(b) plant and replace trees, shrubs and other vegetation on any Common Element;

(c) place, maintain and replace signs upon any Common Element;

(d) adopt and enforce Rules and Regulations regulating the use of Common Elements;

(e) impose and collect fees for the use of any Common Element; and

(f) take any other actions that the Association deems necessary or advisable to (i) protect and maintain the Common Elements; (ii) preserve the beauty and value of The Highlands; and (iii) fulfill the stated purposes of the Association.

IX. REVIEW BOARD

9.1 Purpose. Any and all exterior design, landscaping and uses of new development on and/or additions to any property within The Highlands, as well as any changes or

alterations thereto, shall be subject to review by and consent of the Review Board. The goal of such review and consent shall be to create, maintain and improve The Highlands as a pleasant and desirable environment, establish and preserve a harmonious design for the community, and protect and enhance the value of the Property.

9.2 Appointment of Members. The Association shall establish a Review Board consisting of a minimum of three members. Each member of the Review Board shall be appointed by the Board of Directors of the Association, and any such member may be removed, with or without cause, at any time, by the Board of Directors of the Association by giving written notice to such member.

9.3 Authority of Review Board.

(a) The Review Board shall establish and have the authority to amend and modify rules, regulations and design guidelines (the "Design Guidelines") governing the design and construction of, as well as improvements to, all structures, landscaping, recreational facilities, exterior lighting, signage and general improvements proposed within The Highlands. Any and all such Design Guidelines, together with any amendments or modifications thereto, shall be approved by Declarant for so long as Declarant continues to own any portion of the Property, including any Tract.

(b) The following, among other things, shall require prior written approval of the Review Board: grading and other site preparation; landscaping (including, without limitation, tree cutting and clearing); building construction; sign design and erection; exterior changes to property or improvements; modification, alteration or enlargement of any existing structure; paving and driveways; fencing; exterior lighting; location and maintenance of all structures and improvements; and changes to the permitted use of any property within The Highlands. In exercising its authority to modify or reject any project proposal, the Review Board may, when warranted, consider whether such proposal would cause an unacceptable disturbance of views for other sites or adjacent structures, but such consideration shall weigh heavily the right of each Owner to use and develop his or her property in keeping with the standards set forth in this Declaration. The approval of the Review Board shall not be required for alterations or remodeling which are completely within a building or structure, do not change the exterior appearance thereof and are not visible from the outside of the structure.

(c) The Review Board shall have sole and exclusive power to enforce compliance with the Design Regulations, and in that regard, shall have the authority to levy and collect fines (including incremental fines for repeat offenders), sue for damages or injunctive relief, foreclose

the Assessment Lien or exercise any other enforcement power conferred upon the Association by this Declaration. Notwithstanding anything to the contrary contained herein or in any other Association Document, no Owner shall have the right to enforce or seek enforcement of the covenants, conditions or restrictions contained herein or the Design Guidelines, Rules and Regulations or any other Association Documents.

9.4 Decisions of Review Board. Actions taken by the Review Board shall not be arbitrary or capricious, and shall be presumed to be enforceable in accordance with their terms. Decisions of the Review Board shall be conclusive and binding on all interested parties. Any challenge to a decision of the Review Board must be filed in a court of competent jurisdiction within thirty days of receipt of notice of such decision by the affected party or parties.

9.5 Inspection of Projects. The Review Board or its designated representatives may monitor any approved project within The Highlands to ensure that the construction or work on such project complies with any and all approved plans, construction procedures, applicable Rules and Regulations and applicable law. The Review Board or its designated representatives may enter upon any property within The Highlands at any reasonable time or times to inspect the progress, work status, or completion of any project. The

Review Board may withdraw its approval of any project and require all activity at such project to be stopped if deviations from the approved plan, construction practices, applicable Rules and Regulations or applicable law are not corrected or reconciled within ten days after written notification to the Owner of the subject property specifying such deviations, or within such lesser period of time as is specified by the Review Board in such notice to the owner. The Review Board shall have the authority to levy and collect Default Assessments for such deviations, including, without limitation, incremental monetary fines for the occurrence of repeated violations.

9.6 Notice. Any material to be submitted or notice to be given to the Review Board shall be submitted at the offices of the Association in the Town of Breckenridge. The current address of such office is 100 South Main Street, P.O. Box 7, Breckenridge, Colorado 80424.

9.7 Fees. The Review Board may establish a reasonable processing and review fee tied to an objective, measurable standard to defer its costs in considering any requests for approvals submitted to it, which fee shall be paid at the time the request for approval is submitted.

9.8 Review Board Not Liable. Neither Declarant, the Review Board, nor any of their respective officers, directors, employees, members or agents shall be responsible or liable

for any defects in any plans or specifications which are submitted, revised or approved pursuant to this Article IX, nor for any defects in construction pursuant to such plans and specifications, nor for any loss, damage or injury arising out of or in any way connected with the performance of the duties of the Review Board, unless due to the willful misconduct or conscious bad faith of the party to be held liable. In reviewing any matter, the Review Board shall not be responsible for reviewing, nor shall its approval of any project be deemed approval of, the project from the standpoint of safety, whether structural or otherwise. Approval of plans and specifications pursuant to this Article IX shall not relieve any Owner of said Owner's responsibility to comply with any and all applicable governmental laws or regulations.

X. LIMITATION AND RESTRICTIONS ON BUILDING IMPROVEMENTS

10.1 Permitted Improvements--Single-Family Residential Lots. Lots containing a Density and Land Use Classification of Single-Family Residential may not contain any building improvements except:

(a) One Single-Family Structure together with one garage of a size sufficient to enclose a minimum of two automobiles per garage, but no more than three automobiles per garage, unless the Review Board consents in writing to the design of a larger garage; or

(b) One Single-Family Structure and one Accessory Apartment together with up to two garages, of which one garage may be of a size sufficient to enclose a minimum of two automobiles, but no more than three automobiles, and one garage, of a size sufficient to enclose no more than one automobile, unless the Review Board consents in writing to the design of a smaller or larger garage; and

(c) Such enclosed service areas for garbage, trash, utilities and other maintenance facilities as may be approved in writing by the Review Board; and

(d) Such fences, walls, driveways and parking areas as may be approved in writing by the Review Board; and

(e) Landscaping improvements approved in writing by the Review Board; and

(f) Swimming pools, hot tubs, tennis courts, solar devices and greenhouses approved in writing by the Review Board.

10.2 Permitted Improvements--Multi-Family Residential Lots. Lots or Tracts containing a Density and Land Use Classification of Multi-Family Residential may not contain any building improvements except:

(a) One or more structures made up of apartments, or townhomes, or whole-unit condominiums containing up to the number of Single Family Equivalents (or

SFEs) permitted by the Master Plan and the number of parking spaces required by the Review Board and the Development Code; or

(b) One or more structures for a Bed and Breakfast operation containing up to the number of SFEs permitted by the Master Plan and the number of parking spaces required by the Review Board and the Development Code; and

(c) Such enclosed service areas for garbage, trash, utilities and other maintenance facilities as may be approved in writing by the Review Board; and

(d) Such fences, walls, driveways and parking areas as may be approved in writing by the Review Board; and

(e) Landscaping improvements approved in writing by the Review Board; and

(f) Swimming pools, hot tubs, tennis courts, solar devices, outbuildings and greenhouses approved in writing by the Review Board.

10.3 Chalet Operations Not Permitted. Notwithstanding anything to the contrary contained herein, Chalet operations or any other similar form of lodging are expressly prohibited within The Highlands.

10.4 Permitted Improvements--Open Space. Property within The Highlands containing a Density and Land Use Classification of Open Space may be used for picnic areas and shelters, playing fields, playgrounds, landscape improvements,

pools, streams, ponds, street lighting, project identification signage, use-control signage, drainage systems, pedestrian easements, access and trail easements and underground utilities or other similar uses approved by the Board of Directors.

10.5 Prohibited Improvements. No structures or buildings of a temporary character (except a sales facility or construction trailer for Declarant's use in selling or developing Lots or Tracts within The Highlands), nor any mobile home, house trailer, tent, shack, or other such structure shall be placed or used within The Highlands, either temporarily or permanently, without prior written approval of the Review Board, which approval may be withheld in the Review Board's sole discretion. Notwithstanding the preceding sentence, necessary appurtenances, modest construction trailers and structures of a temporary nature may be used without the Review Board's approval during the period of performance of construction of any improvement for which necessary government permits and Review Board approval have been obtained, provided that (a) the Review Board shall approve the location and appearance of such appurtenances, trailers or structures, (b) no overnight occupancy shall be permitted in any such appurtenance, trailer or structure, and (c) such appurtenances, trailers or structures shall be

removed from The Highlands on the earlier of (i) the date that is twelve months after the initial use thereof and (ii) the date of substantial completion of said improvement.

10.6 Location of Dwellings and Setbacks. Location of dwellings will be in accordance with the Design Guidelines and the Development Code and, if applicable, within the building envelopes shown on the Plat or other documents approved by the Board of Directors. Distances shall be measured from the Lot line to the nearest projection of any part of the improvement, including, but not limited to, porches, patios, decks, parking aprons and roof overhangs.

10.7 Review Board Approval Required. Each Owner agrees that he or she will not apply to Summit County, Colorado, or to the Town of Breckenridge or any other governmental authority for permission to construct building improvements on such Owner's property without the prior express written authorization of the Review Board. Any application to the Town of Breckenridge for a building permit must be for a structure consistent with that approved by the Review Board. It shall be an objective of the Review Board to prevent the making of improvements which will materially impair the aesthetic and monetary values of The Highlands. In reviewing proposed projects, the Review Board will consider, among other things, the following factors: (a) the suitability of the improvements and the materials of which

they are to be constructed; (b) the quality of all materials to be utilized in any proposed improvement; (c) the effect of any proposed improvement on adjacent or neighboring property, provided that each Owner of property within The Highlands is entitled to use and develop his or her property in accordance with the standards set forth herein and the Design Guidelines; (d) the location and character and method of utilization of all utility services; (e) the impact of any proposed improvement upon the natural surroundings; and (f) the timely and orderly completion of all such improvements.

10.8 Square Footage Requirements. The Review Board may establish minimum and maximum square footage requirements with respect to Single-Family Structures, Accessory Apartments and living space to be contained within dwelling units constructed within Lots or Tracts with a Density and Land Use Classification of Multi-Family Residential.

10.9 Property to be Maintained. Except as otherwise provided herein, each Lot and all other portions of The Highlands, including all improvements within The Highlands, shall be kept and maintained by the Owner(s) thereof in a clean, safe, attractive and sightly condition and in good repair. Notwithstanding anything to the contrary contained herein, the Town of Breckenridge shall be primarily responsible for the maintenance and repair of all real property dedicated to it, including all improvements thereto, following the acceptance of such dedications by the Town.

10.10 No Illegal, Noxious or Offensive Activity. No illegal, noxious or offensive activity shall be carried on upon any portion of the Property, nor shall anything be done or placed on any Property which is or may become a nuisance or cause any significant embarrassment, disturbance or annoyance to others.

10.11 No Hazardous Activities. No activities shall be conducted on any portion of the Property and no improvements may be constructed on any portion of the Property which are or might be unsafe or hazardous to any person or Property; provided, however, that construction activities for which all applicable permits and Review Board approval have been obtained and which are conducted in accordance with industry standards shall not violate this Section. Without limiting the generality of the foregoing, (a) no firearms shall be discharged upon any portion of the Property, and (b) no open fires shall be lighted or permitted on the Property except in a contained barbecue unit while attended and in use for cooking purposes or within a safe and well-designed interior fireplace (except (i) controlled picnic fires in Open Space which may be designated for such use by Declarant or the Association and (ii) attended fires authorized in writing by Declarant or the Association and required for clearing or maintenance of land).

10.12 Restriction on Further Subdivision; Combining Lots. (a) No Lot shall be further subdivided or separated into smaller lots by any Owner, and no portion less than all of any Lot, nor any easement or other interest therein, shall be conveyed or transferred by any Owner without the prior written approval of Declarant, which approval may be withheld in Declarant's sole discretion. This provision shall not, in any way, limit Declarant from subdividing any land reserved for future development or any other land owned by Declarant, including without limitation the Expansion Property, in accordance with the provisions of the Master Plan.

(b) With the approval of the Review Board, any Owner of two or more adjacent Lots, which Lots share one or more lot lines, may resubdivide said Lots for the purpose of adjusting the size of the resulting lot or lots; provided, however, that the Review Board shall have the authority to modify or supplement the covenants, conditions and restrictions applicable to such resulting lots and to condition its approval on the Owner's agreement to be bound thereby. In no event, however, shall the Review Board approve any subdivision of Lots pursuant to the preceding sentence if such subdivision would increase the number of Lots within the property to be subdivided. Any Owner desiring to resubdivide Lots pursuant to this Section shall fully comply with all applicable ordinances and regulations of the Town of

Breckenridge and shall prepare, execute and record in Summit County, Colorado: (i) an appropriate amendment to the Plat conforming to all requirements of the Development Code and containing the consent of the Review Board and of the holders of any mortgages or deeds of trust encumbering the affected Lots and (ii) any instruments necessary to subject the resubdivided Lots to any modified or supplemental covenants, conditions and restrictions required by the Review Board as a condition of its approval. All expenses associated with the resubdivision (including, without limitation, the costs of preparing the subdivision plat, costs incurred in connection with any modification or supplementation of the covenants, conditions and restrictions applicable to the resubdivided lots, attorneys' fees incurred by the Review Board, and recording and filing fees) shall be the responsibility of and paid by the Owner desiring such resubdivision.

10.13 Sewage Disposal Systems. No cesspools or septic tanks shall be permitted on any portion of the Property.

10.14 Fences. All fences, walls or other barriers on any Lot, as limited by the Design Guidelines, may be erected only upon prior written approval of the Review Board.

10.15 Paved Areas and Driveway Construction. Private driveways and parking areas must be paved in accordance with the Design Guidelines. Materials used to create special paving patterns are subject to Review Board approval.

10.16 Storage of Equipment and Vehicles. All boats, snow plows, campers and extra motor vehicles must be stored in a garage. Motor homes, travel trailers, construction equipment and other outsized machinery and equipment shall not be stored or parked within The Highlands; provided, however, that the Review Board may waive this restriction, in its sole discretion, in writing. This Section 10.16 shall not prohibit the storage or parking of construction equipment and machinery within The Highlands during the period of construction activities for which all applicable permits and Review Board approval have been obtained, provided that the Review Board may require the removal of any such equipment or machinery upon written notice to the Owner of the affected Lot.

10.17 No Unsightliness. No unsightliness shall be permitted on any Property. Without limiting the generality of the foregoing: (a) all unsightly structures, facilities, equipment, objects and conditions shall be enclosed within an approved structure, except as otherwise provided herein; (b) refuse, garbage and trash shall be kept in a covered container at all times and any such container shall be kept within an enclosed structure; (c) service areas and facilities for hanging, drying or airing clothing or fabrics shall be kept within an enclosed structure; (d) pipes for water, gas, sewer, drainage or other purposes, wires, poles, antennas and other facilities for the transmission or reception of audio or

visual signals or electricity, utility meters or other utility facilities, gas, oil, water or other tanks shall be kept and maintained within an enclosed structure or below the surface of the ground unless otherwise approved in writing by the Review Board prior to installation, except that satellite reception equipment no larger than 18 inches in diameter shall be permissible upon written approval of the proposed location thereof by the Review Board; and (e) no metals, bulk materials or scrap or refuse or trash or unused items of any kind (other than a reasonable amount of neatly stacked firewood) shall be kept, stored or allowed to accumulate on any Property. All enclosed structures shall comply with the Rules and Regulations as in effect from time to time. The Review Board shall have the power to grant a variance from the provisions of this Section 10.17 from time to time as it deems necessary or desirable.

10.18 Pets. Dogs, cats or customary household pets, not to exceed three pets per dwelling unit, may be kept on the Property without the prior written approval of the Review Board. No wild animal, reptile or bird may be trapped, transported, kept or maintained anywhere within The Highlands, except for (a) animal control activities of authorized governmental entities and licensed contractors and (b) activities of Owners to trap rodents for the purpose of removal or destruction. No pet may be kept which abnormally

or unreasonably interferes with the rights, comforts or convenience of other Owners. For-profit breeding of any animals on the Property is specifically prohibited. All pets must be kept on a leash when outside an Owner's residence. No horses may be stabled or kept anywhere on the Property.

10.19 Restriction on Signs. No signs or advertising devices of any nature shall be erected or maintained on any Property except signs approved by the Review Board, signs required by law or legal proceedings, identification signs for work under construction (not to exceed six square feet), temporary signs to caution or warn of danger or Association signs necessary or desirable to give directions or advise of rules or regulations. The Review Board shall have the authority to approve the size and location of signs within The Highlands. Design Regulations adopted by the Review Board in regard to signage may be more restrictive than the Development Code.

10.20 Restriction on Parking. Parking of vehicles on the Property or any portion thereof is permitted with respect to a Lot only within parking spaces constructed with the prior approval of the Review Board and such parking shall be used only by the Owner or Lessee of such Lot or their guests for the parking of personal vehicles. The Association shall have the right to park any type of vehicle owned or used by the Association upon the Property only within parking areas either

built by Declarant or approved by the Review Board in such areas designated for such purpose by Declarant. Notwithstanding the above, the Association may designate areas for off-street parking on the Property or any portion thereof for the temporary parking of maintenance and delivery vehicles, for the sole purpose of assisting in a maintenance operation or to provide for the loading or unloading of such vehicles, or to accommodate special circumstance. No bus shall be permitted to park or idle for periods in excess of ten minutes anywhere on the Property without the prior express written consent of the Review Board.

10.21 Restriction on Recreational Vehicles. No motorcycle, motorbike, skimobile, golf cart or other motorized recreational vehicle shall be operated within or on the Property except as otherwise specifically permitted by the Rules and Regulations. Motorcycles and motorbikes may be operated on public roads within The Highlands in accordance with all applicable laws, provided that such use shall be subject to the Rules and Regulations, including, without limitation, those Rules and Regulations governing noise, nuisances and other similar issues.

10.22 Restriction on Wood Burning. All wood-burning devices and wood burning within The Highlands shall comply fully with all applicable laws and regulations of the Town of Breckenridge and all other applicable laws.

10.23 No Wells. No water wells shall be permitted on the Property or any portion thereof without the prior written approval of the Review Board.

10.24 No Mining and Drilling. No property shall be used for the purpose of mining, quarrying, drilling, boring or exploring for or removing oil, gas or other hydrocarbons, minerals, rocks, stones, gravel or earth.

10.25 Additional Covenants, Conditions and Restrictions. By specific provision in any deed from Declarant, Declarant may subject any Property to be conveyed by such deed to particular covenants, conditions or restrictions applicable to the particular Property conveyed by such deed and, if any such deed contains any such covenants, conditions or restrictions, the deed may contain a provision that Declarant shall have the right, immediately or at any time during the continuation of any violation or breach of or failure to comply with any of said covenants, conditions or restrictions, to re-enter and retake possession of the Property described in such deed and that, upon exercise of this right of re-entry, title to such Property shall thereupon vest in Declarant.

XI. USE OF RESTRICTED LOTS AND PARCELS

11.1 Residential Purposes Only.

(a) No Lot with a Density and Land Use Classification of Single-Family Residential may be used other

than for residential purposes with customary accessory uses, which customary accessory uses shall include without limitation long- or short-term rentals of property to persons who use such improvements for residential or lodging purposes. Such customary accessory uses shall specifically exclude Bed and Breakfast, Chalet and other similar operations, which are hereby expressly prohibited as a use of Single-Family Residential Lots.

(b) Unless a written permit has been obtained in accordance with Section 11.5 below, no Lot with a Density and Land Use Classification of Multi-Family Residential may be used other than for residential purposes with customary accessory uses, which customary accessory uses shall include, without limitation, long- or short-term rentals of property to persons who use such improvements for residential or lodging purposes. Such customary accessory uses shall specifically exclude Chalet and other similar operations, which are hereby expressly prohibited as a use of Multi-Family Residential Lots. Notwithstanding anything to the contrary in this paragraph (b), Bed and Breakfast operations will be a permissible use of Multi-Family Residential Lots upon the Owner's receipt of a permit therefor from the Association pursuant to Section 11.5 below.

11.2 Open Space. Except as set forth below, no building improvements may be constructed or maintained on any Open Space, except those permitted under Section 10.4 above.

11.3 Applications for Zoning or Subdivision Changes. For so long as Declarant owns any portion of the Property, including any Tract, no Owner of any Lot or Tract within The Highlands other than Declarant may apply to Summit County, Colorado, or to the Town of Breckenridge or any governmental jurisdiction to change the zoning applicable to such owner's Lot or Tract, or to subdivide such Lot or Tract, without the prior written approval of the Review Board.

11.4 Restriction on Timeshare Ownership. No Owner of any Lot or Tract within the Property shall dedicate or submit such Owner's Lot or Tract to a timeshare or similar arrangement. Notwithstanding anything to the contrary set forth herein, any Lot or Tract with a Density and Land Use Classification of Multi-Family Residential may be owned under any form of ownership permitted by this Declaration, the Plat or the Master Plan.

11.5 Commercial Activities. Except as set forth below, no Lot or Tract within the Property may be used for any commercial activity unless such use is permitted by law and the Association has issued a written permit for such activity, which permit may be granted, denied or revoked in the Association's sole discretion. Notwithstanding anything to the contrary contained herein, a commercial permit shall be required prior to the use of any Lot or Tract with a Density and Land Use Classification of Multi-Family Residential for

any nonresidential use (including, without limitation, Bed and Breakfast operations). The following activities shall not require a commercial permit from the Association: (a) "Home Occupations" as permitted under the Development Code, or (b) long- or short-term rentals of Single-Family Structures or living quarters of Multi-Family Structures to an unrelated Person or Persons using such structure for residential or lodging purposes provided that such use does not constitute a Bed and Breakfast, Chalet or other similar lodging operation.

XII. BUILDING GUIDELINES

12.1 Design Regulations. All building improvements on any Property within The Highlands must be built strictly in accordance with all applicable laws, this Declaration, the Rules and Regulations and the provisions of the Design Guidelines as adopted by the Review Board.

12.2 Authority of Review Board. By acquiring any interest in Property within The Highlands, the Owner of such property consents to and accepts the authority of the Review Board to review and approve the plans and specifications for any improvements on such Property in accordance with the Design Guidelines as in effect from time to time. In particular, such Owner recognizes that certain of the judgments which will be made by the Review Board are

subjective in nature, and such Owner agrees not to contest such subjective judgments unless they are made in bad faith or in an arbitrary and capricious manner.

XIII. EASEMENTS AND LICENSES

13.1 Declarant Reservation. Declarant reserves to itself, its successors and assigns, the right to establish from time to time, by dedication or otherwise, underground utility and other reasonable easements, permits or licenses over, across, through and under the Property, excluding those portions of the Property within building envelopes designated on the Plat or other documents approved by the Board of Directors, for any purpose or use necessary or convenient for the use and occupancy of the Property or any other other property owned by Declarant, which easements, permits or licenses may include, without limitation, water, sewer, gas, electricity, television cable, drainage, and irrigation.

13.2 Association's Easements Over Lots. Declarant hereby grants the Association and the Review Board an easement over, across, through and under each Lot to (a) exercise any right held by the Association or the Review Board under this Declaration or any other Association Document, and (b) perform any obligation imposed upon the Association or the Review Board by this Declaration or any other Association Document. Notwithstanding the foregoing, neither the Association nor the Review Board shall enter upon any Lot without reasonable prior notice to the Owner of the Lot, except in cases of emergency.

13.3 Recorded Easements. The Property shall be subject to all easements as shown on any recorded Plat and to any other easements of record or of use as of the date of recordation of this Declaration. In addition, the Property is subject to all easements created by this Declaration.

XIV. RIGHT TO INCLUDE ADDITIONAL REAL PROPERTY AND EXCLUDE REAL PROPERTY

14.1 Right to Include Additional Real Property. For so long as Declarant owns any portion of the Property or the Expansion Property, Declarant may subject additional real property, including, but not limited to, all or any part of the Expansion Property, to this Declaration by recording in the real property records of Summit County, Colorado, an instrument signed by Declarant setting forth the following: (a) a statement that the real property to be added is owned by Declarant and is adjacent to the Property or within one mile of any boundary of the Property, (b) a statement that Declarant has determined that such real property should be included as a part of The Highlands, (c) the legal description of the real property to be added, and (d) a statement that the property to be added shall be subject to and governed by the provisions of this Declaration. Upon the recording of such instrument, (i) the real property described therein shall thereafter be part of the Property and shall be governed by

all of the provisions herein, and (ii) the Declaration shall be deemed amended to add such additional property to the definition and description of the Property herein.

14.2 Right to Exclude Real Property. For so long as Declarant owns any portion of the Property or the Expansion Property, any real property made part of The Highlands and subject to this Declaration, pursuant to this Declaration or Section 14.1 above, may at any time prior to conveyance of such property to a third party be excluded from The Highlands and made no longer subject to this Declaration by the recording in the office of the Clerk and Recorder of Summit County, Colorado, of a written instrument signed by Declarant containing (a) a legal description of the real property to be excluded, (b) a statement that such real property is owned by Declarant, and (c) a statement that said real property shall no longer be deemed to be a part of The Highlands or bound by or subject to any part of this Declaration.

XV. INSURANCE

The Association shall obtain and maintain such insurance as the Board of Directors of the Association shall deem necessary.

XVI. ENFORCEMENT AND REMEDIES

16.1 Enforcement.

(a) Each provision of this Declaration binding upon an Owner or a Lot is enforceable only by the Association by a proceeding for a prohibitive or mandatory injunction or by suit or action to recover damages, or in the discretion of the Association, for so long as any Owner fails to comply with any such provision, by exclusion of such Owner and such Owner's family members, tenants and guests from the use of any Common Elements and from the participation in any Association affairs. In addition, if an Owner fails to perform or observe any covenant or condition on such Owner's part to be performed or observed under this Declaration or any other Association Document, the Association shall have the following rights and remedies:

(i) The Association may, but is not obligated to, cure such failure to comply at the Owner's sole cost and expense. If the Association cures any such failure to comply, the Owner shall pay to the Association the amount of all costs incurred by the Association in connection therewith within thirty days after the Owner receives a written invoice therefor from the Association.

(ii) The Association may fine the Owner in accordance with Section 7.6 for each violation. The Owner shall pay any such Default Assessment to the Association within thirty days after the Owner receives written notice thereof.

(iii) The Association shall have all other rights and remedies available to it under this Declaration, at law or in equity.

(b) All rights and remedies of the Association shall be cumulative and the exercise of one right or remedy shall not preclude the exercise of any other right or remedy.

16.2 Attorneys' Fees. In the event of any dispute under or with respect to this Declaration or any other Association Document, or compliance therewith, the prevailing party shall be entitled to recover from the nonprevailing party all of its costs and expenses in connection therewith, including, but not limited to, reasonable attorneys' fees and disbursements.

16.3 Interest. If an Owner fails to pay to the Association any Assessment or other amount due to the Association as and when the same becomes due, the Owner shall pay interest on such unpaid amount to the Association at the

rate equal to the prime rate established by Norwest Bank Colorado, National Association, plus five percentage points, which interest shall accrue from the due date of such unpaid amount until the date paid.

XVII. MISCELLANEOUS

17.1 Rule Against Perpetuities and Termination. Each provision contained in this Declaration which is subject to the laws or rules sometimes referred to as the rule against perpetuities or the rule prohibiting unreasonable restraints on alienation shall continue and remain in full force and effect for the period of 21 years following the death of the last survivor of the issue of Rose Kennedy and the now living children of said issue, or until this Declaration is terminated earlier by recorded instrument, directing termination, signed by the Owners of all property within The Highlands. Notwithstanding anything to the contrary set forth herein, Declarant may terminate this Declaration at any time prior to the conveyance of any portion of the Property to a third party.

17.2 Amendment.

(a) Prior to the closing of the sale of the first Lot or Tract, Declarant may amend this Declaration in its sole discretion. Declarant may at any time amend this

Declaration to add property, including, without limitation, the Expansion Property, to The Highlands pursuant to Article XIV above.

(b) Except as provided in paragraph 17.2(a) above, this Declaration may be amended only by the vote or written consent of (i) Owners of Property (including Declarant) having at least 75 percent of the total number of votes to which all Owners are entitled, and (ii) Declarant, for so long as Declarant owns any portion of the Property. Any amendment to the Declaration shall be evidenced by the recording of a written instrument or instruments specifying the amendment or the repeal and containing the consents set forth above, if any. No amendment may remove, revoke or modify any right or privilege or Declarant without the prior written consent of Declarant or the Assignee of such right or privilege.

17.3 Covenants Binding. Each provision of this Declaration and a promise, covenant and undertaking to comply with each such provision (i) shall be deemed incorporated in each deed or other instrument by which any right, title or interest in any of the Property is granted, devised or conveyed; (ii) shall by virtue of acceptance of any right, title or interest in any of the Property by an Owner be deemed accepted, ratified, adopted and declared as a personal covenant of such Owner and shall be binding on such Owner or

his or her respective heirs, personal representatives, successors or assigns, to, with and for the benefit of the Declarant and all Owners within The Highlands; (iii) shall be deemed a covenant, obligation and restriction secured by a lien binding, burdening and encumbering the title to all of such Owner's right, title and interest to any of the Property, which lien shall be deemed a lien in favor of the Declarant, as its interest may appear, and all Owners within The Highlands; and (iv) shall run with the Land.

17.4 Lender's Interest Not Impaired. No violation or breach of, or failure to comply with, any provision of this Declaration and no action to enforce any such provision shall affect, defeat, render invalid or impair the lien of any Mortgagee taken in good faith and for value and perfected by recording in the office of the Clerk and Recorder of Summit County, Colorado, prior to the time of recording in said office of an instrument describing such Property and listing the name or names of the Owner or Owners of fee simple title to the Property and giving notice of such violation, breach or failure to comply; nor shall such violation, breach, failure to comply or action to enforce affect, defeat, render invalid or impair the title or interest of the holder of any such Mortgage acquired by a bona fide purchaser upon foreclosure of any such Mortgage, or result in any liability, personal or otherwise of any such holder or purchaser. Any such purchaser

on foreclosure shall, however, take subject to this Declaration with the exception of violations or breaches of, or failures to comply with, any provisions of this Declaration which occurred prior to the vesting of fee simple title in such purchaser shall not be deemed breaches or violations hereof or failures to comply herewith with respect to such purchaser, his heirs, personal representatives, successors or assigns.

17.5 Interpretation of This Declaration. Except for judicial construction, the Association shall have the exclusive right to construe and interpret the provisions of this Declaration. In the absence of any adjudication to the contrary by court of competent jurisdiction, the construction or interpretation of the provisions hereof by the Association shall be final, conclusive and binding as to all persons and property benefitted or bound by the covenants and the provisions hereof.

17.6 Snow Removal and Stacking. The Town of Breckenridge will be responsible for snow clearing, removal and stacking following acceptance of the roads by the Town of Breckenridge. Various areas within The Highlands may be designated by the Association from time to time as snow stacking areas. Neither the Town of Breckenridge, the Association nor Declarant will be responsible for snow clearing, removal or stacking on any private access easement or drive.

17.7 Failure to Act. Neither Declarant nor the Review Board, 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 is in good faith and without malice.

17.8 Declaration Binding. Except as otherwise provided herein, this Declaration shall be binding upon and shall inure to the benefit of Declarant and each Owner and the respective heirs, personal representatives, successors and assigns of each.

17.9 Severability. Invalidity or unenforceability of any provision of this Declaration in whole or in part shall not affect the validity or enforceability of any other provision or any valid and enforceable part of a provision of this Declaration.

17.10 Failure to Enforce. Failure to enforce any provision of this Declaration shall not operate as a waiver of any such provision or of any other provision of this Declaration.

17.11 Disclaimer of Representations. Notwithstanding anything to the contrary in this Declaration, Declarant makes no warranties or representations whatsoever that the plan presently envisioned for the complete development of The Highlands can or will be carried out or that any land now owned or hereafter acquired by Declarant is or will be

subjected to this Declaration, or that any such land, whether or not it has been subjected to this Declaration, is or will be committed to or developed for a particular use, or that if such land is once used for a particular use, that such use will continue in effect.

17.12 Captions and Titles. All captions and titles of headings of Articles and Sections in this Declaration are for the purpose of reference and convenience only and are not to be deemed or construed to limit, modify or otherwise affect any of the provisions hereof or to be used in determining the intent or context thereof.

IN WITNESS WHEREOF, Declarant has executed this Declaration as of the date first set forth above.

LINCOLN HIGHLANDS I LIMITED,
a Colorado limited partnership

BY: Lincoln North, Inc., a Colorado corporation and General Partner of Lincoln Highlands I Limited

By: _____
Kenneth M. Adams,
President

BY: Lincoln Highlands Management Group, Inc., a Colorado corporation and General Partner of Lincoln Highlands I Limited

By: _____
Nick J. Hackstock,
President

By: _____
James R. Bartlett,
Chairman

STATE OF COLORADO)
) SS.
COUNTY OF Summit)

The foregoing Declaration of Land Use Restrictions was acknowledged before me this 23rd of August, 1994, by Kenneth M. Adams as President of Lincoln North, Inc., a Colorado corporation and General Partner of Lincoln Highlands I Limited, a Colorado limited partnership.

Witness my hand and official seal.

Dawn R Anderson
Notary Public

My commission expires: June 10, 1998

STATE OF COLORADO)
) SS.
COUNTY OF Summit)

The foregoing Declaration of Land Use Restrictions was acknowledged before me this 23rd of August, 1994, by Nick J. Hackstock as President of Lincoln Highlands Management Group, Inc., a Colorado corporation and General Partner of Lincoln Highlands I Limited, a Colorado limited partnership.

Witness my hand and official seal.

Dawn R Anderson
Notary Public

My commission expires: June 10 1998

STATE OF COLORADO)
) SS.
COUNTY OF Summit)

The foregoing Declaration of Land Use Restrictions was acknowledged before me this 29th of August, 1994, by James R. Bartlett as Chairman of Lincoln Highlands Management Group, Inc., a Colorado corporation and General Partner of Lincoln Highlands I Limited, a Colorado limited partnership.

Witness my hand and official seal.

Kathleen M Tamasi
Notary Public

My commission expires: 6/9/96

EXHIBIT A

(Attached to and forming a part of
Declaration of Land Use Restrictions
for The Highlands at Breckenridge Subdivision)

LEGAL DESCRIPTION OF THE PROPERTY

The Highlands at Breckenridge Subdivision Filing No. 1 according to the Plat therefor recorded with the Clerk and Recorder of Summit County, Colorado, on Sept. 15, 1994, under Reception No. 476056, as amended.

EXHIBIT B

(Attached to and forming a part of
Declaration of Land Use Restrictions
for The Highlands at Breckenridge Subdivision)

LEGAL DESCRIPTION OF THE EXPANSION PROPERTY

A PORTION OF THE FAIRVIEW PLACER M.S. 13660; AND ALL OF THE LAKE SUPERIOR PLACER M.S. 12586; RED ROVER LODE M.S. 11494; BONNIE NELSON LODE M.S. 11494; MAGNUM BONUM PLACER M.S. 3139; EXCELSIOR PLACER M.S. 14463; SHAKESPEARE LODE M.S. 12468; ELLA LODE M.S. 12468; EDA LODE M.S. 12468; EAGLE LODE M.S. 12468; ST. PAUL LODE M.S. 4273; FOX LAKE LODE M.S. 3477; IRA ROBERTS LODE M.S. 3478; A PORTION OF THE LINCOLN LODE M.S. 4216; HAYES LODE M.S. 4217; DAINA LODE M.S. 4218; SULTANA LODE M.S. 4219; W.B. STEPHENSON LODE M.S. 3674; SILVER BOOM LODE M.S. 2532; BRECKENRIDGE LODE M.S. 6922; COMO LODE M.S. 6922; CLEVELAND LODE M.S. 6686; MOLLIE B. LODE M.S. 6686; CLEVELAND PLACER LOT 1, M.S. 6771; GEORGE WASHINGTON LODE M.S. 6771; CLEVELAND PLACER LOT 2, M.S. 6771; SNOW BANK LODE M.S. 6771; CLEVELAND PLACER LOT 3, M.S. 6771; STONEWALL JACKSON LODE M.S. 6771; CLEVELAND PLACER LOT 4, M.S. 6771; BED ROCK LODE M.S. 6771; CLEVELAND PLACER LOT 5, M.S. 6771; LYING WHOLLY WITHIN SECTIONS 19 AND 30, TOWNSHIP 6 SOUTH, RANGE 77 WEST OF THE 6TH PRINCIPAL MERIDIAN, SITUATE IN THE TOWN OF BRECKENRIDGE, COUNTY OF SUMMIT, STATE OF COLORADO AND MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE EASTERELY RIGHT-OF-WAY OF COLORADO STATE HIGHWAY NO. 9, WHENCE THE SOUTHWEST CORNER OF SAID SECTION 30 BEARS S47°30'32"W 1859.14', WHICH POINT IS THE TRUE POINT OF BEGINNING, THENCE

NORTHWESTERLY	254.19'	ALONG THE ARC OF A 2905.00' RADIUS CURVE TO THE LEFT WHOSE LONG CHORD BEARS N09°02'39"W 254.02' ALONG SAID RIGHT-OF-WAY, THENCE
N10°42'35"W	106.71'	ALONG SAID RIGHT-OF-WAY, THENCE
NORTHWESTERLY	26.80'	ALONG THE ARE OF A 2905.00' RADIUS CURVE TO THE LEFT WHOSE LONG CHORD BEARS N12°02'57"W 26.80' ALONG SAID RIGHT-OF-WAY, THENCE
N12°18'57"W	319.17'	ALONG SAID RIGHT-OF-WAY, THENCE
N12°16'28"W	105.37'	ALONG SAID RIGHT-OF-WAY, THENCE
N12°18'57"W	359.40'	ALONG SAID RIGHT-OF-WAY, THENCE
NORTHWESTERLY	494.92'	ALONG THE ARC OF A 5690.00' RADIUS CURVE TO THE RIGHT WHOSE LONG CHORD BEARS N09°42'19"W 494.76' ALONG SAID RIGHT-OF-WAY, THENCE
N07°12'27"W	562.00'	ALONG SAID RIGHT-OF-WAY, THENCE

NORTHWESTERLY	132.09'	ALONG THE ARC OF A 5690.00' RADIUS CURVE TO THE RIGHT WHOSE LONG CHORD BEARS N06°32'27"W 132.90' ALONG SAID RIGHT-OF-WAY, THENCE
N05°51'57"W	679.10'	ALONG SAID RIGHT-OF-WAY, THENCE
NORTHWESTERLY	268.21'	ALONG THE ARC OF A 1950.00' RADIUS CURVE TO THE LEFT WHOSE LONG CHORD BEARS N09°48'27"W 268.00' ALONG SAID RIGHT-OF-WAY, THENCE
N13°44'57"W	190.70'	ALONG SAID RIGHT-OF-WAY, THENCE
NORTHWESTERLY	278.73'	ALONG THE ARC OF A 1106.00' RADIUS CURVE TO THE RIGHT WHOSE LONG CHORD BEARS N06°31'42"W 278.00' ALONG SAID RIGHT-OF-WAY, THENCE
N02°41'33"E	55.90'	ALONG SAID RIGHT-OF-WAY, THENCE
NORTHEASTERLY	131.13'	ALONG THE ARC OF A 1870.00' RADIUS CURVE TO THE RIGHT WHOSE LONG CHORD BEARS N02°43'03"E 131.10' ALONG SAID RIGHT-OF-WAY, THENCE
S85°17'27"E	10.00'	ALONG SAID RIGHT-OF-WAY, THENCE
N04°42'33"E	87.20'	ALONG SAID RIGHT-OF-WAY, THENCE
NORTHWESTERLY	298.80'	ALONG THE ARC OF A 1005.00' RADIUS CURVE TO THE LEFT WHOSE LONG CHORD BEARS N03°48'37"W 297.70' ALONG SAID RIGHT-OF-WAY, THENCE
N12°19'27"W	143.30'	ALONG SAID RIGHT-OF-WAY, THENCE
N77°40'33"E	20.00'	ALONG SAID RIGHT-OF-WAY, THENCE
N12°19'27"W	236.60'	ALONG SAID RIGHT-OF-WAY, THENCE
N66°35'33"E	30.60'	ALONG SAID RIGHT-OF-WAY, THENCE
N12°19'27"W	21.40'	ALONG SAID RIGHT-OF-WAY, THENCE
NORTHWESTERLY	147.84'	ALONG THE ARC OF A 756.30' RADIUS CURVE TO THE LEFT WHOSE LONG CHORD BEARS N17°55'27"W 147.60' ALONG SAID RIGHT-OF-WAY, THENCE
N23°31'27"W	76.60'	ALONG SAID RIGHT-OF-WAY, THENCE
NORTHWESTERLY	125.13'	ALONG THE ARC OF A 437.50' RADIUS CURVE TO THE RIGHT WHOSE LONG CHORD BEARS N15°19'57"W 124.70' ALONG SAID RIGHT-OF-WAY, THENCE
N07°08'27"W	14.30'	ALONG SAID RIGHT-OF-WAY, THENCE
NORTHWESTERLY	146.49'	ALONG THE ARC OF A 517.50' RADIUS CURVE TO THE LEFT WHOSE LONG CHORD BEARS N15°14'57"W 146.00' ALONG SAID RIGHT-OF-WAY, THENCE
N23°21'27"W	92.80'	ALONG SAID RIGHT-OF-WAY, THENCE
NORTHWESTERLY	136.57'	ALONG THE ARC OF A 318.10' RADIUS CURVE TO THE RIGHT WHOSE LONG CHORD BEARS N11°03'15"W 135.52' ALONG SAID RIGHT-OF-WAY, THENCE
N01°14'32"E	186.00'	ALONG SAID RIGHT-OF-WAY, THENCE
NORTHWESTERLY	117.58'	ALONG THE ARC OF A 422.00' RADIUS CURVE TO THE LEFT WHOSE LONG CHORD BEARS N06°44'12"W 117.20' ALONG SAID RIGHT-OF-WAY, THENCE
N14°42'57"W	52.30'	ALONG SAID RIGHT-OF-WAY, THENCE

NORTHWESTERLY	143.93'	ALONG THE ARC OF A 437.50' RADIUS CURVE TO THE RIGHT WHOSE LONG CHORD BEARS N05°17'03"W 143.28' ALONG SAID RIGHT-OF-WAY, THENCE
N04°08'33"E	123.50'	ALONG SAID RIGHT-OF-WAY, THENCE
S85°49'33"E	20.00'	ALONG SAID RIGHT-OF-WAY, THENCE
NORTHEASTERLY	65.42'	ALONG THE ARC OF A 895.00' RADIUS CURVE TO THE RIGHT WHOSE LONG CHORD BEARS N06°14'03"E 65.40' ALONG SAID RIGHT-OF-WAY, THENCE
N89°27'03"E	50.30'	TO CORNER NO. 13 OF SAID FAIRVIEW PLACER, A COMMON CORNER WITH SILVER SHEKEL FILING #1, THENCE
NORTHEASTERLY	214.31'	ALONG THE ARC OF A 199.09' RADIUS CURVE TO THE LEFT WHOSE LONG CHORD BEARS N43°57'01"E 204.11', THENCE
NORTHEASTERLY	165.91'	ALONG THE ARC OF A 990.56' RADIUS CURVE TO THE RIGHT WHOSE LONG CHORD BEARS N17°54'39"E 165.72', THENCE
N50°53'06"E	51.93'	, THENCE
S15°39'15"E	110.00'	, THENCE
SOUTHEASTERLY	172.79'	ALONG THE ARC OF A 90.00' RADIUS CURVE TO THE LEFT WHOSE LONG CHORD BEARS S70°39'15"E 147.45', THENCE
N54°20'45"E	74.85'	, THENCE
S13°06'45"W	45.00'	, THENCE
S76°53'15"E	558.44'	TO THE SOUTHEAST CORNER OF SILVER SHEKEL FILING #2, THENCE
S65°14'14"E	1183.87'	, THENCE
S62°08'50"W	1600.00'	TO CORNER NO. 3 OF SAID FAIRVIEW PLACER, THENCE
S55°50'04"E	361.28'	TO CORNER NO. 1 OF SAID LAKE SUPERIOR PLACER, THENCE
N76°11'44"E	613.41'	TO CORNER NO. 27 OF SAID LAKE SUPERIOR PLACER, THENCE
S23°52'07"E	3253.80'	TO CORNER NO. 26 OF SAID LAKE SUPERIOR PLACER, COMMON WITH THE NORTHWEST CORNER OF THE QUALITY HILLS FILING #1, THENCE
S00°11'28"E	1499.30'	TO CORNER NO. 25 OF SAID LAKE SUPERIOR PLACER, THENCE
S79°25'25"W	139.54'	TO CORNER NO. 24 OF SAID LAKE SUPERIOR PLACER, THENCE
S00°11'35"E	96.01'	TO CORNER NO. 23 OF SAID LAKE SUPERIOR PLACER, THENCE
S71°38'03"W	89.29'	TO CORNER NO. 5 OF SAID CLEVELAND PLACER, THENCE
S00°04'27"E	650.99'	TO CORNER NO. 6 OF SAID CLEVELAND PLACER, COMMON WITH THE NORTHWEST CORNER OF HURON HEIGHTS, THENCE
S57°27'59"W	841.12'	, THENCE
N54°31'12"W	249.77'	, THENCE

N65°22'31"W	371.26'	, THENCE
N77°25'03"W	358.04'	, THENCE
N03°13'33"W	250.00'	, THENCE
N77°25'03"W	100.00'	, THENCE
N03°13'33"W	200.00'	, THENCE
N77°25'03"W	145.96'	TO THE TRUE POINT OF BEGINNING.

CONTAINING: 295.548 ACRES, MORE OR LESS.

EXCEPT

THE REAL PROPERTY DESCRIBED ON EXHIBIT A ABOVE,
AND KNOWN AS FILING 1,
THE HIGHLANDS AT BRECKENRIDGE.

(5.0)

481613
DORIS L. BRILL
1994 DEC -2 P 3:43
SUMMIT COUNTY RECORDER

FIRST AMENDMENT TO
DECLARATION OF LAND USE RESTRICTIONS FOR
THE HIGHLANDS AT BRECKENRIDGE SUBDIVISION

This First Amendment to Declaration of Land Use Restrictions for The Highlands at Breckenridge Subdivision (this "Amendment") is made this 2nd day of December, 1994, by Lincoln Highlands I Limited, a Colorado limited partnership ("Declarant"), and amends the Declaration of Land Use Restrictions for The Highlands at Breckenridge Subdivision, recorded on September 15, 1994, at Reception No. 476057 in the real property records of Summit County, Colorado (the "Declaration").

RECITALS

A. The Declaration was established by Declarant for the purpose of limiting and restricting the use, density and design of improvements on the Property (as defined in the Declaration) with a goal of (a) preserving the natural beauty of the Property and its setting, (b) maintaining the Property as a pleasant and desirable environment, (c) establishing and preserving a harmonious design for the community, and (d) protecting and enhancing the value of the Property.

B. Under Section 14.1 of the Declaration, for so long as Declarant owns any portion of the Property or the Expansion Property (as defined in the Declaration), Declarant may subject additional real property, including, but not limited to, all or any part of the Expansion Property, to the Declaration by recording in the real property records of Summit County, Colorado, an instrument signed by Declarant complying with the requirement of Section 14.1 of the Declaration.

C. Declarant is the owner of the real property described on Exhibit A attached to and made a part of this Amendment ("Filing 2"). Filing 2 is a part of the Expansion Property, and is adjacent to the Property or within one mile of any boundary of the Property.

D. Declarant has determined that Filing 2 should be included as a part of The Highlands at Breckenridge Subdivision and thus subject to and governed by the provisions of the Declaration.

AMENDMENT

In accordance with Section 14.1 of the Declaration, Filing 2 is hereby added to the Property and Exhibit A to the Declaration shall be deemed amended to add Filing 2 to the definition and description of the Property. Accordingly, Filing 2 shall hereafter be part of The Highlands at Breckenridge Subdivision and shall be governed by and subject to all of the provisions of the Declaration.

Except as specifically set forth in this Amendment, the Declaration remains unchanged and in full force and effect. This Amendment shall hereafter be interpreted for all purposes as part of the Declaration.

Declarant has executed this Declaration as of the date first set forth above.

LINCOLN HIGHLANDS I LIMITED,
a Colorado limited partnership

By: Lincoln North, Inc., a Colorado corporation and General Partner of Lincoln Highlands I Limited

By: _____
Kenneth M. Adams,
President

By: Lincoln Highlands Management Group, Inc., a Colorado corporation and General Partner of Lincoln Highlands I Limited

By: _____
Nick J. Hackstock,
President

STATE OF COLORADO)
) SS.
COUNTY OF Summit)

The foregoing First Amendment to Declaration of Land Use Restrictions was acknowledged before me this 2nd of December, 1994, by Kenneth M. Adams as President of Lincoln North, Inc., a Colorado corporation and General Partner of Lincoln Highlands I Limited, a Colorado limited partnership.

Witness my hand and official seal.

Dawn R Anderson
Notary Public

My commission expires: June 10 1998

STATE OF COLORADO)
) SS.
COUNTY OF Summit)

The foregoing First Amendment to Declaration of Land Use Restrictions was acknowledged before me this 2nd of December, 1994, by Nick J. Hackstock as President of Lincoln Highlands Management Group, Inc., a Colorado corporation and General Partner of Lincoln Highlands I Limited, a Colorado limited partnership.

Witness my hand and official seal.

Dawn R Anderson
Notary Public

My commission expires: June 10 1998

10.00

SECOND AMENDMENT TO DECLARATION OF LAND USE RESTRICTIONS FOR THE HIGHLANDS AT BRECKENRIDGE SUBDIVISION

This Second Amendment to Declaration of Land Use Restrictions for The Highlands at Breckenridge Subdivision (this "Amendment") is made this 22 day of May, 1995, by Lincoln Highlands I Limited, a Colorado limited partnership ("Declarant"), and amends the Declaration of Land Use Restrictions for The Highlands at Breckenridge Subdivision, recorded on September 15, 1994, at Reception No. 476057 in the real property records of Summit County, Colorado (as previously amended, the "Declaration").

491596 1995-05-23 12:50 2pg
Doris L Brill - Summit County Recorder

RECITALS

A. The Declaration was established by Declarant for the purpose of limiting and restricting the use, density and design of improvements on the Property (as defined in the Declaration) with a goal of (a) preserving the natural beauty of the Property and its setting, (b) maintaining the Property as a pleasant and desirable environment, (c) establishing and preserving a harmonious design for the community, and (d) protecting and enhancing the value of the Property.

B. Under Section 14.1 of the Declaration, for so long as Declarant owns any portion of the Property or the Expansion Property (as defined in the Declaration), Declarant may subject additional real property, including, but not limited to, all or any part of the Expansion Property, to the Declaration by recording in the real property records of Summit County, Colorado, an instrument signed by Declarant complying with Section 14.1 of the Declaration.

C. Declarant is the owner of the real property described on Exhibit A attached to and made a part of this Amendment ("Filing 3"). Filing 3 is a part of the Expansion Property, and is adjacent to the Property or within one mile of any boundary of the Property.

D. Declarant has determined that Filing 3 should be included as a part of The Highlands at Breckenridge Subdivision and thus subject to and governed by the provisions of the Declaration.

AMENDMENT

In accordance with Section 14.1 of the Declaration, Filing 3 is hereby added to the Property and Exhibit A to the Declaration shall be deemed amended to add Filing 3 to the definition and description of the Property. Accordingly, Filing 3 shall hereafter be part of The Highlands at Breckenridge Subdivision and shall be governed by and subject to all of the provisions of the Declaration.

Except as specifically set forth in this Amendment, the Declaration remains unchanged and in full force and effect. This Amendment shall hereafter be interpreted for all purposes as part of the Declaration.

Declarant has executed this Declaration as of the date first set forth above.

LINCOLN HIGHLANDS I LIMITED,
a Colorado limited partnership

By: Lincoln North, Inc., a Colorado corporation and General Partner of Lincoln Highlands I Limited

By: _____
Kenneth M. Adams,
President

By: Lincoln Highlands Management Group, Inc., a Colorado corporation and General Partner of Lincoln Highlands I Limited

By: _____
Nick J. Hackstock,
President

STATE OF COLORADO)
) SS.
COUNTY OF Summit)

The foregoing First Amendment to Declaration of Land Use Restrictions was acknowledged before me this 22nd of MAY, 1995, by Kenneth M. Adams as President of Lincoln North, Inc., a Colorado corporation and General Partner of Lincoln Highlands I Limited, a Colorado limited partnership.

Witness my hand and official seal.

_____
Notary Public

My commission expires: June 10 1998

STATE OF COLORADO)
) SS.
COUNTY OF Summit)

The foregoing First Amendment to Declaration of Land Use Restrictions was acknowledged before me this 22nd of MAY, 1995, by Nick J. Hackstock as President of Lincoln Highlands Management Group, Inc., a Colorado corporation and General Partner of Lincoln Highlands I Limited, a Colorado limited partnership.

Witness my hand and official seal.

_____
Notary Public

My commission expires: June 10 1998

16.00

THIRD AMENDMENT TO DECLARATION OF LAND USE RESTRICTIONS FOR THE HIGHLANDS AT BRECKENRIDGE SUBDIVISION

505891
DORIS L. BRILL
96 DEC 21 A 11 19
SUMMIT COUNTY RECORDER

This Third Amendment to Declaration of Land Use Restrictions for The Highlands at Breckenridge Subdivision (this "Amendment") is made this 19th day of December, 1995, by Lincoln Highlands I Limited, a Colorado limited partnership ("Declarant"), and amends the Declaration of Land Use Restrictions for The Highlands at Breckenridge Subdivision, recorded on September 15, 1994, at Reception No. 476057 in the real property records of Summit County, Colorado (as previously amended, the "Declaration").

RECITALS

A. The Declaration was established by Declarant for the purpose of limiting and restricting the use, density and design of improvements on the Property (as defined in the Declaration) with a goal of (a) preserving the natural beauty of the Property and its setting, (b) maintaining the Property as a pleasant and desirable environment, (c) establishing and preserving a harmonious design for the community, and (d) protecting and enhancing the value of the Property.

B. Under Section 14.1 of the Declaration, for so long as Declarant owns any portion of the Property or the Expansion Property (as defined in the Declaration), Declarant may subject additional real property, including, but not limited to, all or any part of the Expansion Property, to the Declaration by recording in the real property records of Summit County, Colorado, an instrument signed by Declarant complying with Section 14.1 of the Declaration.

C. Declarant is the owner of the real property described on Exhibit A attached to and made a part of this Amendment ("Filing 4"). Filing 4 is a part of the Expansion Property, and is adjacent to the Property or within one mile of any boundary of the Property.

D. Declarant has determined that Filing 4 should be included as a part of The Highlands at Breckenridge Subdivision and thus subject to and governed by the provisions of the Declaration.

AMENDMENT

In accordance with Section 14.1 of the Declaration, Filing 4 is hereby added to the Property and Exhibit A to the Declaration shall be deemed amended to add Filing 4 to the definition and description of the Property. Accordingly, Filing 4 shall hereafter be part of The Highlands at Breckenridge Subdivision and shall be governed by and subject to all of the provisions of the Declaration.

Except as specifically set forth in this Amendment, the Declaration remains unchanged and in full force and effect. This Amendment shall hereafter be interpreted for all purposes as part of the Declaration.

Declarant has executed this Declaration as of the date first set forth above.

LINCOLN HIGHLANDS I LIMITED,
a Colorado limited partnership

By: Lincoln North, Inc., a Colorado corporation and General Partner of Lincoln Highlands I Limited

By: _____
Kenneth M. Adams,
President

By: Highlands Management Group, Inc., a Colorado corporation and General Partner of Lincoln Highlands I Limited

By: _____
Randall L. Harkness,
Senior Vice-President

STATE OF COLORADO)
) SS.
COUNTY OF Summit)

The foregoing Third Amendment to Declaration of Land Use Restrictions was acknowledged before me this 28 of November, 1994, by Kenneth M. Adams as President of Lincoln North, Inc., a Colorado corporation and General Partner of Lincoln Highlands I Limited, a Colorado limited partnership.

Witness my hand and official seal.

Lory L. Payne
Notary Public

My commission expires: 7-24-99

STATE OF COLORADO)
) SS.
COUNTY OF Summit)

The foregoing Third Amendment to Declaration of Land Use Restrictions was acknowledged before me this 5th of December 1995 by Randall L. Harkness as Senior Vice-President of Highlands Management Group, Inc., a Colorado corporation and General Partner of Lincoln Highlands I Limited, a Colorado limited partnership.

Witness my hand and official seal.

Dawn R. Anderson
Notary Public

My commission expires: June 10 1998

NOTARY PUBLIC
DAWN R. ANDERSON
STATE OF COLORADO

EXHIBIT A

OWNER'S CERTIFICATE

KNOW ALL MEN BY THESE PRESENTS: That Lincoln Highlands I Limited, a Colorado Limited Partnership ("Declarant"), being sole owner in fee simple of the real property situated in the Town of Breckenridge and in Summit County, Colorado and more particularly described as follows:

A portion of Tract A, The Highlands at Breckenridge Subdivision, Filing No. 1 as recorded in Reception No. 476058, lying within Sections 19 and 30, Township 6 South, Range 77 West of the 6th Principal Meridian, situated in the Town of Breckenridge, County of Summit, State of Colorado and more particularly described as follows:

Beginning at the Northeast corner of the Highlands at Breckenridge Subdivision, Filing No.2as recorded in Reception No. 484609 of the public records of Summit County, Colorado; thence along the northerly boundary of said Highlands at Breckenridge Subdivision, Filing No. 2 the following 8 courses:

1. S78°43'52"W, 446.79 feet; thence
2. S73°17'27"W, 50.00 feet; thence
3. S62°05'20"W, 229.04 feet; thence
4. N28°32'36"W, 658.26 feet; thence
5. N06°15'24"W, 215.00 feet, thence
6. N77°01'09"W, 147.94 feet; thence
7. 460.91 feet along the arc of a 375.00 foot radius curve to the left whose long chord bears N35°12'38"W, 432.44 feet; thence
8. N70°25'17"W, 139.81 feet; thence

departing said northerly boundary of The Highlands at Breckenridge, Filing No. 2, and along the easterly boundary of The Highlands at Breckenridge, Filing No. 3 the following 9 courses:

1. N11°22'25"E, 154.10 feet; thence
2. N24°08'54"W, 592.49 feet; thence
3. N16°21'51"W, 206.70 feet; thence
4. S79°44'00"W, 188.58 feet; thence
5. 185.58 feet along the arc of a 375.00 foot radius curve to the right whose long chord bears N03°54'37"E, 183.69 feet; thence
6. N18°05'14"E, 283.23 feet; thence
7. 54.85 feet along the arc of a 525.00 foot radius curve to the left whose long chord bears N15°05'39"E, 54.83 feet; thence
8. S81°28'46"E, 333.30 feet; thence
9. N41°49'41"E, 654.35 feet; thence

departing said easterly boundary of The Highlands at Breckenridge, Filing No. 3 and along the the easterly boundary of Tract A, The Highlands at Breckenridge, Filing No. 1, the following 2 courses:

1. S23°50'39"E, 2784.94 feet; thence
2. S00°11'28"E, 269.30 feet to the Point of Beginning. Containing 61.987 acres more or less, has laid out subdivided and platted the same into lots, tracts, parcels, roads and easements as shown hereon under the name and style of The Highlands at Breckenridge Subdivision, Filing No. 4, and by these presents does hereby set apart and dedicate to the perpetual use of the public (1) all of the Roads (as defined in the notes) and other public ways, places and portions of land designated as easements for the installation and maintenance of public utilities and (2) an easement in, over, through, and under those portions of land labeled as 25' Trail and Drainage Easement, 20' Drainage Easement, as shown hereon.