

RECORDED 4/1/2002
Rec # 1432568

DECLARATION
OF
CONDITIONS, COVENANTS, RESTRICTIONS AND EASEMENTS
FOR
LAREDO AT PARKSIDE

Pannunzio, Inc., A Colorado Corporation (called the "Declarant" in this Declaration), is the sole owner of property described as follows:

All lots in "Laredo at Parkside, a Special Area Plan", according to the plat thereof recorded in Pueblo, Colorado

Declarant desires to place protective covenants, conditions, restrictions, reservations, liens and charges upon the Subdivision to protect the Subdivision's quality residential living environment and also to protect its desirability, attractiveness and value. Declarant also wishes to create an association to advance and promote the common interests of the Owners with respect to the Subdivision. Consequently, the Subdivision is hereby subjected to the following easements, covenants, restrictions and conditions (collectively referred to as "Covenants"), all of which shall run with the Subdivision and shall be binding upon all parties having or acquiring any rights, title or interest in it or any part thereof, and shall inure to the benefit of each Owner thereof.

ARTICLE I

COVENANTS TO PRESERVE THE RESIDENTIAL
CHARACTER OF THE SUBDIVISION

Section 101. Property Uses. All Lots in the Subdivision shall be used exclusively for private residential purposes. No dwelling erected or maintained within the Subdivision shall be used or occupied for any purpose other than for a single-family dwelling.

Section 102. Structures. No Structure shall be erected within the Subdivision except single-family dwellings, a garage or storage building and those Accessory Buildings and Structures which have been approved by the Approving Authority. No Structure other than the dwelling may be used for living purposes. No other Structure may be placed on any Lot before completion of the dwelling.

Section 103. Construction Type. All construction shall be new. No building previously used at another location nor any building or Structure originally constructed as a mobile dwelling or Structure may be moved onto a Lot except as provided in the following sentence. The Approving Authority, in its sole discretion, may permit a single-family residence, other than a mobile home, previously constructed at another location to be located on a Lot within the Subdivision, provided that such residence is installed on a permanent foundation, is in new condition, is compatible in quality and architecture with other homes in the Subdivision and is in compliance with Article II of these Covenants.

Section 104. Storage. No building materials shall be stored on any Lot except temporarily during continuous construction of a building or its alteration or improvement.

Section 105. Completion of Work. A Structure shall not be occupied in the course of original construction until a Certificate of Occupancy has been issued by the Pueblo Regional Building Authority. All construction work shall be prosecuted diligently and continuously from the time of commencement until fully completed.

Section 106. Construction Completion. The exterior of all buildings or other Structures must be completed within six months after the commencement of construction except where such completion is impossible or would result in great hardship due to strikes, fires, national emergency or natural calamities. For purposes of this Section 106, "commencement of construction" for a single-family dwelling, is defined as the obtaining of necessary building permits and the pouring of a foundation, and for all other Structures, is the undertaking of any visible exterior work.

Section 107. Construction or Sales Offices. Temporary buildings for construction or administration purposes or for sales offices may be erected or maintained only by Declarant or with the permission of the Approving Authority. Model homes may be used and exhibited only by Declarant or with the permission of the Approving Authority. Temporary buildings permitted for construction or administration purposed or for sales offices shall be promptly removed when they cease to be used for these purposes.

Section 108. Drilling Structures. No derrick or other Structure designed for use in or used for boring or drilling for water, oil or natural gas shall be permitted upon or above the surface of any Lot, nor shall any water, oil, natural gas, petroleum, asphaltum or other hydrocarbon substance be produced from any well located upon, in or under any Lot.

Section 109. Business Uses. No business, profession or other activity conducted for economic gain shall be conducted on or within any Lot or Building Site, except for normal home-based businesses or home offices which cannot be detected from outside the structure and do not involve any signage or create any customer or commercial traffic.

ARTICLE II

DENSITY, SETBACK AND QUALITY STANDARDS

Section 201. Limitation on Dwellings. No more than one dwelling shall be erected or maintained within any Lot. No dwelling shall have a basement.

Section 202. Setback Areas. All buildings and structures shall be placed upon the Lots in compliance with the setbacks and placements shown on the Special Area Plan.

Section 203. Dwelling Area Requirements. No dwelling shall be erected which, exclusive of basements, porches, patios, covered but unenclosed areas, garages and any attached Accessory Building, has a gross livable floor area of less than 800 square feet if a single-story dwelling, or less than 1,200 square feet if a multi-story dwelling.

Section 204. Height Restrictions. No dwelling or other Structure shall be more than two stories in height.

Section 205. Roofs. All roof areas shall be composition shingles or other material approved by the Approving Authority. Roof areas must be of earthtone colors only. See Section 207. Exterior Colors.

Section 206. Accessory Buildings. Any Accessory Building or Structure shall be of the same colors and harmonize in appearance and materials with the dwelling on the same Lot.

Section 207. Exterior Colors. Exterior house, roofing and accessory building colors shall not be changed without approval of the Approving Authority.

Section 208. Rebuilding or Restoration. Any dwelling or building which may be destroyed in whole or in part by fire, wind storm or from any other cause or act of God must be rebuilt or all debris must be removed and the Lot restored to a slightly condition, such rebuilding or restoration to be completed with reasonable promptness and in any event within six months from the time the damage occurred.

Section 209. Fences. All fences shall be constructed of materials approved by the Approving Authority. These currently include chain link or white vinyl but other materials will be considered. Fences shall be no more than 6 feet high. Fences cannot be made solid; water must be able to pass through for drainage purposes. No other material may be used for fences unless previously approved by the Approving Authority. Except with approval of the Approving Authority, no fence or hedge more than two and one half feet high shall be installed closer to an adjoining street than the dwelling or any other building located on the Lot is to the street. Along side streets of corner Lots, fences may be extended to the property line but not into the right of way.

ARTICLE III

LIVING ENVIRONMENT STANDARDS

Section 301. Building and Grounds Conditions. Each Owner shall maintain the exterior of the dwelling, any Accessory Building, fence and all other Structures, lawns and Landscaping, walks and driveways, in first class condition and shall cause them to be repaired as the effects of damage or deterioration become apparent. Exterior building surfaces and trim shall be repainted periodically and before the surfacing becomes weatherbeaten or worn off.

Section 302. Garage Doors. Garage doors shall be kept closed except when being used to permit ingress and egress to or from the garage.

Section 303. Maintenance Equipment. All maintenance equipment shall be stored in an enclosed Structure or otherwise adequately screened so as not to be visible from neighboring property or adjoining streets.

Section 304. Refuse. No unsightly objects or materials, including but not limited to: ashes, trash, rubbish, garbage, grass or shrub clippings, scrap material or other refuse, or receptacles or containers therefor, shall be stored, accumulated or deposited outside or so as to be visible from any neighboring property or adjoining street, except during refuse collections.

Section 305. Nuisances. No noxious, offensive or hazardous activity shall be carried on upon any Lot nor anything done thereon tending to cause embarrassment, discomfort, annoyance or nuisance to the neighborhood. No annoying lights, sounds or odors shall be permitted to emanate from any living units or Accessory Buildings.

Section 306. Landscaping. Within six months after completion of a dwelling or within any extension of that period granted by the Approving Authority, all yards and open spaces visible from the street shall be Landscaped and thereafter maintained in lawn or Landscaping. Unless otherwise approved by the Approving Authority, at least fifty (50%) percent of the front yard area shall be covered with grass lawn or its equivalent. For purposes of this Section, the front yard is defined as the area of the Lot between the paved surface of any street adjacent to the Lot and the building setback line on the Lot.

Section 307. Weeds. All yards and open spaces and the entire area of every Lot on which no building has been constructed shall be kept free from plants or weeds infected with noxious insects or plant diseases and from weeds which in the reasonable opinion of the Approving Authority are likely to cause the spread of infection or weeds to neighboring property and free from brush or other growth or trash which in the reasonable opinion of the Approving Authority causes undue danger of fire or an unsightly appearance to the Subdivision.

Section 308. Grading Patterns. No material change may be made in the ground level, slope, pitch or drainage patterns of any Lot as fixed by the original finish grading. Grading shall be maintained at all times so as to conduct irrigation and surface waters away from buildings and so as to protect foundations and footings from excess moisture.

Section 309. Transmitters. No electronic or radio transmitter of any kind shall be operated in or on any Structure or Lot, in such a way as to cause nuisance, inconvenience or interference to neighbors.

Section 310. Animals. No animals except small domestic animals permanently confined indoors and except an aggregate of two domesticated dogs or cats shall be maintained in or on any Lot within the Subdivision and then only if kept as pets. No animal of any kind shall be

permitted which in the opinion of the Approving Authority makes an unreasonable amount of noise or odor or is a nuisance.

Section 311. Parking. No vehicles shall be parked in the front yard of any lot except in the driveway.

Section 312. Trailers, Campers, etc. No boat, trailer, camper (on or off supporting vehicles), tractor, commercial vehicle, mobile home, motor home, any towed trailer unit or truck, excepting only pickups with or without bed toppers and passenger vans for the private use of the residents of a dwelling as primary transportation on a day-to-day basis, shall be parked within any Lot except in a completely enclosed Structure such as a garage.

Section 313. Unused Vehicles. No unused, stripped down, partially wrecked or junk motor vehicle or part thereof shall be permitted to be parked on any street or on any Lot in such a manner as to be visible at ground level from any neighboring property or street. An unused vehicle shall be any vehicle which is not properly licensed or registered or has remained immobile for more than a week as determined by the Approving Authority.

Section 314. Vehicle Repairs. No maintenance, servicing, repair, dismantling, sanding or repainting of any type of vehicle, boat, machine or device may be carried on except within a completely enclosed Structure which screens the sight and sound of the activity from adjoining streets and from neighboring property.

Section 315. Signs. The only signs permitted on any Lot or Structure shall be:

- (a) One sign of customary size for offering of the signed property for sale or for rent;
- (b) One sign of customary size for identification of the occupant and address of any dwelling;
- (c) Multiple signs for sale and administration purposes installed by, or with the permission of Declarant during development;
- (d) Signs as may be necessary to advise of rules and regulations or to caution or warn of danger; and
- (e) Such signs as may be required by law.

ARTICLE IV

ARCHITECTURAL CONTROL

Section 401. Building Approval. No Structure shall be commenced, erected, placed, moved onto a Lot, permitted to remain on any Lot or altered in any way so as to materially

change the Lot's previously existing exterior appearance, except in accordance with plans, specifications and other information submitted to the Approving Authority and approved by the Approving Authority no more than one year before start of the construction, alteration or installation. Matters which require the approval of the Approving Authority include but are not limited to: the exterior appearance, material, color, height and location of each Structure, covering, drive, walk and fence, and grading of site. In granting or withholding approval, the Approving Authority shall consider among other things: the adequacy of the materials for their intended use, the harmonization of the external appearance with the surroundings, the proper relation of the Structure or covering to the environment and to surrounding uses, the degree, if any, to which the proposed Structure or covering will cause intrusions of sound, light or other effect on neighboring sites beyond those reasonably to be expected in a quality urban residential area from considerate neighbors.

Section 402. Plans Submissions. All plans, samples and other materials to be submitted to the Approving Authority shall be submitted in writing. The minimum scale of these plans shall be one-twentieth inch equals one foot. The plot plan in this minimum scale shall show the location of all buildings, drives, walks, fences and any other Structures. Proposed new contours throughout the Lot and abutting street elevations on all sides shall be shown. Structure plans shall show all exterior elevations, and shall indicate and locate on each elevation the materials to be used and designate each exterior color to be used by means of actual color samples.

Section 403. Approval Process. All action required or permitted to be taken by the Approving Authority shall be in writing and any such written statement shall establish the action of the Approving Authority and shall protect any person relying on the statement. If the Approving Authority does not execute and acknowledge such a statement within thirty days after delivery of all the required materials to the members of the Approving Authority, the materials so delivered shall be deemed approved for the purpose of these Covenants. The Approving Authority may charge reasonable fees to cover expenses incurred in review of plans, samples and materials submitted pursuant to this Declaration, exclusive of reimbursement to the members of the Approving Authority for their services. The Approving Authority shall be entitled to retain one copy of all approved plans as part of its files and records.

Section 404. Composition of the Approving Authority. Declarant shall act as the Approving Authority until the earlier of: (i) the date when Declarant no longer owns any interest in any Lot within the Subdivision; or (ii) the date when Declarant elects to assign its rights, powers and authority to act as the Approving Authority to the Governing Board of the Association, discussed below in Section 504. At the time that Declarant ceases to own any interest in any Lot within the Subdivision or at such earlier time as Declarant elects to make the assignment, Declarant shall execute and record in the real property records of Pueblo County, Colorado a document assigning the rights, powers and authority and delegating the functions and duties of the Approving Authority to the Board of Managers. If Declarant fails to record such a document within 10 days after Declarant ceases to own any interest in any Lot within the Subdivision, then the Governing Board shall automatically be deemed to be the Approving Authority for all purposes of these Covenants, and a document expressly assigning the rights, powers and authority and delegating the functions and duties of the Approving Authority shall not be required.

Section 405. No Liability. Members of the Approving Authority shall not be liable to any party whatsoever for any act or omission unless the act or omission is in bad faith and amounts to fraud.

ARTICLE V

THE ASSOCIATION, MEMBERSHIP AND VOTING RIGHTS

Section 501. Membership. Every Owner of a Unit shall be a member of the Association. Membership shall be appurtenant to and may not be separated from Ownership of any Unit. Members shall automatically be entitled to the benefits of and subject to the burdens appurtenant to said membership. If the fee simple title to a Unit is held by more than one Person, each Owner shall be a member of the Association. However, when considering voting rights of the members, each Unit shall be considered to have only one Owner (and one vote).

Section 502. General Purposes and Powers. The Association, through the Board, shall perform functions and hold and manage Property as provided in this Declaration so as to further the interests of Owners of Units in this Project. It shall have all powers necessary or desirable to effectuate such purposes.

Section 503. Board of Managers. The affairs of the Association shall be managed by a Board of Managers which may, by resolution, delegate any portion of its authority to an executive committee or to a director for the Association. There shall be not less than three (3) nor more than five (5) members of the Board of Managers, the specific number to be set forth from time to time in the By-Laws, all of whom shall be Owners elected by Owners. Regardless of the number of members of the Board of Managers, the terms of at least one-third (1/3) of such Board shall expire annually. Not later than sixty (60) days after the conveyance of twenty-five percent (25%) of the Units to Unit Owners other than the Declarant, at least one member and not less than twenty-five percent (25%) of the members of the Board of Managers must be elected by the Unit Owners other than the Declarant. Not later than sixty (60) days after conveyance of fifty percent (50%) of the Units to Unit Owners other than Declarant, not less than thirty-three and one-third percent (33 1/3%) of the members of the Board of Managers must be elected by Unit Owners other than the Declarant.

Section 504. Voting of Owners. The Owner or Owners of each Unit shall be entitled to one vote for each such Unit owned by said Owner or Owners.

Section 505. By-Laws and Articles. Within thirty (30) days after the adoption of any proposed budget for the Association, the Board of Managers shall mail by regular first-class mail or otherwise deliver a summary of the budget to all Unit Owners and shall set a date for a meeting of Unit Owners to consider ratification of the budget not less than fourteen (14) nor more than sixty (60) days after mailing or other delivery of the summary, unless, at that meeting, a majority of all Unit Owners rejects the budget, the budget is ratified whether or not a forum is present. In the event that the proposed budget is rejected, the periodic budget last ratified by

Unit Owners must be continued until such time as the Unit Owners ratify a subsequent budget proposed by the Board of Managers.

Section 506. Association as Attorney-in Fact for Owners. The Association is hereby irrevocably appointed attorney-in-fact for the Owners and each of them to manage, control and deal with the interest of each Owner so as to permit the Association to fulfill all of its duties and obligations hereunder and to exercise all of its rights hereunder. The acceptance by any Person of any interest in any Unit shall constitute an appointment of the Association as attorney-in-fact as provided above and hereinafter. The Association is hereby granted all of the powers necessary to govern, manage, maintain, repair, rebuild, administer and regulate the Project and to perform all of the duties required of it. Unless at least two-thirds (2/3) of the Unit Owners, (excluding Declarant) have given their prior written approval, the Association shall not be empowered or entitled to:

- (a) by act or omission, seek to abandon or terminate the Project;
- (b) change the pro rata interest or obligations of any individual Unit for the purpose of levying assessments or charges;
- (c) partition or subdivide any Unit or Lot;

Section 507. Operation and Maintenance Responsibilities. The Association shall provide for the care, operation, management, maintenance, repair and replacement of the Common Landscaped Area, private streets and private sewer and water as further described herein.

Section 508. Labor and Services. The Association:

- (a) may obtain and pay for legal and accounting services necessary or desirable in connection with the operation of the Project or the enforcement of this Declaration; and,
- (b) may arrange with others to furnish lighting, heating, water, trash collection, sewer service, exterior building maintenance, landscaping care and maintenance, snow removal, insurance and other common services.

Section 509. Mortgage Notification. The Association shall notify each First Mortgagee of any proposed material amendment of the Association's Articles or By-Laws at least ten (10) days prior to the effective date of such amendment or change. Further, upon the written request of any First Mortgagee, such First Mortgagee shall be entitled to receive the most recent annual financial statement of the Association and such First Mortgagee shall have the right to designate a representative to attend any such meeting.

Section 510. Enforcement by Association. The Board may suspend any Owner's voting rights in the Association during any period or periods during which such Owner fails to comply with the Association's rules and regulations or with any other obligations of such Owner under this Declaration. The Association may also take judicial action against any Owner to enforce

compliance with such rules, regulations or other obligations herein or in the By-Laws or to obtain damages for noncompliance thereof, all to the extent permitted by law. The Board may impose a fine, not to exceed \$50.00, on any Owner for each violation or act of non-compliance by any such Owner or his Guest.

Section 511. Implied Rights. The Association shall have and may exercise any right and privilege given to it expressly by this Declaration or the Articles or By-Laws or reasonably to be implied by law or which may be necessary or desirable to fulfill its duties, obligations, rights or privileges.

ARTICLE VI

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 601. Creation of the Lien and Personal Obligation of Assessments. Each Owner of any Unit, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges, and (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. The annual and special assessments, together with interest, costs and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the Property against which each such assessment, together with interest, costs, and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such Property at the time when the assessment fell due.

Section 602. Purpose of Assessments. The assessment levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents in the Properties and of the Homes and Units situated upon the Properties.

Section 603. Maximum Annual Assessment. Until January 1 of the year immediately following the conveyance of the first Unit to an Owner, the maximum annual assessment shall be ONE HUNDRED TWENTY AND NO/CENTS DOLLARS (\$120.00) per Unit.

- (a) From and after January 1 of the year immediately following the conveyance of the first Unit to an Owner, the maximum annual assessment may be increased each year not more than 12% above the maximum assessment for the previous year without a vote of the membership.
- (b) From and after January 1 of the year immediately following the conveyance of the first Unit to an Owner, the maximum annual assessment may be increased above 12% by a vote of two-thirds (2/3) of the Owners who are voting in person or by proxy at a meeting duly called for this purpose.
- (c) The Board may fix the annual assessment at an amount not in excess of the maximum.

Section 604. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purposes of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement, including fixtures and personal property related thereto, provided that any such assessment shall have the consent of two-thirds (2/3) of the votes of Unit Owners who are voting in person or by proxy at a meeting duly called for this purpose.

Section 605. Notice and Quorum for Any Action Authorized Under Sections 603 and 604. Written notice of any meeting of the members of the Association called for the purpose of taking any action of the members of the Association shall be sent to all members not less than ten (10) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast sixty percent (60%) of all the votes shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting. A meeting may be called at the direction of the Board of Managers or at the written request of the Owners of fifty percent (50%) or more of the Lots.

Section 606. Allocation of Expenses. All Units shall be assessed equally, with equivalent allocations of common expenses for both annual assessments and special assessments. Declarant shall have no obligation to pay the assessments on Lots owned by Declarant imposed by the Board to meet the common expenses but Declarant agrees to pay to the Association a sum equal to the difference between the monthly cost of operating and maintaining the Association, exclusive of reserves, and the amount of funds payable by the other Owners to the Association. This obligation of Declarant to subsidize the operation and maintenance expense of the Association shall terminate when Declarant relinquishes control of the Association to Owners other than Declarant.

Section 607. Date of Commencement of Annual Assessments; Due Dates. All Unit Owners, except Declarant, shall be obligated to pay the estimated annual assessments imposed by the Board of Managers to meet the common expense from and after the conveyance of the first Unit from Declarant to another party. The annual assessments shall be paid in quarterly installments. Quarterly installments of the annual assessment for the estimated common expenses shall be due quarterly in an annual budget showing the various estimated or actual expenses for which the assessments are made. Contributions for quarterly assessments shall be prorated if the ownership of a Unit commences on a day other than the first day of a month. The assessments made for common expenses shall be based upon the aggregate sum as the Board of Managers shall from time to time determine is to be paid or accrued to be paid to provide for the payment of all estimated expenses growing out of or connected with the maintenance and operation of the Association. The Association shall, upon demand and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Unit have been paid.

Section 608. Effect of Nonpayment of Assessments: Remedies of the Association. Any

assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of twelve percent (12%) per annum. The Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the Property. No Owner may waive or otherwise escape liability for the assessments provided for herein by abandonment of his Unit.

Section 609. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any loan evidenced by a first mortgage of record (including deed of trust) and to any executory land sales contract wherein the Administrator of Veterans Affairs (Veterans Administration) is seller, whether such contract is owned by the Veterans Administration or its assigns and whether such contract is recorded or not. Sale or transfer of any Unit shall not affect the lien for said assessment charges except that sale or transfer of any Unit pursuant to foreclosure of any such mortgage or any such executory land sales contract or any proceeding in lieu thereof, including deed in lieu of foreclosure or cancellation or forfeiture of any such executory land sales contract, shall extinguish the lien of assessment charges which became due prior to any such sale or transfer or foreclosure or any proceeding in lieu thereof, including deed in lieu of foreclosure or cancellation or forfeiture of any such executory land sales contract. No such sales, transfer, foreclosure or any proceeding in lieu thereof, including deed in lieu of foreclosure, nor cancellation or forfeiture of any such executory land sales contract shall relieve any Unit from liability for assessment charges thereafter becoming due nor from the lien thereof.

Section 610. Homestead. The lien of the Association assessments shall be superior to any homestead exemption as is now or may hereafter be provided by Colorado law. The acceptance of a deed to land subject to this Declaration shall constitute a waiver of the homestead exemption as against said assessment lien.

Section 611. Method. The Association shall not change the method of determining the obligations, assessments, dues or other changes which may be levied against a Unit Owner unless at least two-thirds (2/3) of the Owners have given their prior written approval.

Section 612. Mechanics of Filing Lien. The lien of the Association assessment shall be evidenced by a written Notice of Lien Assessment prepared by the Board setting forth the amount of such unpaid indebtedness, the amount of the accrued interest and late charges thereon, the name of the Owner of the Unit and a description of the Unit. The notice shall be signed by one of the Board members or by one of the officers of the Association or by the managing agent and shall be recorded in the Office of the Clerk and Recorder of said County. Such lien shall attach on the date the Notice of Assessment is recorded and may be enforced by foreclosure in like manner as a judicial foreclosure of a mortgage on real property. The Owner shall be required to pay the costs, expenses and attorney's fees incurred in filing the lien and in the event of foreclosure proceedings, all initial costs, expenses and attorney's fees. The Owner of the Unit being foreclosed shall be required to pay the Association the monthly assessment for the Unit during the period of foreclosure and the Association shall be entitled to a receiver to collect the same. Any encumbrance or holder of a lien on a Unit may, but shall not be required to, pay any unpaid assessments payable with respect to such Unit and upon such payment, such encumbrances shall have a lien on such Unit for the amounts paid as part of the lien of his

encumbrance. Upon request of a Mortgagee, the Association shall report to the Mortgagee any unpaid assessment remaining unpaid for longer than sixty (60) days after the same is due or other default of any covenant condition, obligation or term of this Declaration not cured within thirty (30) days; provided, however, that a Mortgagee shall furnish to the Board notice of such encumbrance.

Section 613. Liability for Assessment Due upon Transfer of a Unit. The Grantee of the Unit shall be jointly and severally liable with Grantor for all unpaid assessments against the Unit up to the time of the conveyance without prejudice to Grantee's rights to recover from Grantor the amounts paid by Grantee; provided, however, that upon payment of a reasonable fee periodically established by the Board and upon written request, any prospective Grantee may secure a statement from the Board setting forth the amount of the current monthly assessment, the date that the assessment becomes due and credits for any advance payment of assessments and prepaid items, which statement shall be conclusive upon the Association. The same procedure may be followed by any Mortgagee or prospective Mortgagee for a statement showing the status of paid and unpaid assessments with respect to a particular Unit. Notwithstanding the terms and conditions of this Section, in the event of default under any first Mortgage entitling the Mortgagee to foreclose, any sale under such foreclosure or delivery of a deed in lieu of foreclosure shall be made free and clear of unpaid assessments of the Unit Owner and of unpaid assessments accruing prior to the time the Mortgagee becomes the Owner of the Unit.

Section 614. Working Capital Fund. The Declarant shall establish an initial working capital fund in an amount that of \$120.00. Each Unit's share of the working capital fund shall be collected at the time the sale of the Unit is closed or when control of the project is transferred to the Unit Owners, whichever is earlier. Any amounts paid into this fund are not to be considered as advance payment of regular assessment. The working capital fund cannot be used to defray any of the Declarant expenses, reserve contributions, construction costs or to make up any budget deficits. When unsold Units are sold, Declarant may reimburse itself for funds it has paid to the Association for an unsold Unit's share of the working capital fund out of funds collected at closing when the Unit is sold.

Section 615. Budget Ratification. Within thirty (30) days after adoption of any proposed budget, the Board shall mail, by regular first-class mail, or otherwise deliver a summary of the budget to all Unit Owners and shall set a date for a meeting of Unit Owners to consider ratification of the budget. The meeting shall be not less than fourteen (14) nor more than sixty (60) days after mailing or other delivery of the summary. Unless at that meeting a majority of the Unit Owners rejects the budget, the budget is ratified whether or not a quorum is present. In the event that the proposed budget is rejected, the periodic budget last ratified by the Unit Owners must be continued until such time as the Unit Owners ratify a subsequent budget proposed by the Board.

ARTICLE VII

MAINTENANCE RESPONSIBILITY

The Association shall be responsible for the upkeep and maintenance of the following items: all landscaping including sprinkler systems on Parcels AA through MM and for the public and private utilities and paving of Parcels A through P of the Special Area Plan.

ARTICLE VIII

GENERAL PROVISIONS FOR EFFECT OF THE COVENANTS

Section 801. Definitions. The following words and expressions as used in these Covenants have the meanings indicated below unless the context clearly requires another meaning:

- (a) Accessory Building. Detached garages, storage sheds, patios, recreation facilities, and other buildings customarily used in connection with the single-family residence.
- (b) Association. Laredo at Parkside Homeowners Association, an incorporated association, discussed in Article V.
- (c) These Covenants. This Declaration and the provisions contained in it.
- (d) Declarant. Pannunzio, Inc., a Colorado Corporation, or any person or entity that succeeds to Pannunzio, Inc.'s interest in the development of The Subdivision.
- (e) Due Notice. Written notice delivered in accordance with the requirements of these Covenants at least ten days prior to the action required by the notice.
- (f) Board of Managers. The governing body of the Association, as described in Section 503.
- (g) Landscape. The treatment of ground surface with live plant materials, wood chips, crushed stone, decorative rocks or mulch materials, or other decorative surfacing materials approved by the Approving Authority. For purposes of this definition, the word "Landscape" shall include all other forms of the word Landscape, such as Landscaped and Landscaping.
- (h) Lot. Each area designated as a Lot in the recorded plats of the Subdivision or the combination of two or more Lots or portions thereof as approved by Declarant and aggregating not less than 3,000 square feet.

- (i) Lot Lines. Front, side and rear Lot Lines shall be the same as defined in the zoning regulations of the City of Pueblo in effect from time to time.
- (j) Owner. Person or entity having fee simple legal title to a Lot. If more than one person or entity has such title, all such persons or entities are referred to collectively as "Owner" and, shall exercise their rights as an Owner through such one of them as they may designate from time to time.
- (k) Structure. Any thing or device other than trees and Landscaping the placement of which upon any Lot might affect its exterior appearance, including by way of illustration and not limitation, any dwelling, building, garage, porch, shed, greenhouse, driveway, walk, patio, swimming pool, tennis court, fence, wall, mailbox, outdoor lighting and lawn ornamentation. Structure shall also mean an excavation or fill the volume of which exceeds five cubic yards or any excavation, fill, ditch, diversion dam or other thing or device which affects or alters the natural flow of surface waters upon or across any Lot or which affects or alters the flow of any waters in any natural or artificial stream, wash or drainage channel upon or across any Lot.
- (l) The Subdivision. The residential lots in the area subdivided as Laredo at Parkside, A Special Area Plan, according to the plat recorded in the office of the Clerk and Recorder of the County of Pueblo and State of Colorado.
- (m) Act. The Colorado Common Ownership Act, C.R.S. Section 38-33.3-101, *et seq.*, as amended.
- (n) Unit. A residential dwelling unit located on any of the lots comprising this development.

Section 802. Captions. Captions, titles and headings in these Covenants are for convenience only and do not expand or limit the meaning of the Section and shall not be taken into account in construing the Section.

Section 803. Approving Authority Resolves Questions of Construction. If any doubt or questions shall arise concerning the true intentment or meaning of any of these Covenants, the Approving Authority shall determine the proper construction of the provision in question and shall set forth in a written instrument duly acknowledged by the Approving Authority and filed for record with the Clerk and Recorder of Pueblo County, the meaning, effect and application of the provision. This definition will thereafter be binding on all parties so long as it is not arbitrary or capricious. Matters of interpretation involving Approving Authority shall not be subject to this Section 803.

Section 804. Covenants Run with the Land. These Covenants shall run with the land and shall inure to and be binding on each Lot and upon each person or entity hereafter acquiring ownership or any right, title and interest in any Lot in the Subdivision.

Section 805. Covenants are Cumulative. Each of these Covenants is cumulative and independent. Each provision of these Covenants may be construed separately without reference to any other provisions.

Section 806. Waivers. Except as these Covenants may be amended or terminated in the manner hereinafter set forth, they may not be waived, modified or terminated and a failure to enforce shall not constitute a waiver or impair the effectiveness or enforceability of these Covenants. Every person bound by these Covenants is deemed to recognize and agree that it is not the intent of these Covenants to require constant, harsh or literal enforcement of them as a requisite of their continuing vitality and that leniency or neglect in their enforcement shall not in any way invalidate these Covenants or any part of them, nor operate as an impediment to their subsequent enforcement and each such person agrees not to plead as a defense in any civil action to enforce these Covenants that these Covenants have been waived or impaired or otherwise invalidated by a previous failure or neglect to enforce them.

Section 807. Enforcement. These Covenants are for the benefit of the Owners, jointly and severally, the Approving Authority and the Association and may be enforced by action for damages, suit for injunction, mandatory and prohibitive, and other relief, and by any other appropriate legal remedy, instituted by one or more Owners, the Approving Authority, the Association or any combination of them. All costs, including reasonable attorneys' fees, incurred by the Approving Authority in connection with any successful enforcement proceeding initiated by the Approving Authority (along or in combination with Owners) shall be paid by the party determined to have violated the Covenants. Any party exercising its right to enforce these Covenants shall not be required to post any bond as a condition to the granting of any restraining order, temporary or permanent injunction or other order. The rights and remedies for enforcement of these Covenants shall be cumulative, and the exercise of any one or more of such rights and remedies shall not preclude the exercise of any of the others.

Section 808. Duration of Restrictions. Unless sooner terminated as provided in Section 810, the restrictions and other provisions set forth in these Covenants shall remain in force through the year 2018 and shall be automatically renewed for successive periods of ten years unless before the year 2019 or before the end of any ten year extension, there is filed for record with the Clerk and Recorder of Pueblo County an instrument stating that extension is not desired, signed and acknowledged by the Owners of a majority of the Lots in the Subdivision.

Section 809. Termination and Amendment. All Sections of these Covenants (except Article V) may be terminated at any time, and from time to time any Section or Sections of these Covenants (except Article V) may be amended or new Sections may be added to these Covenants by an instrument signed and acknowledged by the Owners of at least two-thirds of the Lots in the Subdivision and filed for record with the Clerk and Recorder of Pueblo County.

Section 810. Enumerations Inclusive. A designation which describes parcels or other things as from one number, letter or other designation to another includes both such numbers, letters or other designations and all in between.

Section 811. Gender and Number. Whenever the context permits, Owner or Owners shall be deemed to refer equally to persons of both sexes and to corporations and to other entities, singular to include plural and plural to include singular.

Section 812. Severability. If any of these Covenants shall be held invalid or become unenforceable, the other Covenants shall not be affected or impaired but shall remain in full force and effect.

Section 813. Action in Writing. Notices, approval, consents, applications and other action provided for or contemplated by these Covenants shall be in writing and shall be signed on behalf of the party who originates the notice, approval, consent, application or other action.

Section 814. Notices. Any writing described in Section 814, including but not limited to any communication from the Approving Authority to an Owner, shall be sufficiently served if delivered by mail or otherwise:

- (a) to the dwelling situate on the Lot owned by that Owner; or
- (b) if there is no dwelling, then to the address furnished by the Owner to the Approving Authority and if the Owner has not furnished an address, then to the most recent address of which the Approving Authority has a record.

Section 815. The maximum number of Units to be created is 222.

IN WITNESS WHEREOF, the Declarant has executed this Declaration this _____ day of _____, 2002.

ATTEST:

DECLARANT

By: _____
Margie Zufall, Secretary

By: _____
Nick Pannunzio, President
Pannunzio, Inc.

[CORPORATE SEAL]