

AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS,
RESTRICTIONS AND LIENS OF
THE SHADOW RIDGE HOMEOWNERS ASSOCIATION, INC.

THIS AMENDMENT made this 15th day of April
1981 by Dean and Otte Development, Inc. (hereinafter
Declarant).

W I T N E S S E T H:

WHEREAS, Declarant has filed for record in the Office
of the Clerk and Recorder of Garfield County, Colorado the
"Declaration of Covenants, Conditions, Restrictions and
Liens of the Shadow Ridge Homeowners Association, Inc."
dated Nov 20, 1980 and recorded at
Book 560 at Page 463 of the records of Garfield
County, Colorado; and

WHEREAS, it is necessary to amend and clarify said
Declaration in certain respects,

NOW, THEREFORE, Declarant hereby declares that the
following amendments are incorporated into and made a part of
the Declaration of Covenants, Conditions, Restrictions and
Liens of the Shadow Ridge Homeowners Association, Inc., and
other terms, conditions and obligations of said Declaration
notwithstanding, the following amendments and additions shall
apply:

1. Section 1.3 of Article I "Definitions" is hereby
amended to read as follows:

1.3 Owner: "Owner" shall mean and refer to the record
title holder, whether one or more persons or entities, of a
fee simple interest in any Lot or Unit as hereinafter defined
which is a part of the Properties; contract purchaser(s)
or optionee(s) shall not be deemed to be owner(s) under
this Declaration. The term "owner" shall also include
Declarant and its successors and assigns with respect to
all Lots or Units held in the name of Declarant.

2. Section 1.5 of Article I "Definitions" is hereby amended to read as follows:

1.5 Common Facilities: "Common facilities" shall mean and refer to the private common open space, parks, parking lots and recreational facilities of the Shadow Ridge Planned Unit Development, Garfield County, Colorado which are included within the Properties, together with any and all real and personal property hereafter owned or controlled by the Association for the common use and benefit of the owners and the community as shown on the Amended Plat for Shadow Ridge Planned Unit Development recorded as Reception No. 309194 in Book 210 at Page 210 of the records of Garfield County, Colorado, together with all improvements thereon, if any, and any easements, fixtures or appurtenances used therewith or attached thereto. All areas not designated as lots on the Plat of the Shadow Ridge P.U.D. shall be deemed Common Facilities. Every owner, and the successors and assigns thereof, shall be deemed to have consented to the use and control of the common facilities by the Association for the benefit and enjoyment of all owners in accordance with the provisions of this Declaration and the Bylaws and rules and regulations of the Association.

3. Section 2.1 of Article II "Property Rights", paragraphs (c) and (d) are hereby amended to read as follows:

(c) the right of the Association to dedicate, transfer or lease all or any part of the common facilities to any public agency, municipal or quasi-municipal authority, or public or private utility for such purposes and subject to such conditions as may be agreed to by the members, PROVIDED, HOWEVER, that any dedication, transfer or lease pursuant to this paragraph shall require the permission of at least two thirds (2/3) of the first mortgagees of lots or units in the project.

(d) the right of the Association to borrow money for the purpose of improving the common facilities and in aid thereof to mortgage said common facilities; and to take such steps as may be reasonably necessary to protect the common facilities from foreclosure, PROVIDED, HOWEVER, that any borrowing which results in all or a part of the common areas being encumbered shall require the permission of at least two-thirds (2/3) of the first mortgagees of lots or units in the project.

4. Article II is hereby amended by the addition of paragraph 2.5 entitled "Rights of First Mortgagees":

2.5 Rights of First Mortgagees.

(A) Unless at least two-thirds (2/3) of the first mortgagees (based upon one vote for each first mortgage owned) or owners (other than the sponsor, developer or builder) of the individual lots or units in the Shadow Ridge PUD have given their prior written approval, the homeowners association, corporation or trust shall not be entitled to:

(1) by act or omission seek to abandon, partition, subdivide, encumber, sell or transfer the common facilities owned, directly or indirectly by such homeowners association, corporation or trust for the benefit of the units in the PUD (the granting of easements for public utilities or for other public purposes consistent with the intended use of such common property by the PUD shall not be deemed a transfer within the meaning of this clause);

(2) change the method of determining the obligations, assessments, dues or other charges which may be levied against any owner in the Shadow Ridge PUD;

(3) by act or omission change, waive or abandon any scheme of regulations, or enforcement thereof, pertaining to the architectural design or the exterior appearance of units, the exterior maintenance of units, the maintenance of the common property party walls or common fences and driveways, or the upkeep of lawns and plantings in the Shadow Ridge PUD;

(4) fail to maintain fire and extended coverage on insurable PUD common facilities on a current replacement cost basis in an amount not less than one hundred percent (100%) of the insurable value (based on current replacement cost);

(5) use hazard insurance proceeds for losses to any PUD common facilities for other than the repair, replacement or reconstruction of such common property.

(B) First mortgagees of Shadow Ridge PUD units may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against any common facilities and may pay overdues on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy, for such common property and first mortgagees making such payments shall be owed immediate reimbursement therefor from the Shadow Ridge homeowners association.

(C) A first mortgagee, upon request, shall be entitled to written notification from the homeowners association of any default in the performance by individual Borrower of any obligation under this Declaration's rules or regulations which is not cured within sixty (60) days.

(D) Any agreement for professional management of the Shadow Ridge PUD or any other contract providing for services of the developer, sponsor or builder which may be entered into by the association may not exceed 3 years. Any such agreement shall provide for termination by either party without cause and without payment of a termination fee on ninety (90) days or less written notice.

5. Section 4.1 of Article IV "Covenants For Assessment" is hereby amended to read as follows:

4.1 Creation of the Lien and Personal Obligations for Assessments. The Declarant, for each Lot or Unit within the Properties, all of which are owned by the Declarant on the date of recording of this Declaration, hereby covenants, and each subsequent Owner except only the Association, by acceptance of a contract or deed therefor, whether or not it shall be so expressed in such contract or deed, is deemed to covenant, that each of said Lots or Units except such Lots or Units, or interests therein, as are owned by the Association, shall be and hereby is made subject to the assessments as provided herein for the use and benefit of the Association and its members; and the Declarant and each subsequent owner do hereby covenant and agree, subject to the terms and conditions of this Declaration, to pay to the Association the applicable assessments set forth in this Article. In the event of non-payment of any assessment or assessments as provided for herein by any owner, the Association shall file for record in the Office of the Clerk and Recorder of Garfield County, Colorado a notice of lien setting forth the amount of such lien, the lot against which said lien is assessed, and the name of the owner or reputed owner of said lot.

6. Section 4.13 of Article IV "Covenants For Assessment" is hereby amended to read as follows:

4.13 Subordination of Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to and inferior to the lien of any first mortgage. As used in this section, the term "mortgage" shall mean and include mortgage, deed of trust or contract for deed and vendor's first lien thereunder, but shall not include second mortgage:

second deeds of trust or involuntary liens such as mechanics and judgment liens. Any first mortgagee who takes title to a lot pursuant to foreclosure or other remedies provided for in its mortgage or deed of trust shall take such title free and clear of the Association's common expense assessment and the lien therefor. Nothing herein contained shall be deemed to release any owner from his personal obligation, as described in Section 4.1 of this Article IV above, to pay all sums due hereunder.

7. Section 5.1 and 5.2 of Article V "Annexation of Additional Properties" is amended to read as follows:

5.1 Authorization. Annexation of the property shown on Exhibit attached hereto to the Properties shall require only the assent of the Class B members, so long as Class B memberships are in existence. Upon extinguishment of Class B memberships, said annexation shall require assent of a majority of the Class A members and seventy-five (75%) percent of all first mortgagees at a meeting duly called in accordance with the Bylaws of the Association. No such annexation shall be permitted unless such annexation occurs within the seven (7) years of the date of recordation of this Declaration.

5.2 Method of Annexation. The annexations authorized hereunder shall be made by filing for record a Supplementary Declaration of Covenants with respect to the annexed lands, which shall extend the scheme of these covenants to such additional property. Upon annexation, the Lots or Units annexed shall be assessed at the same amount as the existing assessments for similar Units of Lots. A Supplementary Declaration may contain such additions to the covenants contained in this Declaration as may be necessary to reflect the different character, if any, of the added properties, provided such are not inconsistent with the scheme of this Declaration. In no event shall any Supplementary Declaration revoke, modify or amend the covenants established by this Declaration or any prior Supplementary Declaration without approval of the Association pursuant to a vote of its members.

8. Section 6.2 "Party Walls" of Article VI "General Responsibilities" is hereby amended by the addition of the following language at the end of said Section 6.2:

"Any owner's lien or right of contribution from any other owner shall be subordinate to and inferior to the lien of a valid first mortgage or deed of trust and any mortgagee who takes title to a lot pursuant to foreclosure or other remedies provided for in its first mortgage or deed of trust, shall take such title free and clear of any lien or right of contribution by an owner".

9. Article XI, DAMAGE OR DESTRUCTION, is hereby amended to read as follows:

"Section 1. Destruction of Improvements on Lot"

A. In the event of damage or destruction to a Residence due to fire or other disaster, the insurance proceeds, if sufficient to reconstruct the Residence, shall be deposited into a bank account which requires, for withdrawals, the signatures of the Owner and an officer of the Association. The Owner and the Association shall then promptly authorize the necessary repair and reconstruction work, and the insurance proceeds will be applied by the Association and the Owner to defray the cost thereof. "Repair and Reconstruction" of the Residences, as used herein, means restoring the improvements to substantially the same condition in which they existed prior to the damage, with each Residence having the same boundaries as before.

B. If the insurance proceeds are insufficient to repair or reconstruct any damaged Residence, such damage or destruction shall be promptly repaired and reconstructed by the Owner and Association, using the insurance proceeds and the proceeds of a special assessment against the Owners of the damaged Residences. Any such assessments shall be equal to the amount by which the cost of reconstruction or repair of the Residence exceeds the sum of the insurance proceeds allocable to such Residence. Such assessment shall be due and payable as provided by resolution of the Board of Directors, but not sooner than 30 days after written notice thereof. The special assessment provided for herein shall be a debt of each Owner and a lien on his Lot and the improvements thereon and may be enforced and collected by foreclosure proceedings in the courts.

C. Notwithstanding the above, the Owners and first mortgagees of any or all of the destroyed or damaged Residences may agree that the destroyed or damaged Residences shall forthwith be demolished and all debris and rubble caused by such demolition be removed and the Lot(s) regraded and landscaped to the satisfaction of the Architectural Control Committee of the Association. The cost of such landscaping and demolition work shall be paid for by any and all insurance proceeds available. Any excess insurance proceeds shall then be disbursed to such Owner and their first mortgagees jointly and said Owner shall convey his Lot to the Association and the same shall become part of the Common Area.

Section 2. Damage to Common Area. In the event of damage or destruction to all or a portion of the Common Area due to fire or other disaster, the insurance proceeds if sufficient to reconstruct or repair the damage, shall be applied by the Association to such reconstruction and repair. If the insurance proceeds with respect to such

Common Area damage or destruction are insufficient to repair and reconstruct the damaged or destroyed Common Areas, the Association shall present to the members a notice of a special assessment for approval by the membership in accordance with Article , Section . If such assessment is approved, the Association shall make such assessment and proceed to make such repairs or reconstruction. If such assessment is not approved, the insurance proceeds may be applied in accordance with the wishes of the membership as expressed by the written consent of seventy-five percent (75%) of the Owners other than Declarant, except that the proceeds shall not be distributed to the Owners, unless made jointly payable to Owners and the first mortgagees of their respective Lots, if any. The assessment as to each Owner and Lot shall be equal to the assessment against every other Owner and Lot. Such assessment shall be due and payable as provided by resolution of the Board of Directors, but not sooner than 30 days after written notice thereof. The assessment provided for herein shall be a debt of each Owner and a lien on his Lot and the improvements thereon and may be enforced and collected by foreclosure proceedings in the courts.

10. The following Article XII entitled "Condemnation" is hereby added to said Declaration:

Section 1. Condemnation. If at any time or times during the continuance of ownership pursuant to this Declaration all or any part of the Common Areas shall be taken or condemned by any public authority or sold or otherwise disposed of in lieu of or in avoidance thereof, the following provisions of this Article shall apply:

(a) Proceeds. All compensation, damages or other proceeds therefrom, the sum of which is hereinafter called the "Condemnation Award", shall be payable to the Association.

(b) Complete Taking.

(1) In the event that all of the Common Areas are taken or condemned, or sold or otherwise disposed of, in lieu of or in avoidance thereof, the Condemnation Award shall be apportioned among the Owners equally and payment of said apportioned amounts shall be made payable to the owner and the first mortgagee of his lot jointly.

(2) On the basis of the principal set forth in the last preceding paragraph, the Association shall as soon as practicable determine the share of the Condemnation Award to which each owner is entitled.

(c) Partial Taking. In the event that less than the entire Common Area is taken or condemned, or sold or otherwise disposed of in lieu of or in avoidance thereof, the Condemnation Award shall first be applied by the

Association to the rebuilding and replacement of those improvements on the Common Area damaged or taken by the condemning public authority, unless seventy-five percent (75%) of the Owners and the first mortgagees of each lots agree otherwise. Any surplus of the award or other portion thereof not used for rebuilding and replacement, shall be used by the Association for the future maintenance of the Common Area and exterior maintenance of the Residences situated on each Lot.

(d) The Association shall give any first mortgagee of a Lot timely written notice of any condemnation proceedings or threat thereof.

11. Section 12.2 "Amendment" of Article XII, GENERAL PROVISIONS, is hereby amended to read as follows:

12.2 Amendment. The covenants and restrictions of this Declaration shall run with and bind the land, and shall inure to the benefit of and be enforceable by the Association, and the Owner of every Lot and Unit subject to this Declaration, their respective legal representatives, heirs, successors and assigns, for a term of ten (10) years from the date this Declaration is recorded, after which time said covenants shall be automatically extended for successive periods of five (5) years. The covenants and restrictions of this Declaration may be amended during the first ten (10) year period by an instrument signed by not less than two-thirds (2/3) of the Owners (based upon one vote for each Lot), together with not less than two-thirds (2/3) of the first mortgagees (based upon one vote for each mortgage), and thereafter by an instrument signed by not less than two-thirds (2/3) of the Owners (based upon one vote for each Lot) together with not less than two-thirds (2/3) of the first mortgagees (based upon one vote for each mortgage). Any amendment must be recorded with the Clerk and Recorder of Garfield County, Colorado.

IN WITNESS WHEREOF, the parties hereto have set their hands and seals on the day and year first above written.

OWNERS:

DECLARANT:

Attest:

Dean and Otte Development, Inc.

[Signature]
Secretary

By: [Signature]

The foregoing instrument was acknowledged before me this _____ day of _____, 1981, by _____, President and _____, Secretary of Dean and Otte Development, Inc.

My commission expires: _____

Witness my hand and official seal.

Notary Public