



Town of Carbondale
511 Colorado Avenue
Carbondale, CO 81623

AGENDA
PLANNING & ZONING COMMISSION
THURSDAY, May 26, 2022
7:00 P.M. Carbondale Town Hall & Via Zoom

ATTENTION: All regular Carbondale Planning and Zoning Commission Meetings will be conducted in person and virtually via Zoom. If you wish to attend the meeting virtually, and you have a comment concerning one or more of the Agenda items, please email jleybourne@carbondaleco.net by 4:00 p.m. on May 26, 2022. If you would like to comment virtually during Persons Present Not on the Agenda please email jleybourne@carbondaleco.net with your full name and email address by 4:00 p.m. on May 26, 2022

<https://zoom.us/webinar/85643835584>

1. CALL TO ORDER
2. ROLL CALL
3. 7:00 p.m. – 7:05 p.m.
Minutes of the May 12, 2022 meeting Attachment A
4. 7:05 p.m. – 7:10 p.m.
Public Comment for Persons not on the agenda (See instructions below)
5. 7:10 p.m. – 7:15 p.m.
Resolution 4, Series of 2022 – 340 S. 2nd Street/ADU
Subdivision Exemption, Minor Site Plan Review, Conditional Use Permit, Variance-Attachment B
6. 7:15 p.m. – 7:30 p.m.
PUBLIC HEARING – Condo ExemptionAttachment C
Applicant: Stepping Stones of the Roaring Fork Valley
Location: 1150 Highway 133
7. 7:30 p.m. – 7:35 p.m.
Staff Update
8. 7:35 p.m. – 7:40 p.m.
Commissioner Comments
9. 7:40 p.m. – ADJOURN

Upcoming P & Z Meetings:

6-9-22 – Carbondale Center Place – Amendment
6-23-22 – 2022 Comp Plan

Please note all times are approx.

MINUTES
CARBONDALE PLANNING AND ZONING COMMISSION
Thursday May 12, 2022

Commissioners Present:

Jay Engstrom, Chair
Nicholas DiFrank, Vice-Chair
Kim Magee
Jeff Davlyn
Jarrett Mork
Kade Gianinetti (1st Alternate)

Staff Present:

Janet Buck, Planning Director
Mary Sikes, Planning Assistant
Kay McDonald, Town Boards

Commissioners Absent:

Elizabeth Cammack (2nd Alternate)
Marina Skiles
Nick Miscione

Other Persons Present

None

The meeting was called to order at 7:03 p.m. by Jay Engstrom.

April 28, 2022 Minutes:

Jarrett made a motion to approve the April 28, 2022 minutes. Jeff seconded the motion, and they were approved unanimously, with Jay abstaining.

Public Comment – Persons Present Not on the Agenda

There were no persons present to speak on a non-agenda item.

Commission Discussion Work Session – Comp Plan Update

Janet said that Cushing Terrell had been going through the public comments but needed direction from P&Z on some of the comments. The Commission discussed the following items:

FUTURE LAND USE MAP

Rename “Opportunity Area” to “Downtown North.”

Rename “Auto Urban” to “Mixed-Commercial.”

Do not extend New Urban up to Village Road to keep New Urban node at the intersection of Main Street and Highway 133.

Keep the road extensions at Merrill (Industry Way) and at Weant/Lewies Lane and Highway 133.

IMPLEMENTATION MATRIX

Put timeline legend in a footnote that appears on each page, so it is easy to reference as you go through each page.

Remove red, yellow and green. Instead, use the one, two and three dot system in the fifth column on the Implementation Matrix with one dot being a shorter timeframe and three dots a longer timeframe. Make dots turquoise, green or blue. Another option was put the actual timeline in the fifth column, i.e., Near-Term, Medium-Term, etc.

On Page 61, have four categories as follows:

Ongoing – no recommendation on symbol was provided for this item
Near-Term (0 to 3 years) – 1 dot
Medium-Term (0 to 6 years) – 2 dots
Long-Term (0 to 10 years) – 3 dots

Some of the items noted as “Ongoing” are not ongoing and haven’t been started yet. Have Staff and CT go through and finetune the timelines in the fifth column.

Once the Implementation Matrix is done, keep that document intact. Then create a new document called “Timeline” or “Checklist” with the near-term action items lumped together, medium-term action items lump together, etc. It would be a Timeline or Checklist that is behind the Implementation Matrix so a person can easily scan the list to see what needs to be done in the near term vs. a long-term. Try to keep the Categories intact. Put a column that allows you to add status of item.

When CT releases the Draft Plan, Draft should go to the Planning Commission, public, website, etc., at the same time. After giving P&Z at least two weeks to review, set up work session to discuss Draft Plan. Invite the Board of Trustees.

PUBLIC COMMENTS

Roundabout and future extension of Merrill Avenue to Highway 133

This has been a long-range plan over the last 20+ years. Need more east/west connections north of Main Street. What is key is the design of the street connection. There is potential for the extension to work well if it is multi-modal and progressive with a creative design, i.e., integrate greenways. Protect the trees and interweave into Downtown North. Be sure it does not divide neighborhoods, i.e., Colorado Meadows from Downtown North. Care must be taken where it crosses pedestrian connections, i.e., underpass. Function has a business truck loop for the light industrial uses in the Downtown North area. Put a note that the design of the connection is critical. Add language into Downtown North designation description and into the Implementation Matrix for multi-modal.

Consider Extending New Urban north to Village Road.

The New Urban designation was designed to create a node at the intersection of Highway 133 and Main Street to create a sense of arrival. Extending the New Urban north would dilute that design. Change Auto Urban to Mixed-Commercial.

Turn former Little Blue Preschool into Park.

Too detailed for Comp Plan; however, preservation of trees, open space and greenways along the Rio Grande Trail should be emphasized. Put this language in Downtown North and Implementation Matrix.

Have P&Z weigh in on Auto Urban on the FLUM

Change “Auto Urban” to “Mixed-Commercial” to reflect the description of the area more accurately. Make sure the Highway spectrum graphic from the 2013 also reflects the updated terminology.

Worried about Industry Way Extension and
Mixed feelings on the road cutting through Merrill Avenue (Two separate comments)

See response regarding Roundabout and future extension of Merrill Avenue to Highway 133 above.

Staff Update

Janet said that the Board approved the Lot 1 condominiumization of seven land units for Main Street Marketplace. She said that there was discussion of an easement verses dedication and that the Parks and Recreation Commission, recommended approval of the proposal for the park.

Janet said that Luis Yllanes was appointed a Trustee and Erica Sparhawk was appointed the Mayor Pro Tem.

Janet said that the Zone Text Amendment to amend the definition of Household Living was approved.

Janet said that Cushing Terrell would be working on meshing the 2013 Comprehensive Plan with the 2021 Comprehensive Plan Update. She said that the final 2022 Comprehensive Plan would be released sometime in June, with adoption hearings to follow.

Janet stated that Carbondale Center Place would be coming before the Commission for the changes to their application.

Janet said that the Jewish Deli at 1201 Main Street would be opening next week.

Commissioner Comments

Kade noted that at the Board meeting that the language of the Short-Term Rental Moratorium Ordinance was brought up regarding the wording of owner instead of resident.

Janet noted that Aspen's caps for short term rentals was a percentage of all the residential housing.

Nicholas said that he appreciated the Tree Board eliminating the requirement of hard copies for submittals.

Motion to Adjourn

A motion was made by Nicholas to adjourn, Jeff seconded the motion, and the meeting was adjourned at 8:39 p.m.

DRAFT

RESOLUTION NO. 4
SERIES OF 2022

A RESOLUTION OF THE PLANNING AND ZONING COMMISSION OF THE TOWN
OF CARBONDALE, COLORADO, APPROVING A SUBDIVISION EXEMPTION,
MINOR SITE PLAN REVIEW, CONDITIONAL USE PERMIT AND VARIANCE FOR
PROPERTY LOCATED IN THE TOWN OF CARBONDALE, COLORADO

WHEREAS, Laura Marie Bartels (“Applicant”) submitted an application for a Subdivision Exemption, Minor Site Plan Review and Conditional Use Permit for property located at 340 S. 2nd Street (Lot 2, Kiernan Subdivision Exemption), Carbondale, Colorado;

WHEREAS, the application specifically requested the following:

1. A Subdivision Exemption to amend the Kiernan Subdivision Exemption Plat to vacate the plat notes related to Lot 2.
2. Minor Site Plan Review and Conditional Use Permit in order to construct an Accessory Dwelling Unit (ADU) behind the existing single family home.
3. Variance from UDC Section 4.4.4.A.8. to exceed the allowed square footage of an ADU to provide necessary wheelchair access and turning radius in the one-bedroom unit.

WHEREAS, approval of the Subdivision Exemption would allow all future development to adhere to the Town’s Unified Development Code (UDC);

WHEREAS, with the exception of the size of the ADU, the proposal is in compliance with the UDC and would not have an adverse effect on the character of the surrounding uses;

WHEREAS, the variance to increase the size of the ADU is related to an exceptional circumstance; specifically, to provide ADA accessible housing for an elder family member with increasing physical needs;

WHEREAS, the Planning and Zoning Commission of the Town of Carbondale reviewed the application during a Public Hearing on April 28, 2022 and approved said application on the terms and conditions set forth below;

NOW, THEREFORE BE IT RESOLVED BY THE PLANNING AND ZONING COMMISSION OF THE TOWN OF CARBONDALE, COLORADO, that the Subdivision

Exemption, Minor Site Plan Review, and Variance is hereby approved, subject to the following conditions and findings:

Conditions

1. A Subdivision Exemption Plat shall be submitted to the Town for review and approval prior to recordation of the plat.
2. Water rights for the ADU shall be due at the time of building permit.
3. All other representations of the Applicant in written submittals to the Town or in public hearings concerning this project shall also be binding as conditions of approval.
4. The Applicant shall pay and reimburse the town for all other applicable professional and Staff fees pursuant to the Carbondale Municipal Code.

Findings

Subdivision Exemption

1. The subject property is suitable for subdivision within the meaning of Chapter 17.06 Subdivision.
2. All public utilities are in place on, or immediately adjacent to, the subject property;
3. Each lot has the necessary dedicated public access required by this code at the time of the subdivision exemption application;
4. The subdivision plat shall comprise and describe not more than three lots and, unless the property to be subdivided is wholly owned by the Town or another federal, state, or local government entity, the entire parcel to be subdivided shall be no more than five acres in size; and
5. The preparation of engineered design data and specifications is not needed to enable the commission to determine that the subject property meets the design specifications in Chapter 17.06: Subdivision.

Variance

1. There is an exceptional circumstance related to the subject property; specifically, to provide ADA accessible housing for an elder family member with increasing physical needs;
2. An exceptional, practical hardship to the applicant would occur if the provisions of this Code were literally enforced; specifically, a 504 sq. ft. ADU which complies with the UDC but would not allow wheelchair accessibility.
3. The requested variance is the minimum variance that will afford relief and is the least modification possible of the provisions of this Code as demonstrated by the 599 sq. ft. floor plan.
4. The applicant did not create the hardship by their own actions as there is a need to provide family with a living space which is ADA accessible.
5. The variance requested does not harm the public or injure the value of adjacent properties as the ADU is located at the rear of the primary residence; and
6. The granting of the variance will be consistent with the spirit and purpose of the Code as it would allow a small housing unit near essential services for anyone, including people in need of accessible unit.

Site Plan Review

1. The site plan is consistent with the Comprehensive Plan. The single family home is the predominant structure and accessory dwelling unit is located toward the rear of that structure.
2. There are no previous planned unit developments, or any other precedent plan or land use approval associated with this property.
3. The site plan complies with all applicable development and design standards set forth in this Code with the approved variance.
4. Traffic generated by the proposed development will be adequately served by existing streets and alleys.

5. The proposal is in compliance with the UDC, and that the use would not have an adverse effect on the character of the surrounding uses. The proposal adequately mitigates traffic impacts in the neighborhood and the impacts of the use are borne by the owners of the property.

Conditional Use Permit

1. The site, building(s), and use meet all criteria specified for the use and all applicable regulations and development standards as specified in this Code and for the zone district in which the use is located.
2. The proposed use is consistent with the Comprehensive Plan,
3. The site is in conformance with the zoning standards.
4. The proposed use minimizes adverse impacts on the traffic in the neighborhood or surrounding uses.
5. The proposed use is compatible with adjacent uses in terms of scale and site design as the ADU will be designed to have the same look and feel of the existing single family home.

INTRODUCED, READ, AND PASSED THIS ____ day of _____, 2022

PLANNING AND ZONING COMMISSION OF
TOWN OF CARBONDALE

By: _____

Jay Engstrom
Chair



TOWN OF CARBONDALE
511 COLORADO AVENUE
CARBONDALE, CO 81623

Planning and Zoning Commission Agenda Memorandum

Meeting Date: 5/26/2022

TITLE: 1150 Highway 133 Condominium Exception

SUBMITTING DEPARTMENT: Planning Department

APPLICANT: Stepping Stones of the Roaring Fork Valley

OWNER: Stepping Stones of the Roaring Fork Valley

LOCATION: 1150 Highway 133

Zoning: Commercial Transitional (CT)

ATTACHMENTS: Condominium Application

BACKGROUND

This is an application to divide existing building into 2 commercial units. The Planning Commission is required to hold a public hearing and approve the application or deny it. The Commission may also continue the public hearing. The Commission will be reviewing the application through the Condominium Exemption process and standards.

DISCUSSION

The building was built in 2006 and currently houses the offices and programs provided by Stepping Stones of the Roaring Fork Valley. The building and site plan have been confirmed to have been constructed per the submitted condo plat. Each unit in the building is serviced by separate meters and shutoffs as required by the UDC and parking is also in compliance.

Unit C1 is 977 square feet and Unit C2 is 5327 square feet in size for a total of 6304 square feet.

The building and associated improvements are in compliance with the UDC, specifically Section 2.6.6.D. Condominium Exemptions.

A Condo Exemption may be approved if it meets all of the below criteria per Section 2.6.6.B Applicability as well as Section 2.6.6.D Condominium Exemptions.

- a. The subject property is suitable for subdivision within the meaning of Chapter 17.06:*Subdivision*;
- b. All public utilities are in place on, or immediately adjacent to, the subject property;
- c. Each lot has the necessary dedicated public access required by this code at the time of the subdivision exemption application;
- d. The subdivision plat shall comprise and describe not more than three lots and, unless the property to be subdivided is wholly owned by the Town or another federal, state or local government entity, the entire parcel to be subdivided shall be no more than five acres in size; and
- e. The preparation of engineered design data and specifications is not needed to enable the Commission to determine that the subject property meets the design specifications in Chapter 17.06:*Subdivision*.

FISCAL ANALYSIS

Approval of the condominiumization will allow one of the units to be individually transferred.

RECOMMENDATION

Staff recommends that the following motion be approved: **Move to approve the 1150 Highway 133 Condominium Exemption Plat with the suggested conditions and findings below.**

Conditions:

1. The condominium plat shall be in a form acceptable to and approved by Town Staff prior to recording. The plat shall be recorded with the Garfield County Clerk and Recorder within ninety (90) days of the date of approval.
2. The Applicant shall correct and re-record the Declaration of Covenants, Conditions, Restrictions and Easements that are recorded at Reception # 969546 at the Garfield County Clerk and Recorder.
3. All representations of the Applicant and Applicant's representatives at the Public Hearing shall be considered conditions of approval.

4. The Applicant shall be responsible for all recording costs and shall pay all fees associated with this application to the Town, including any professional fees, as set forth in Section 1.30.030 of the Municipal Code.

Findings:

The property is capable of accommodating structures devoted to the intended use of the land; is free from natural hazards such as flooding, falling rock, landslides and snowslides; is served by a street system providing safe and convenient access, and is provided with accessible utility installations; with all of the foregoing intended to promote the health, safety and welfare of the citizens of the town.

Prepared By: John Leybourne



Town of Carbondale
511 Colorado Ave
Carbondale, CO 81623
(970)963-2733

L422-11

Pre-Application Meeting Date _____
Fees 300.00 Date Pd 4-13-22

Land Use Application

PART 1 – APPLICANT INFORMATION

Applicant Name: Stepping Stones of RFV Phone: 726.207.7646
Applicant Address: 1010 Garfield Ave Carbondale, CO 81623
E-mail: Kyle@steppingstonesrfv.org
Owner Name: Stepping Stones Phone: _____
Address: Same as above
E-mail: _____

Location of Property: provide street address and either 1) subdivision lot and block; or 2) metes and bounds:
1150 HWY 133

PART 2 – PROJECT DESCRIPTION

General project description:

Dividing the building into two commercial condo units

Size of Parcel: 6,304 sq ft # Dwelling Units: 2 Sq Ftg Comm: _____

Type of Application(s): _____

Existing Zoning: Commercial Proposed Zoning: Commercial

PART 3 – SIGNATURES

I declare that I have read the excerpt from the Town of Carbondale Municipal Code Article 8 Land Use Fees. I acknowledge that it is my responsibility to reimburse the Town for all fees incurred as a result of this application.

I declare that the above information is true and correct to the best of my knowledge.

[Signature] 1/20/22
Applicant Signature Date

Signature of all owners of the property must appear before the application is accepted.

[Signature] 1/20/22
Owner Signature Date

Owner Signature

SIENNA SOTO SERAFIN
NOTARY PUBLIC - STATE OF COLORADO
NOTARY ID 20204037439
MY COMMISSION EXPIRES OCT 26, 2024

STATE OF COLORADO

COUNTY OF GARFIELD

)
) ss.
)

[Signature] Notary Public

The above and foregoing document was acknowledged before me this 20th day of January 20



Permit #: TBD

Address: 1150 Highway 133

Payer: Stepping Stones of the RFV

Valuation		Use Tax Total	0.00
------------------	--	----------------------	-------------

301		Building Permit
301		Mechanical Permit
301		Plumbing Permit
303	\$ -	Plan Check Fees
302		Contractor License
302	\$ -	BEST Test
305	\$ -	Use Tax 3%
306	\$ -	Use Tax 0.5%
326	\$ -	Efficient Bldg Permit Fee
308		Water Meter Sales
309		Water Sales Tax 8.4%
316		Water Tap Fees
316	\$ -	Prepaid Water EQR
317		Sewer Tap Fees
317	\$ -	Prepaid Wasterwater EQR
324	\$ -	Water Rights Dedication
310	\$ -	Developer Dedication /RVR-Hendricks-Kay PUD-Fox Run
313	\$ -	Developer Contribution
314	\$ 300.00	Zoning, Variance, Subdivision
314	\$ -	Special Use Permit
318	\$ -	Development Parking Fees
312	\$ -	Park Dedication
319	\$ -	Excavation Permits
319	\$ -	Sign Permits
1004	\$ -	Map Sales
304	\$ -	School Fees In Lieu of Land
303		Plan Check Fees

Total Fees Due:	\$ 300.00
------------------------	------------------

Maximum o

Town of Carbondale
511 Colorado Ave
Carbondale CO 81623 970-963-2733

Receipt No: 1.175426 Apr 13, 2022

STEPPING STONES OF THE RFV

Previous Balance: .00
Building & Planning 300.00
1150 HIGHWAY 133 TBD

Total: 300.00

Check
Check No: 2126 300.00
Total Applied: 300.00

Change Tendered: .00

Duplicate Copy
04/13/2022 4:44 PM



**Town of Carbondale
Condominium Exemption
Checklist**

(970) 963-2733

Project Name: Stepping Stones Commercial Condo Unit

Applicant: Stepping Stone of the Roaring Fork Valley

Applicant Address: 1010 Garfield Ave

Location: 1150 HWY 133

Date: 1/20/22

Staff Member: Kyle Crumley Executive Director

Section 2.3 of the UDC requires a pre-application meeting with planning staff prior to submittal of a land use application.

Per Section 2.3.2.B of the UDC, the Planning Director shall determine the form and number of application materials required.

Required Attachments

- ☒ Filing Fee of \$300 and Land Use Application (separate attachment)
3 paper copies - common elements go before pt 2
- ☒ A condominium map complying with State Law which shows, at a minimum: the location of each condominium unit, common elements, utility lines and meters, existing and proposed easements, and the project boundaries.
- ☒ Engineered plans in a scale suitable for definitive review, and data and specifications necessary to enable the Town to determine if the proposed project meets design and improvement standards of the UDC.
- ☒ A written statement of the intended use of each of the condominium units, how many bedrooms each residential unit will have and the common elements.
- ☒ Evidence of Title or Ownership of the applicant to the property, including any mineral, gravel, and oil and gas leases, reservations, or separate ownerships.
- ☐ Additional information requested at the pre-application meetings:



Town of Carbondale
Building Department

Stepping Stones of the Roaring Fork Valley
1010 Garfield Ave
Carbondale, CO 81623

Dear Town of Carbondale Building Department,

Stepping Stones intends to create two condo units at our 1150 HWY 133 property. One unit is to be sold and converted to a commercial restaurant. The other unit and the majority of the building will be Stepping Stones already existing youth drop-in center. Common elements would include the parking lot and external stairwells. Please contact Executive Director, Kyle Crawley for additional questions at 720.207.7646.

A handwritten signature in blue ink, appearing to read "Kyle Crawley".

Kyle Crawley
Executive Director

kyle@steppingstonesrfv.org
720.207.7646



LAND TITLE GUARANTEE COMPANY
901 GRAND AVENUE #202
GLENWOOD SPRINGS, CO 81601
Phone: (970) 945-2610
Fax: (800) 318-8206

"PURCHASERS"
STATEMENT OF SETTLEMENT

PROPERTY ADDRESS: 1150 HIGHWAY 133, CARBONDALE, CO 81623

SELLER(S): GENEVA PROPERTY MANAGEMENT, LLC, A COLORADO LIMITED LIABILITY COMPANY

BUYER(S): STEPPING STONES OF THE ROARING FORK VALLEY, INC., A COLORADO NONPROFIT CORPORATION

SETTLEMENT DATE: July 30, 2018

DATE OF PRORATION: July 30, 2018

DESCRIPTION	DEBIT	CREDIT
Sales Price & Earnest Money		
Sales Price	1,640,000.00	
Earnest Money from LTGC - Earnest Money		50,000.00
Title Fees - Land Title Guarantee Company		
Total for Endorsements (100.00, DELETION)	290.00	
Title Insurance ALTA Loan Policy	250.00	
Tax Certificate	28.00	
Closing Fees - Land Title Guarantee Company		
Loan Closing Fee	450.00	
Closing Fee	275.00	
Recording Fees - Land Title Guarantee Company		
Record Warranty Deed	18.00	
Record Deed of Trust	43.00	
Documentary Fee	164.00	
New Loan - ALPINE BANK		
New Loan Amount from ALPINE BANK		810,000.00
Credit Report to ALPINE BANK	17.70	
Tax Service Fee to ALPINE BANK	133.00	
Flood Certification to ALPINE BANK	12.50	
PROPERTY INSURANCE PREMIUM	2,207.00	
PROPERTY INSURANCE ESCROW	367.83	
PROPERTY TAX ESCROW	4,206.52	
ADVANCED RELEASE FEE	28.00	
Lender Credit from ALPINE BANK		805.20
Rents and Security Deposits Unit TOTAL MONTHLY RENTAL \$10,535.35		
Prorated Rents 07/30/2018 to 08/01/2018 @ \$339.8500/day		679.70
Security Deposits		8,482.00
Real Estate Tax - GARFIELD COUNTY TREASURER		
Current Year Property Taxes R340459 01/01/2018 to 07/30/2018 @ \$49.6905/day		10,435.00
SubTotals	1,648,488.55	880,401.90
Due from Buyer/Borrower		768,086.65
Totals	1,648,488.55	1,648,488.55

The above figures do not include sales or use taxes on property

APPROVED AND ACCEPTED

PURCHASER(S)

STEPPING STONES OF THE ROARING FORK VALLEY,
INC., A COLORADO NONPROFIT CORPORATION

By: Kyle M. Crawley
KYLE M. CRAWLEY, EXECUTIVE DIRECTOR

LAND TITLE CLOSING AGENT:

Jessica Reed
Jessica Reed





FOREIGN INVESTMENT IN REAL PROPERTY TAX ACT OF 1980
(26 U.S.C. 1445)(“FIRPTA”)

CERTIFICATION BY TRANSFEROR (ENTITY)
(Pursuant to Regulation C.F.R. 1.1445-2(b)(2)(i))

To: **STEPPING STONES OF THE ROARING FORK VALLEY, INC., A COLORADO NONPROFIT CORPORATION**, (hereinafter referred to as the “Transferee”,)

Section 1445 of the Internal Revenue Code provides that a transferee of a U. S. real property interest must withhold tax if the transferor is a foreign person. For U.S. tax purposes (including section 1445), the owner of a disregarded entity (which is legal title to a U.S. real property interest under local law) will be the transferor of the property and not the disregarded entity.

To inform the transferee that withholding of tax is not required upon the disposition of a U. S. real property interest, by **GENEVA PROPERTY MANAGEMENT, LLC, A COLORADO LIMITED LIABILITY COMPANY**, hereinafter referred to as the transferor, the undersigned hereby certifies the following on behalf of the transferor:

1. The transferor is not a foreign corporation, foreign partnership, foreign trust, or foreign estate (as those items are defined in the Internal Revenue Code and Income Tax Regulation);
2. The transferor is not a disregarded entity as defined in section 1.1445-2(b)(iii);
3. The transferor's U.S. employer identification number is [REDACTED]; and
4. The transferor's office address is:
[REDACTED]
5. The transferor understands that this certification will be disclosed to the Internal Revenue Service by the transferee and that any false statement contained therein could be punished by fine, imprisonment, or both.
6. Under penalties of perjury I declare that I have examined this certification and to the best of my knowledge and belief it is true, correct and complete, and I further declare that I have authority to sign this document on behalf of the transferor (i.e. a responsible officer if a corporation, by a general partner if a partnership, and by a trustee or equivalent fiduciary of the case of a trust or estate).

All information required to be obtained in connection with document has been obtained from information supplied by the transferor to Land Title Guarantee Company. For privacy and security reasons, Land Title will retain this information. In the event you are contacted by the Internal Revenue Service concerning FIRPTA, please contact the Company immediately for a copy of this Affidavit which discloses the transferor's Tax Identification Number.

Date: 07/30/2018

**GENEVA PROPERTY MANAGEMENT, LLC, A
COLORADO LIMITED LIABILITY COMPANY**

By: _____

RALPH WANNER, MANAGER

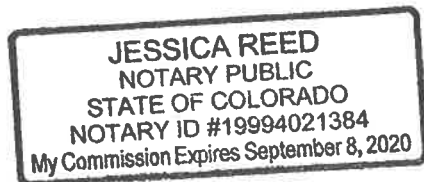
By: _____

PAT WANNER, MANAGER

State of Colorado)

County of **GARFIELD**)

)ss.



Sworn to before me on this day of **July 30th, 2018** by **RALPH WANNER AND PAT WANNER AS MANAGERS OF GENEVA PROPERTY MANAGEMENT, LLC, A COLORADO LIMITED LIABILITY COMPANY**

Witness my hand and official seal

My Commission expires: _____

Jessica Reed
Notary Public

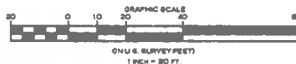
Note:

1. If you have any questions or concerns arising from your obligation as transferor in regard to this tax, it is suggested that you immediately contact your local Internal Revenue Service office, attorney or accountant if you do not fully understand these

SECTION 34, TOWNSHIP 7 SOUTH, RANGE 88 WEST OF THE 6TH P.M.
CITY OF CARBONDALE, COUNTY OF GARFIELD, STATE OF COLORADO



SHEET 1 - SITE SURVEY, CERTIFICATES, VICINITY MAP
SHEET 2 - PLAN VIEWS, ELEVATIONS
SHEET 3 - PLAN VIEWS OF FIRST AND SECOND FLOORS
SHEET 4 - ELEVATIONS

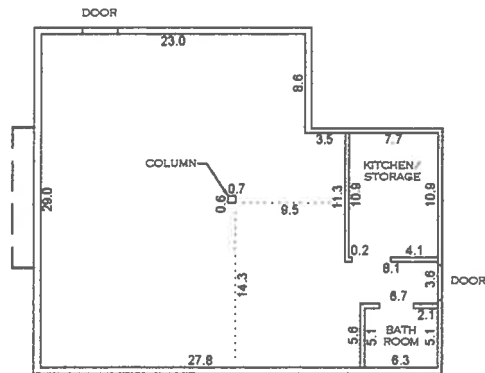


- | | |
|--|----------------------------|
| | PROPERTY BOUNDARY |
| | BOLDING OVERLINE LINE |
| | FLOOR LINE |
| | FLOW LINE |
| | OVERHEAD TELEPHONE LINE |
| | UNDERGROUND TELEPHONE LINE |
| | CABLE LINE |
| | UNDERGROUND ELECTRIC LINE |
| | OVERHEAD ELECTRIC LINE |
| | CATCH LINE |
| | WOOD FLOOR LINE |
| | EDGE OF GRAVELLED SURFACE |
| | ASPHALT |
| | BUILDING LINE |
| | CONCRETE |
| | GRAVEL |
| | BRICK |
| | LANDSCAPING |
| | ROCK RETAINING WALL |
| | WOOD RETAINING WALL |
| | FLAGSTONE PATH |



SHEET NUMBER
1 OF 4

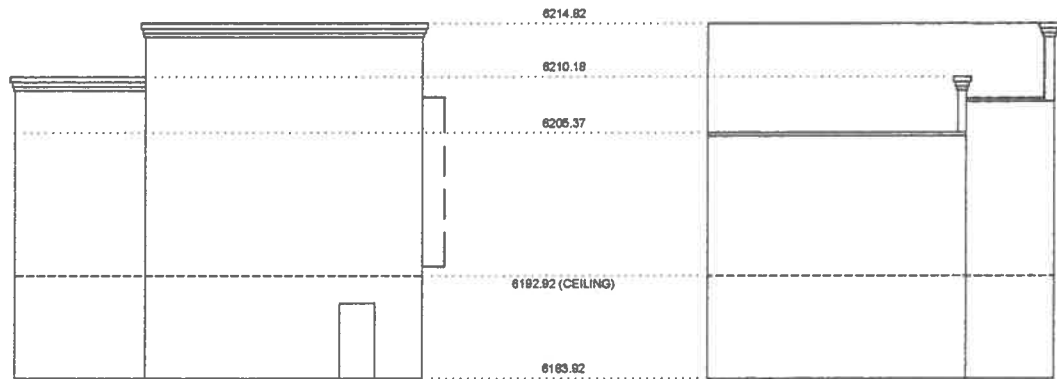
TOTAL AREA = ±903 SQ. FT.



FLOOR PLAN C-1 (COMMERCIAL)

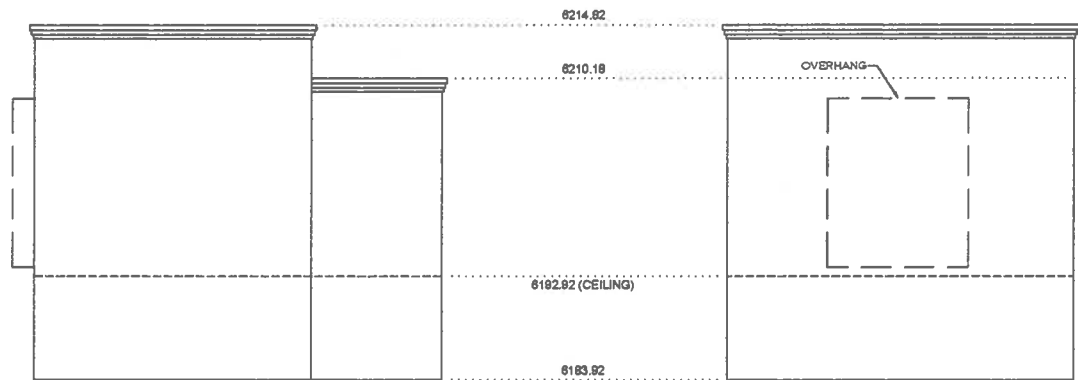


DRAWINGS NOT TO SCALE



NORTH ELEVATION

EAST ELEVATION



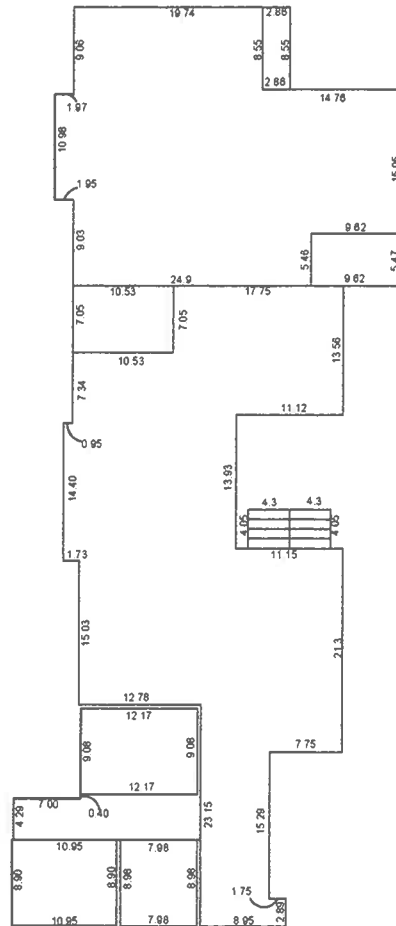
SOUTH ELEVATION

WEST ELEVATION

ELEVATIONS ARE RELATIVE TO SITE BENCHMARK, SET IRON PIN WITH YELLOW PLASTIC CAP,
LS23875 ON THE SOUTHEAST CORNER OF PARCEL NO. 2383-343-23-008,
CARBONDALE, COLORADO
ELEVATION 6,184.48'

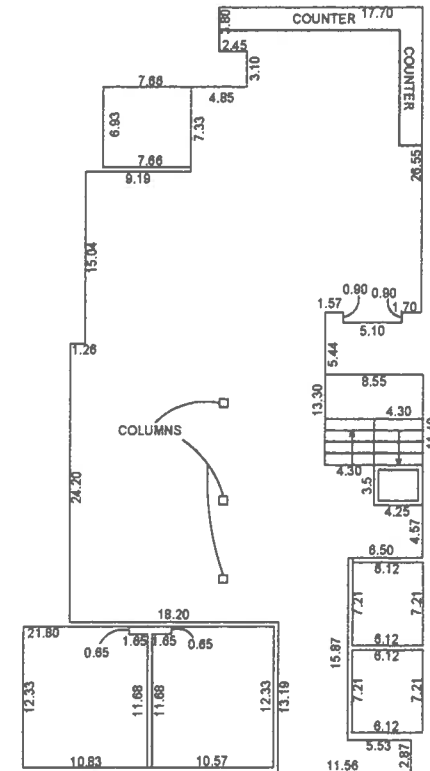


SECOND FLOOR TOTAL AREA = ±2587 SQ. FT.



SECOND FLOOR PLAN C-2 (COMMERCIAL)

FIRST FLOOR TOTAL AREA = ±1794 SQ. FT.



FIRST FLOOR PLAN C-2 (COMMERCIAL)



DRAWINGS NOT TO SCALE

ELEVATIONS ARE RELATIVE TO SITE BENCHMARK, SET IRON PIN WITH YELLOW PLASTIC CAP,
LS23875 ON THE SOUTHEAST CORNER OF PARCEL NO. 2383-343-23-008,
CARBONDALE, COLORADO
ELEVATION 6,184.48'



DATE	BY	REVISED	BY
2/24/2012	EWAD		

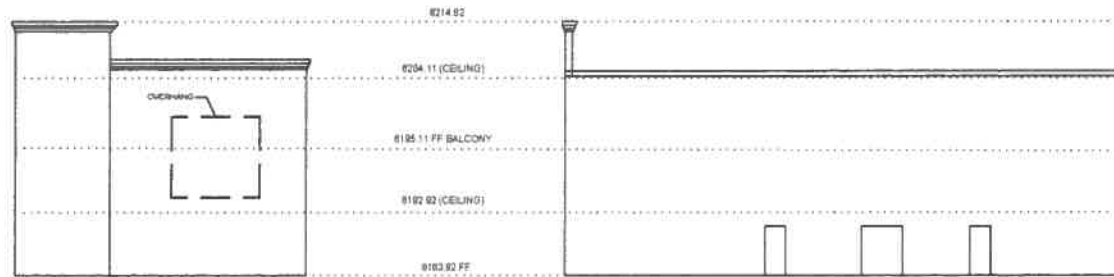
HIGH COUNTRY ENGINEERING, INC.
1517 BLAKE AVENUE, STE 101,
GLENNWOOD SPRINGS, CO 81601
PHONE 970.245.3355
WWW.HCEING.COM

STEPHEN STONES OF THE ROCKS
FORK VALLEY, INC.
STEPHEN STONES CONDO
COMMERCIAL MAP
CARBONDALE, CO

PROJECT NO.
2221604

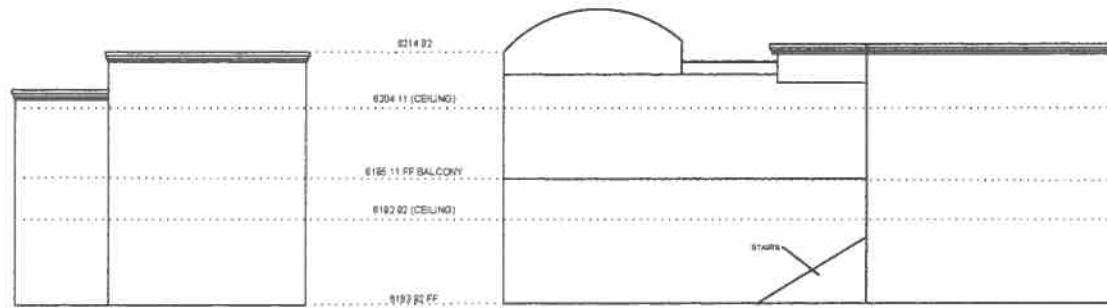
SHEET NUMBER
3 OF 4

ELEVATION (RESIDENTIAL)



SOUTH ELEVATION

EAST ELEVATION



NORTH ELEVATION

WEST ELEVATION



DRAWINGS NOT TO SCALE

ELEVATIONS ARE RELATIVE TO SITE BENCHMARK, SET IRON PIN WITH YELLOW PLASTIC CAP,
LS23875 ON THE SOUTHEAST CORNER OF PARCEL NO. 2393-343-23-008,
CARBONDALE, COLORADO
ELEVATION 8,184.48'



NO.	DATE	REVISION	BY
1	2/23/2023		SHW

HIGH COUNTRY ENGINEERING, INC.
1517 BLAKE AVENUE, STE 101
GLENWOOD SPRINGS, CO 81601
PHONE (970) 945-9975, FAX (970) 945-2505
WWW.HCENG.COM

STEPPING STONES OF THE ROCKIES
FORK VALLEY, INC.
STEPPING STONES CONDO
CONDOMINIUM MAP
CARBONDALE, CO

PROJECT NO
2221604

SHEET NUMBER
4 OF 4

**BYLAWS
OF THE
STEPPING STONES CONDOMINIUM ASSOCIATION**

**ARTICLE I
NAME AND LOCATION**

The corporation's name is Stepping Stones Condominium Association (the "Association"), a Colorado nonprofit corporation, with an address of 1010 Garfield Ave, Carbondale, Colorado 81623. The Association may have other offices and may carry on its purposes at such other places within and outside the State of Colorado as the Executive Board (the "Board") may from time to time determine.

**ARTICLE II
DEFINITIONS, PURPOSES AND ASSENT**

Section 2.1 Definitions. "Declaration" means the Declaration of Covenants, Conditions, Easements and Restrictions for Stepping Stone Condominiums recorded on _____, 2022 at Reception No. _____ in the Garfield County records, and all subsequent amendments. Unless otherwise defined, the capitalized terms used in these Bylaws have the meanings given to them in the Declaration. The Colorado Revised Nonprofit Corporation Act (the "Nonprofit Act"), *C.R.S. § 7-121-101 et seq.*, also contains provisions which are referenced in these Bylaws.

Section 2.2 Purposes. The specific purposes for which the Association is formed are (i) to provide for the operation, administration, use and maintenance of the Units and the Common Elements within the Project; (ii) to preserve, protect and enhance the values and amenities of such property; and (iii) to promote the health, safety and welfare of the Owners and users of the Property.

Section 2.3 Assent. All Owners, their Guests, and any other person occupying a Unit or using the Property's facilities in any manner are subject to the Association Documents which include the Declaration, the Map, the Articles, these Bylaws and any procedures, rules or policies that the Executive Board (the "Board") adopts. The acquisition, rental or occupancy of any Unit within the Property will constitute ratification and acceptance of these Bylaws and an agreement to comply with all Association Documents.

**ARTICLE III
MEMBERSHIP**

Section 3.1 Membership. Every Person who is a record Unit Owner is a Member.

Section 3.2 Voting Privileges. All Members are entitled to vote on all matters, subject to the allocation of votes as provided in the Declaration.

- a. When more than one Person holds an interest in any Unit, all such Persons

are Members. The votes for such Unit will be exercised by one Person or alternative Persons as the Owners among themselves determine. If more than one of the multiple Owners are present at a meeting in person or by proxy, the votes allocated to their Unit may be cast only in accordance with the agreement of a majority interest of the Owners present or by proxy. If a majority of such Unit Owners cannot agree, then they will not be entitled to vote. Any one of the Co-Owners may cast the votes allocated to that Unit unless any of the other Co-Owners protests promptly to the person presiding over the meeting.

b. Any Unit Owner that leases his Unit may assign his voting right to the tenant, provided that the tenant is appointed to vote on the Owner's behalf by proxy and the proxy is furnished to the Secretary or designee prior to any meeting in which the tenant exercises the voting right.

c. A Member will only be in good standing and entitled to vote at any annual or special meeting if all Assessments levied against the Member's Unit are paid in full.

Section 3.3 Responsibility of Members. Any Person that becomes an Owner will automatically become a Member and be subject to the Association Documents. Such Membership terminates without any formal Association action whenever a person ceases to own a Unit, but termination will not relieve or release any former Owner from any liability or obligation incurred under the Association Documents or in any way connected with the Association during the period of ownership, or impair any rights or remedies which the Board, or other Members, may have against such former Owner arising out of Unit ownership or Association membership and the covenants and obligations incident thereto.

ARTICLE IV

ASSOCIATION: MEETINGS, QUORUM, VOTING, PROXIES

Section 4.1 Place and Frequency of Meetings. Member meetings will be held at least once each year at a place in Garfield County, Colorado as the Board may determine. All Association meetings are open to every Owner or to any person designated by an Owner in writing as the Owner's representative.

Section 4.2 Annual Meetings. An annual Member meeting shall be held on a date and at a time set by the Board. The annual meeting shall be held for the election of Directors and the transaction of such other business as may properly come before the meeting.

Section 4.3 Special Meetings. Special Member meetings may be called at any time by the President of the Association, the Executive Board, or upon written request of Members who are entitled to vote at least 50% of all votes in the Association.

Section 4.4 Notice of Member Meetings. Not less than ten (10) nor more than fifty (50) days in advance of any Member meeting, the Secretary shall cause notice to be delivered to all Owners as provided in the Association Documents or as provided by Colorado law. The notice of any meeting must be physically posted in a conspicuous place, if feasible, in addition to any electronic posting or electronic mail notices that may be given. The notice must state the time

and place of the meeting and the items on the agenda, including the general nature of any proposed amendment to the Association Documents, any budget changes, and any proposal to remove an officer or Director. The Association will provide notice by electronic mail to all Members who furnish the Association with their electronic mail addresses.

Section 4.5 Quorum. The presence at any Member meeting of Members entitled to cast, or of proxies entitled to cast, 20% of the total Membership votes constitutes a quorum for any action, except as otherwise provided in the Association Documents. If, however, a quorum is not present or represented at any meeting, the Members entitled to vote will have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present or represented.

Section 4.6 Actions Binding on Members. A majority of votes cast by Members constituting a quorum in person or by proxy will be sufficient to make decisions binding on all Members, unless any statute or the Association Documents expressly requires a different number or method of voting. As used in these Bylaws, the term "majority" means those votes, Members, or other groups as the context may indicate totaling more than 50% of the total number.

Section 4.7 Voting. Voting may be by voice, by show of hands, by consent, by electronic means, by directed proxy, by written ballot, or as otherwise determined by the Meeting Chair present at a meeting where a vote is to be taken. The Association is entitled to reject a vote, consent, written ballot, waiver, proxy appointment, or proxy appointment revocation if the Secretary or other officer or agent authorized to tabulate votes, acting in good faith, has reasonable basis for doubt about the validity of the signature on it or about the signatory's authority to sign for the Owner.

Section 4.8 Voting by Written Ballot or Electronic Communication. The Board may decide that voting of the Members on any matter required or permitted by Colorado law, the Articles, or these Bylaws will be by e-mail, facsimile or other electronic communication. Pursuant to the Nonprofit Act, any action that may be taken at any annual, regular or special Member meeting may be taken without a meeting if the Secretary delivers a written ballot to every Member entitled to vote on the matter.

a. A written ballot will: (i) set forth each proposed action; and (ii) provide an opportunity to vote for or against each proposed action. Written ballot approval is valid only when the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot.

b. All solicitations for votes by written ballot will: (i) indicate the number of responses needed to meet the quorum requirements; (ii) state the percentage of approvals necessary to approve each matter other than election of Directors; (iii) specify the time by which a ballot must be received by the Board in order to be counted; and (iv) be accompanied by written information sufficient to permit each person casting such ballot to reach an informed decision on the matter.

- c. A written ballot may not be revoked.

Section 4.9 Informal Action by Members. Any action which may be taken by Member vote at a regular or special meeting may be taken without a meeting if consent in writing, setting forth the action so taken, is signed by all of the Members.

Section 4.10 Proxies. Any Member may cast their vote in person or by proxy appointed in conformance with the C.R.S. § 7-127-203. No proxy will be valid if it is not dated, purports to be revocable without notice or if it is obtained through fraud or misrepresentation. Further, no proxy will be valid after eleven months from the stated date of its execution unless otherwise provided in the proxy or unless voluntarily revoked upon notice, amended, or sooner terminated by operation of law. Finally, no proxy will be valid unless filed with the Secretary at or before the appointed time of the meeting at which the proxy will be voted.

Section 4.11 Designation of Voting Representative by Non-Individual Owners-Requirement for Proxy. If title to a Unit is held in whole or in part by a firm, corporation, partnership, association, limited liability company or other legal entity, the voting privilege appurtenant to that ownership may be exercised only by a proxy executed on behalf of such party or parties, filed with the Secretary, and appointing and authorizing one person or alternate persons who is a Member, shareholder or beneficiary of such entity to attend all regular or special Member meeting and to cast the vote allocated to that Unit at the meeting.

Section 4.12 Waiver of Notice. Waiver of notice of a Member meeting will be deemed the equivalent of proper notice. Any Member who furnishes his e-mail address to the Association that the Association delivers notice to waives any notice by mailing or personal delivery. Any Member may waive, in writing, notice of any Member meeting, either before or after the meeting. A Member's attendance at a meeting, whether in person or by proxy, is Member's waiver of notice of the time, date and place of the meeting unless the Member specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting is also a waiver of notice of all business transacted at the meeting unless objection to the calling or convening of the meeting without proper notice, is raised before the business is put to a vote.

Section 4.13 Teleconference. Any regular or special Member meeting may be conducted to permit a Member to attend and participate by teleconference or other electronic means by which all persons participating in the meeting can hear one another.

Section 4.14 Order of Business. The Board may establish the order of business at all Board or Member meetings. The Meeting Chair may revise the agenda as necessary.

ARTICLE V

EXECUTIVE BOARD: SELECTION; TERM OF OFFICE

Section 5.1 Number, Qualification and Term. The Board will initially consist of two (2) Directors appointed by Declarant during the Declarant Control Period. After the non-Declarant

Members elect a Director the Board may be increased to consist of three (3) Directors. The number of Directors may be established from time to time by amendment to these Bylaws. Except for the initial Directors appointed by Declarant, and the Directors shall be Members or the delegates of Members appointed by proxy. The term of office will be three (3) years or until a successor is elected or appointed or until there is a decrease in the number of Directors. The terms of office will be staggered so that the term of one Director will expire each year.

Section 5.2 Voting Procedures Generally. In the election of the Board, each Member will have the right to vote the number of votes to which he is entitled for as many persons as there are Directors to be elected. Cumulative voting will not be allowed.

Section 5.3 Removal and Replacement of Directors.

a. By the Members. Any Director elected by the Members may be removed, with or without cause, at any regular or special Member meeting by Members holding 67% of the votes in the Association. A successor to any removed Director will be elected at the meeting to fill the vacancy. A Director whose removal is proposed by the Members will be given notice of the proposed removal at least ten (10) days prior to the date of the meeting and will be given an opportunity to be heard at that meeting.

b. By the Board. Any Director may be removed by a majority vote of the Board with or without cause, and the Board may appoint a successor. In the event of a Director's death, disability, resignation or sale of Unit, the Board may declare a vacancy and appoint a successor to serve for the remainder of the term of the replaced Director.

Section 5.4 Compensation. No Director will receive compensation for service as a Director. However, Directors may be reimbursed for actual, reasonable expenses incurred on behalf of the Association. The Association may compensate a Director, or any entity with which a Director is affiliated, for services or supplies furnished to the Association in a capacity other than as a Director pursuant to a contract or agreement with the Association, provided that such Director's interest is disclosed and approved by the disinterested Directors.

ARTICLE VI
POWERS AND DUTIES OF THE EXECUTIVE BOARD

Section 6.1 General. The Board has all of the powers necessary to fulfill its duties to administer the Association's affairs, operate and maintain the Project, and as further specified in the Declaration or the Nonprofit Act. Except as the Association Documents or applicable law provides, the Board may do all such acts and things which are not specifically required to be done by the Members and may otherwise act in all instances on the Association's behalf.

Section 6.2 Specific Powers and Duties. Without limiting the generality of powers and duties set forth in Section 6.1 above, the Board has the following powers and duties, in each case subject to applicable requirements of the Association Documents and law:

a. To administer and enforce the covenants, conditions, restrictions,

easements, uses, limitations, obligations and all other provisions set forth in the Association Documents.

b. To establish, make or amend reasonable rules, regulations and policies from time to time and enforce compliance with such reasonable rules, regulations and policies as may be necessary for the operation, use and occupancy of the Property, subject to the provisions of the Declaration. A copy of such rules and regulations will be delivered, mailed by U.S. mail, posted on the Association's website, or by e-mail to each Member promptly after adoption. The Board will review all rules, regulations and policies to ensure conformance with applicable law and the current needs of the Project at each annual meeting when officers are elected.

c. To keep in good order, condition and repair the Common Elements and items of personal property, if any, used in the enjoyment of the Common Elements. No Member approval is required for expenditures for these purposes, except as otherwise required by the Declaration or these Bylaws.

d. *To fix, determine, levy, and collect the prorated Periodic Assessments each Member will pay towards the gross expenses of the Project, and to adjust, decrease or increase the amount of the Assessments, and to credit any excess of Assessments over expenses and cash reserves to the Members against the next succeeding Assessment period.*

e. To levy and collect Special Assessments whenever, in the opinion of the Board, it is necessary to do so as provided in the Declaration.

f. *To levy and collect Default Assessments because the Association has incurred an expense on behalf of a Member under the Association Documents.*

g. *To collect delinquent Assessments by suit or otherwise and to enjoin or seek damages from an Owner, and to exercise other remedies for delinquent Assessments as set forth in the Association Documents.*

h. To fix, determine, levy and collect the working capital funds each Member will pay towards the Association's working capital account, and to propose decreases or increases in the amount of working capital funds collected from each Member as provided in the Declaration.

i. To borrow funds in order to pay for any expenditure or outlay required pursuant to the authority granted by the provisions of the Declaration and these Bylaws, and to authorize the appropriate officers to execute all such instruments evidencing such indebtedness as the Board may deem necessary and such indebtedness will be the several obligation of all Owners in the same proportions as they share Common Expenses.

j. *To dedicate, sell or transfer all or any part of the Common Elements to any public, governmental or quasi-governmental agency, authority, or utility for such purpose and subject to such conditions as the Members may agree, and subject to such additional limitations as may be set forth in the Declaration, including without limitation the requirement of obtaining the prior approval of Members holding 67% of the votes in the Association.*

- k. *To enter into contracts within the scope of their duties and powers.*
- l. To establish bank accounts for the Association's operating account and reserve funds and adopt an investment policy for reserve funds as required or deemed advisable by the Board.
- m. To cause to be kept and maintained full and accurate books and records showing all of the receipts, expenses or disbursements and to permit examination thereof by Members or their Mortgagees during convenient weekday business hours.
- n. To cause any and all access roads, parking areas, and roadways in and to the Property and across the Property to be maintained, repaired and replaced as necessary to the extent those facilities are within Association's jurisdiction or control, and subject to the Declaration.
- o. To maintain and remove snow from any and all driveways, roadways and parking areas at the Property and to maintain and replace as necessary the landscaping, lawn, trees, shrubs, and other vegetation, and the sprinkler or other irrigation systems located on the Property for the Members' benefit.
- p. To cause to be maintained the insurance coverage (including without limitation fidelity insurance, or in its place, a bond covering the Manager, the Board, the officers and any other persons charged with handling Association funds) as may be necessary to comply with the requirements of the Declaration, these Bylaws and applicable law.
- q. In general, to carry on the administration of the Association and to do all those things necessary and responsible in order to carry out the communal aspects of ownership, all in accordance with the Declaration and applicable requirements of Colorado law.
- r. To delegate to a Manager, or any other person or entity, such of the Association's duties or responsibilities as may be more conveniently or efficiently performed by someone other than the Association, and to agree to assess to the Members a reasonable fee for such services, except that the duties set forth in subparagraphs (d), (f), (g), (i), (j), (k) or (s) of this Section (*in italic*) are duties reserved to the Board by law and may not be delegated.
- s. *To designate and remove personnel necessary for the operation, maintenance, repair and replacement of the Common Elements.*
- t. To prepare a budget before the close of each fiscal year of the Association.
- u. To authorize as a Common Expense reimbursement of Directors for their actual and necessary expenses incurred in attending educational meetings and seminars on responsible governance of common interest owners associations. The course content of such educational meetings and seminars will be specific to Colorado, and will make reference to applicable statutory law.

Section 6.3 Manager. The Board may designate a Director or employ a professional management agent or agents as Manager for compensation established by the Board, to perform such duties and services as authorized by the Board. The Board may delegate to the Manager, subject to the Board's supervision, all of the powers granted to the Board by these Bylaws, other than the powers set forth in Section 6.2(d), (f), (g), (i), (j), (k) or (s) above, and duties reserved to the Board by law. If the Board delegates powers relating to collection, deposit, transfer or disbursement of the Association funds to the Manager, then subparagraphs (a) through (e) below will apply.

a. Fidelity Insurance. The Association or the Manager will maintain fidelity insurance coverage or a bond providing the same type of insurance as described in the Declaration in an amount not less than the greater of (i) \$50,000, (ii) the amount of three month's current Assessments plus reserves, as calculated from the Association's current budget, on all Units, or (iii) such higher amount as the Board may require.

b. Maintain Association Accounts. The Manager will maintain all of the Association's funds and accounts separate from the funds and accounts of other associations managed by the Manager. The Manager will maintain all reserve accounts of the Association separate from operational accounts of the Association, each with appropriate access controls, and the bank where the accounts are located must send copies of monthly bank statements directly to the Association. Unless the Board gives express authorization, the Manager will not have authority to draw checks on, or transfer funds from, the Association's reserve account.

c. Accounting and Financial Information. Accounting, financial records, bank statement reconciliations and an audit or review will be prepared and presented as the Board requests.

d. Management Agreement. If a Manager is employed, the management agreement must be for a specified term (not to exceed three (3) years) and must contain specific termination provisions. Such termination provisions may not require the payment of any penalty for termination for cause or require advance notice of termination without cause in excess of ninety (90) days. The Association has the right to renegotiate or terminate the management agreement without cause.

e. Right of Entry. The Manager will have the right to enter each Unit in case of any emergency originating in or threatening such Unit whether or not the Owner or occupant is present at the time. Such authorized persons will also have the right to enter each Unit to perform maintenance and repair work as prescribed by these Bylaws and the Declaration.

ARTICLE VII **BOARD MEETINGS**

Section 7.1 Regular Meetings. Regular Board meetings will be held annually and at such time and place as a majority of the Board shall determine from time to time. Notice of Regular Board meetings shall be given to each Director, personally or by mail, telephone or electronically,

at least three (3) days prior to the day of such meeting.

Section 7.2 Special Meetings. Special Board meetings will be held when called by the President, or by any two (2) Directors, after not less than three (3) days' notice given to each Director, personally or by mail, telephone or electronically.

Section 7.3 Quorum. A quorum is deemed present throughout any Board meeting if persons entitled to cast a majority of the votes on the Board are present, in person or by proxy, at the beginning of the meeting. If at any Board meeting there is less than a quorum present, the majority of those present may adjourn the meeting from time to time for periods of no longer than one (1) week until a quorum is obtained or until a conclusion can be reached. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 7.4 Agendas and Attendance. All Members or their representatives may attend all regular and special Board or committee meetings. Agendas for Board meetings will be made reasonably available for examination by all Members or their representatives. Meeting notices and agendas will be sent by email to all Members upon request. Before the Board votes on any issue the Chairman will permit Members or their representatives to speak regarding the issue, subject to reasonable time limits. If more than one person desires to comment with opposing views, the Board will permit a reasonable number of persons to speak on each side of an issue.

Section 7.5 Executive Sessions. The Executive Board or any committee thereof may hold an executive or closed door session and may restrict attendance to Directors and such other persons the Board requests during a regular or specially announced meeting.

a. The matters to be discussed at such an executive session are as follows:

i. Matters pertaining to the Association's employees or involving the employment, promotion, discipline, or dismissal of an officer, agent, or employee;

ii. Consultation with legal counsel concerning disputes that are the subject of pending or imminent court proceedings or matters that are privileged or confidential between attorney and client;

iii. Investigative proceedings concerning possible or actual criminal misconduct;

iv. Matters subject to specific constitutional, statutory, or judicially imposed requirements protecting particular proceedings or matters from public disclosure; and

v. Any matter the disclosure of which would constitute an unwarranted invasion of individual privacy.

b. No amendment of the Articles, Bylaws or a rule or regulation may be adopted during an executive session. The minutes of all meetings at which an executive session

was held will indicate that an executive session was held, and the general subject matter of the executive session.

Section 7.6 Actions Binding on Directors. Every action taken or decision made by a majority of the Directors present at a duly held meeting at which a quorum is present, in person or by proxy will be regarded as the act of the Board.

Section 7.7 Waiver of Notice. Attendance of a Director at any meeting will constitute a waiver of notice of such meeting, except when a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Before, at, or after any Board meeting, any Director may waive, in writing, notice of the meeting, and the written waiver will be the equivalent to the giving notice. Neither the business to be transacted at, nor the purpose of, any regular or special Board meeting need be specified in the waiver of notice of the meeting.

Section 7.8 Action Taken Without a Meeting. The Board will have the right to take any action it could take at a meeting in the absence of a meeting by obtaining the written approval of all the Directors or as provided in the Nonprofit Act, C.R.S. § 7-128-202. Any action so approved will have the same effect as though taken at a Board meeting.

Section 7.9 Teleconference Meetings. Any regular or special Board meeting may be conducted by teleconference or other electronic means, followed by minutes of the meeting, which will be distributed to each Director.

ARTICLE VIII

OFFICERS AND THEIR DUTIES

Section 8.1 Enumeration of Officers. The Association's officers will be a President, a Vice-President, a Secretary and Treasurer, all of whom must be Directors, and such other officers as the Board may from time to time create by resolution. Following the Period of Declarant Control, all officers of the Association must be Owners of Units in the Project.

Section 8.2 Election of Officers. The officers shall be elected by an affirmative vote of a majority of the Directors, which shall occur at the first Board meeting following each annual Member meeting.

Section 8.3 Term. The Board will elect the officers of the Association annually and each officer will hold office for one year or until his successor is duly elected and qualified, unless he sooner resigns, or is removed, or is otherwise disqualified to serve.

Section 8.4 Special Appointments. The Board may elect other officers, assistant officers, committees and agents as the affairs of the Association may require, each of whom will hold office for such period, have such authority, and perform such duties as the Board may determine from time to time.

Section 8.5 Resignation and Removal. The Board may remove any officer from

office with or without cause. Any officer may resign at any time by giving written notice to the Board, the President, or the Secretary. Such resignation will take effect on the date of receipt of such notice or at any later time specified in the notice, and unless otherwise specified in the notice, the acceptance of such resignation will not be necessary to make it effective.

Section 8.6 Vacancies. A vacancy in any office may be filled by appointment by majority vote of the Board. The appointed officer will serve for the remainder of the term of the officer replaced.

Section 8.7 Multiple Offices. Any two or more offices may be held by the same person except the offices of President and Secretary.

Section 8.8 Duties. The duties of the officers are as follows:

a. **President.** The President shall be the Association's principal executive officer and, subject to the control of the Executive Board, shall supervise and control all of the Association's business and affairs. He shall preside at all Member and Board meetings; see that the Board's orders and resolutions are carried out; sign all leases, mortgages, deeds and other written instruments; co-sign all promissory notes; cause to be prepared and execute, certify and record Declaration amendments, execute all instruments of conveyance; and in general shall perform all duties incident to the office of President and as the Board may otherwise require.

b. **Vice-President.** The Vice-President will act in the place and stead of the President, in the event of his absence, inability or refusal to act, and shall perform the President's duties, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The President's absence shall be shown prima facie by the Secretary's attestation to any document signed by the Vice President. The Vice President shall perform such other duties as the President, or the Board, may assign from time to time.

c. **Secretary.** The Secretary will record the votes and keep the minutes of the Member and Board meetings and proceedings; serve notice of Member and Board meetings; keep appropriate current records listing the Members together with their registered addresses, Units owned, whether such Unit is mortgaged, the name and address of the Mortgagee; execute all instruments of conveyance; maintain the Association records; and perform such other duties as the Board may require.

d. **Treasurer.** The Treasurer is the Association's principal financial officer. The Treasurer will receive and deposit in the appropriate bank accounts all monies of the Association and will disburse such funds as directed by resolution of the Board; sign all the Association's checks unless the Board specifically directs otherwise, and co-sign all the Association's promissory notes; keep proper books of account; at the Board's direction, cause an the Association's books to be subject to an annual audit or review; prepare an annual budget and a statement of income and expenditures to be presented to the annual Member meeting, and deliver or make copies available to each of the Members; and perform such other duties as the Board may require. If the Board requires, the Treasurer shall give the Association a bond in such sums and with such sureties as shall be satisfactory to the Board, conditioned upon the faithful performance

of his duties and for the restoration to the Association of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the Association.

Section 8.9 Delegation. The duties of any officer may be delegated to the Manager or another Director or designee, except that the President and Secretary must execute all conveyances and contracts for the Association.

ARTICLE IX **INDEMNIFICATION**

Section 9.1 Definitions. For purposes of this Article, the following terms will have the meanings set forth below:

a. **“Proceeding”** means any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative and whether formal or informal;

b. **“Indemnified Party”** means any person who is or was a party or is threatened to be made a party to any Proceeding by reason of the fact that he is or was a Director or officer or, while a Director or officer, is or was serving at the Association’s request as a Director, committee member, officer, partner, trustee, employee or agent of another corporation, partnership, joint venture, trust or other enterprise.

Section 9.2 Indemnification. The Association will indemnify, if indemnification is authorized by C.R.S. § 7-129-102, any Indemnified Party in any Proceeding. The Association will advance the expenses of the Indemnified Party as provided in C.R.S. § 7-129-104.

Section 9.3 Insurance. By action of the Board, notwithstanding any interest of the Directors in such action, the Association may purchase and maintain insurance, in such amounts as the Board may deem appropriate, on behalf of any Indemnified Party against any liability asserted against or incurred by him or her in their capacity or arising out of their status as an Indemnified Party, whether or not the Association would have the power to indemnify them against such liability under applicable law.

Section 9.4 Right to Impose Conditions to Indemnification. The Association will have the right to impose, as conditions to any indemnification provided or permitted in this Article, such reasonable requirements and conditions as the Board determines are appropriate in each specific case and circumstances including, without limitation, any one or more of the following:

a. In the event of a settlement, indemnification will be provided only in connection with such matters that the Association is given advice of counsel that the person to be indemnified has not been guilty of such actions or omissions in the performance of their duties;

b. That any counsel representing the person to be indemnified in connection with the defense or settlement of any Proceeding will be counsel mutually agreeable to the person to be indemnified and to the Association;

c. That the Association will have the right, at its option, to assume and control the defense or settlement of any claim or proceeding made, initiated or threatened against the person to be indemnified; and

d. That the Association will be subrogated, to the extent of any payments made by way of indemnification, to all of the indemnified person's rights of recovery, and that the person to be indemnified will execute all writings and do everything necessary to assure the Association's rights of subrogation.

ARTICLE X

OBLIGATIONS OF THE OWNERS

Section 10.1 Community Quality of Life. All Owners are Members of the Association and will always endeavor to observe and promote the cooperative purposes for the accomplishment of which the Project was built. Because neighbors rely on one another to maintain the quality of life and property values in the Project, each Member is more accountable to other Members than in other communities without shared Common Elements.

Section 10.2 Maintenance and Repair. Subject to the Declaration:

a. Owners must perform promptly at their own expense all maintenance and repair work within the Owner's Unit if failure to do so would affect the Common Elements or other Units.

b. Owners are responsible for all expense of the repairs of internal installations of the Unit such as water, light, gas, power, sewage, telephones, sanitary installations, doors, windows, electrical fixtures and all other accessories, equipment and fixtures within the Unit.

c. An Owner must reimburse the Association or another Owner promptly upon receipt of a statement for any expenditures the Association or another Owner incurs in repairing, replacing or restoring any Common Elements or any Unit damage caused by the Owner or their Guests, even if such act or omission was not negligent or resulting from failure to maintain a Unit.

Section 10.3 Mechanic's Lien. Each Owner agrees to indemnify and to hold the Association and each of the other Owners harmless from any and all claims of mechanic's lien filed against other Units or the common elements for labor, materials, services or other products incorporated in the Owner's Unit or limited common elements. Within 30 days after a lien is filed the responsible Owner must either obtain a release of the lien or deposit cash or a bond to discharge the lien pursuant to Colorado law. Any amount owed by an Owner under the indemnity provided in this section may be assessed by the Association to the responsible Owner.

Section 10.4 Proof of Ownership. Upon taking ownership of a Unit, an Owner must, upon the Association's request, furnish a copy of the recorded instrument vesting such Owner's ownership interest. The Association will maintain the instrument as an Association record.

Section 10.5 Registration of Mailing Address. Within five (5) days after transfer of title each Owner must provide the Secretary or Manager with one registered mailing address or electronic address for delivery of monthly statements, notices, demands and all other communications. If no address is registered then the Owner's address on the deed will be used as the registered mailing address until the Owner(s) furnishes another registered mailing address pursuant to this section. A registered mailing address may be changed from time to time by similar designation.

ARTICLE XI **NONPROFIT CORPORATION**

This Association is not organized for profit. No Member, Director, or person from whom the Association may receive any property or funds will receive or will be lawfully entitled to receive any pecuniary profit from the Association's operations, and in no event will any part of the Association's funds or assets be paid as a dividend or be distributed to, or inure to the benefit of any Director. Notwithstanding the foregoing, (a) reasonable compensation may be paid to any Member or Director acting as the Association's agent or employee for services rendered in effecting one or more of the Association's purposes; (b) any Member or Director may, from time to time, be reimbursed for his or her actual and reasonable expenses incurred in connection with the administration of the Association's affairs, and (c) any Director may be reimbursed for actual and reasonable expenses incurred in the performance of his duties.

ARTICLE XIII **AMENDMENTS**

Section 13.1 Amendment by the Board. The Board may amend these Bylaws by a vote of not less than 67% of the Directors at any regular or special Board meeting at which quorum is present. A statement of any proposed amendment will accompany the notice of any regular or special Board meeting at which such proposed amendment will be voted upon.

Section 13.2 Amendment by the Members. These Bylaws may be amended by vote of the Members holding 60% of the votes of the Association. Amendments may be proposed by the Board or by petition signed by Members holding at least 20% of the votes of the Association. A statement of any proposed amendment will accompany the notice of any regular or special meeting at which such proposed amendment will be voted upon.

Section 13.3 Scope of Amendments. These Bylaws may not be amended in a manner inconsistent with the Articles, the Declaration, or Colorado law.

ARTICLE XIV **MISCELLANEOUS**

Section 14.1 Fiscal Year. The Association's fiscal year will be a calendar year, which shall be subject to change by the Board as necessary.

Section 14.2 Conflicts of Documents. In the case of any conflict between the

Articles and these Bylaws, the Articles will control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration will control.

Section 14.3 Numbers and Genders. Whenever used herein, unless the context otherwise provides, the singular numbers include the plural, the plural the singular, and the use of any gender includes all genders.

CERTIFICATE

The undersigned President and Secretary of the Association do hereby certify that the above and foregoing Bylaws were duly adopted by the Executive Board and that they constitute the Bylaws of this Association.

STEPPING STONES CONDOMINIUM ASSOCIATION

By: _____ Date
Its: President

Attest: _____ Date
Its: Secretary

**DECLARATION OF COVENANTS, CONDITIONS,
RESTRICTIONS, AND EASEMENTS
FOR
STEPPING STONE CONDOMINIUMS**

THIS DECLARATION is made by Stepping Stones of the Roaring Fork Valley, Inc., a Colorado nonprofit corporation, with an address of 1010 Garfield Ave, Carbondale, CO 81623, CO ("Declarant").

**ARTICLE I
STATEMENT OF PURPOSE AND DECLARATION**

Section 1.1. Property. Declarant is the owner of the property located in Garfield County, Colorado, and described in the attached Exhibit A, with an address of 1150 Highway 133, Carbondale, Colorado 81623, all of which is situated in Garfield County, Colorado (the "Property").

Section 1.2. Purpose. The purpose of this Declaration is to create a commercial use planned community as defined in the Colorado Common Interest Ownership Act, C.R.S. § 38-33.3-101 et seq. (the "Act"), which will be known as "Stepping Stone Condominiums". Declarant intends for the community to only be subject to those provisions of the Act provided in C.R.S. § 38-33.3-116(2) and to those provisions of the Act adopted by this Declaration. Declarant sells and conveys the Common Elements to the Stepping Stones Condominium Association, a Colorado nonprofit corporation.

Section 1.3. Intention of Declarant. Declarant intends to protect the value and desirability of the Project, further a plan for the improvement, sale and ownership of the Project, create a harmonious and attractive development, and promote and safeguard the health, comfort, safety, convenience and welfare of the Owners of Units in the Project.

Section 1.4. Development and Use. The total number of Units in the Project is two (2) Commercial Units. The identification number of each Unit is shown on the Map for Stepping Stone Condominiums recorded in the real property records of Garfield County, Colorado (the "Map").

Section 1.5. Imposition of Covenants. To accomplish the purposes indicated above, Declarant declares that from the date of recording of this Declaration forward, the Property shall constitute a planned community, and shall be held, sold and conveyed subject to the following covenants, conditions, restrictions and easements. These covenants shall run with the Property and will inure to the benefit of, and are binding upon, all persons having any right, title or interest in all or any part of the Property, including Declarant, the Association, Owners and their heirs, successors and assigns, and their tenants, employees, guests and invitees. Any right or any interest reserved or contained in this Declaration to or for the benefit of Declarant may be transferred or assigned by Declarant, either separately or with one or more of such rights or interests, to any Person

**ARTICLE II
DEFINITIONS**

Section 2.1. Definitions. The following words when used in this Declaration, unless inconsistent with the context and reasonable interpretation of this Declaration, shall have the following meanings:

a. **"Act"** means the Colorado Common Interest Ownership Act, C.R.S. § 38-33.3-101, et seq., as it may be amended from time to time.

b. **"Allocated Interests"** means the votes in the Association and the percentage of the Common Expense liability assigned to each Unit as set forth in Exhibit B.

c. **"Articles"** means the Articles of Incorporation of Stepping Stones Condominium Association on file with the Colorado Secretary of State, and any amendments which may be made.

d. **"Assessments"** means all the assessments for Common Expenses levied by the Association against a Unit or its Owner pursuant to this Declaration or the Act.

e. **"Association"** means Stepping Stones Condominium Association, a Colorado nonprofit corporation, and any successor entity by whatever name, charged with the duties and obligations of administering the Project.

f. **"Association Documents"** means this Declaration, the Map, the Articles and the Bylaws of the Association, and any procedures, rules, regulations or policies adopted under such documents by the Association.

g. **"Building"** means the structure (including all fixtures and improvements contained within it) constructed and located on the Property in which the Units and some Common Elements are located.

h. **"Bylaws"** means the Bylaws adopted by the Association as amended from time to time.

i. **"Common Elements"** means all of the Property except the Units. The Association owns the Common Elements for the common or exclusive use and enjoyment of the Owners. Without limiting the generality of the foregoing, the Common Elements include the following components:

i. The Property and the Building including, without limitation, the foundation, columns, girders, beams, supports, perimeter and supporting walls, chimneys, chimney chases, roofs, patios, balconies, entrances and exits, and the mechanical installations of the Building consisting of the equipment and materials making up any central services such as power, light, gas, hot and cold water, sewer, and heating and central air conditioning which exist for use by some or all of the Owners, including the pipes, vents, ducts, flues, cable conduits, wires, telephone wire, and other similar utility installations used in connection therewith;

ii. The sidewalks, walkways, paths, grass, shrubbery, trees, driveways, roadways, landscaping, parking areas, and related facilities upon the Property; and

iii. In general, all other parts of the Project designated by Declarant as Common Elements and existing for the use of one or more of the Owners.

iv. The Common Elements also include the Limited Common Elements which are either limited to and reserved for the exclusive use of the Owner of a particular Unit, or are limited to and reserved for the common use of the Owners of more than one, but fewer than all, of the Units.

j. **"Common Expense"** means:

i. any and all of the Association's costs, expenses and liabilities including, without limitation, costs, expenses and liabilities incurred for (A) managing, operating, insuring, improving, repairing, replacing and maintaining the Common Elements; (B) providing facilities, services and other benefits to Owners and their Guests; (C) administering and enforcing the covenants, conditions, restrictions, reservations and easements created in the Association Documents; (D) levying, collecting and enforcing the Assessments; (E) regulating and managing the Project; (F) operating the Association; (G) utilities not separately metered and billed directly to Unit Owners;

ii. other expenses declared to be Common Expenses pursuant to the Association Documents or the Act, and expenses agreed upon as Common Expenses by the Association; and

iii. reserves for any such costs, expenses and liability.

k. **"Declarant"** means Stepping Stones of the Roaring Fork Valley, Inc., a Colorado nonprofit corporation, its successors and assigns.

l. **"Declaration"** means and refers to this Declaration of Covenants, Conditions, Easements and Restrictions for Stepping Stone Condominiums.

m. **"Director"** means a member of the Executive Board.

n. **"Eligible Mortgagee"** means a holder of a first Security Interest in a Unit when the holder has notified the Association, in writing, of its name and address and that it holds a first Security Interest in a Unit. The notice must include the Unit number and address of the Unit on which it has a security interest. This notice shall be deemed to include a request that the Eligible Mortgagee be given the notices and other rights described in Article XII.

o. **"Executive Board"** means the Association's governing body elected to perform the Association's obligations relative to the operation, maintenance, and management of the Property and all improvements thereon.

p. **"Guest"** means an Owner's family members, tenants, invitees, licensees, employees, contractors or agents.

q. **"Limited Common Elements"** means a portion of the Common Elements

allocated for the exclusive use of one or more, but fewer than all, of the Units by the Declaration, the Map, or by operation of C.R.S., §§ 38-33.3-202(1)(b) and (1)(d).

r. **"Manager"** means a person or entity that the Association may engage to perform certain duties, powers or functions as the Executive Board may authorize from time to time.

s. **"Map"** means the Map for Stepping Stone Condominiums recorded in the office of the Clerk and Recorder of Garfield County, Colorado.

t. **"Member"** means a Person holding a membership in the Association.

u. **"Owner"** means any record owner of a fee simple title interest to any Unit including, without limitation Declarant or a contract vendor, whether one or more persons or entities. Owner does not include a Person having only a security interest or any other interest in a Unit solely as security for an obligation.

v. **"Person"** means an individual, corporation, trust, partnership, limited liability company, association, joint venture, government, government subdivision or agency, or other legal entity.

w. **"Project"** means the planned community created by this Declaration, consisting of the Property, the Units and any other improvements constructed on the Property.

x. **"Property"** means the real property described in Section 1.1 and subject to this Declaration.

y. **"Security Interest"** means an interest in and encumbrance upon real estate or personal property, created by contract or conveyance, that secures payment or performance of an obligation. The term includes a lien created by a mortgage, deed of trust, installment land contract, lease intended as security, assignment of lease or rents intended as security, pledge of an ownership interest in the Association, and any other consensual lien intended as security for an obligation. A nonconsensual lien does not create a Security Interest.

z. **"Successor Declarant"** means any party or entity to whom Declarant assigns any or all of its rights, obligations, or interest as Declarant, as evidenced by an assignment or deed of record in the office of the Clerk and Recorder of Garfield County, Colorado, designating such party as a Successor Declarant. Upon such recording, Declarant's rights and obligations under this Declaration shall cease and terminate to the extent provided in such document.

aa. **"Unit"** means the physical portion of the Property designated for separate ownership or occupancy. Each Unit is depicted on the Map and the Unit boundaries are described and defined as follows:

i. **Upper Horizontal Boundary.** The horizontal or sloping plane or planes of the unfinished lower surfaces of the ceiling bearing structure surfaces, beams, and rafters and of closed fireplace dampers, extended to an intersection with the vertical perimeter boundaries.

ii. Lower Horizontal Boundary. The horizontal plane or planes of the undecorated or unfinished upper surfaces of the floors, extended to an intersection with the vertical perimeter boundaries and open horizontal unfinished surfaces of trim, sills, and structural components.

iii. Vertical Perimeter Boundaries. The planes defined by the inner surfaces of the studs and framing of the perimeter walls; the unfinished inner surfaces of poured concrete walls; the unfinished surfaces of the interior trim, fireplaces, and thresholds along perimeter walls and floors; the unfinished inner surfaces of closed windows and closed perimeter doors; and the innermost unfinished planes of all interior bearing studs and framing of bearing walls, columns, bearing partitions, and partition walls between separate Units.

iv. Inclusions. Each Unit will include the spaces and improvements lying within the boundaries described in Section 2.1(cc)(i), (ii), and (iii) above, and will also include the spaces and the improvements within those spaces containing any space heating, water heating, or air conditioning apparatus; electrical, telephone, television, cable, broadband, or networking receptacles, switches, wiring, pipes, ducts, or conduits; smoke detectors or sprinkler systems; or light fixtures or boxes that serve the Unit exclusively. The surface of the foregoing items will be the Unit's boundaries, whether or not those items are contiguous to the Unit.

v. Exclusions. Except when specifically included by other provisions of this Section, the following are excluded from each Unit: the spaces and Improvements lying outside the boundaries described in Section 2.1(cc)(i), (ii), and (iii) above; and all chutes, pipes, flues, ducts, wires, conduits, and other facilities running through or within any interior wall or partition for the purpose of furnishing utility and similar services to other Units or Common Elements or both.

ARTICLE III

MEMBERSHIP, VOTING RIGHTS, & ASSOCIATION OPERATIONS

Section 3.1. The Association. Every Unit Owner shall be a Member of the Association. Membership shall be appurtenant to, and may not be separated from, Unit ownership.

Section 3.2. Transfer of Membership. An Owner shall not transfer, pledge or alienate his membership in the Association in any way, except upon the sale or encumbrance of his Unit and then only to the purchaser or an Eligible Mortgagee.

Section 3.3. Classes of Membership. The Association shall have one class of membership.

Section 3.4. Declarant Control Period. During the Declarant Control Period, Declarant or any successor who takes title to all or part of the Property for the purpose of development and sale of the Property and who is designated as Successor Declarant in a recorded instrument executed by Declarant, will have exclusive power to appoint and remove Directors and officers subject to the limitations in the Act. This Declarant Control Period will terminate no later than sixty (60) days after conveyance of 100% of the Units to Owners other than Declarant.

Declarant may voluntarily surrender the right to appoint and remove officers and Directors before termination of Declarant Control Period, but, in that event, Declarant may require for the duration of the Declarant Control Period, that specified actions of the Association or the Executive Board, as described in a recorded instrument by Declarant, be approved by Declarant before they become effective.

Section 3.5. Compliance with Association Documents. Each Owner shall abide by and benefit from each provision, covenant, condition, restriction and easement contained in the Association Documents. The obligations, burdens and benefits of Association membership concern the land and shall be covenants running with each Unit for the benefit of all other Units.

Section 3.6. Books and Records. The Association shall make available for inspection, upon advance request, during normal business hours or under other reasonable circumstances, to Owners and to Eligible Mortgagees, current copies of the Association Documents and the books, records, and financial statements prepared pursuant to the Bylaws. The Association may recover expenses and charge reasonable fees for copying or delivering such materials.

Section 3.7. Manager. The Executive Board may employ a Manager and delegate certain Association powers, functions, or duties, as provided in the Bylaws. The Manager shall not have the authority to make expenditures except pursuant to the Executive Board's prior approval, written policies, or direction. The Executive Board shall not be liable for any omission or improper exercise by a Manager of any duty, power, or function so delegated by written instrument executed by or on behalf of the Executive Board.

Section 3.8. Implied Rights and Obligations. The Association may exercise any right or privilege expressly granted in the Association Documents, and every other right or privilege reasonably implied from the existence of any right or privilege under the Association Documents or reasonably necessary to effect any such right or privilege. The Association shall perform all of the duties and obligations expressly imposed upon it by the Association Documents, and every other duty or obligation reasonably implied by the express provisions of the Association Documents or necessary to satisfy any such duty or obligation.

Section 3.9. Powers of the Executive Board. The number, election and term of Directors on the Executive Board shall be as set forth in the Bylaws. The Executive Board shall have power to take the following actions:

a. Adopt and publish rules and regulations governing the use, maintenance, repair, or replacement of the Common Elements and governing the personal conduct of the Members and their guests on the Project; the Association may establish penalties, including, without limitation, the imposition of fines, for the infraction of such rules and regulations;

b. Suspend a Member's voting rights during any period in which such Member is in default on payment of any Assessment. Such rights may also be suspended after notice and hearing for a period up to ninety (90) days for infraction of published rules and regulations, unless such infraction is ongoing, in which case the rights may be suspended during the period of the infraction and for up to ninety (90) days thereafter;

c. Exercise all powers, duties, and authority vested in or delegated to the

Executive Board and not reserved to the Members or Declarant by other provisions of this Declaration or the Articles or Bylaws or as provided by the Act; and

d. Assign its right to future income, including the right to receive Common Expense Assessments.

ARTICLE IV **MAINTENANCE OF THE PROPERTY**

Section 4.1. Maintenance of Common Elements. Except as otherwise provided in this Declaration, the Association shall maintain, repair, and replace all of the Common Elements, except those portions of the Limited Common Elements that are required by this Declaration to be maintained, repaired, or replaced by the Unit Owners. Unless the Association contractually assumes such responsibility for all of the Project, each Unit Owner shall be responsible for removing snow, leaves, and debris from all driveways, walkways, patios, decks, and balconies that are Limited Common Elements appurtenant to such Owner's Unit.

Section 4.2. Maintenance of Units.

a. Each Unit Owner, at such Unit Owner's expense, will maintain, repair, and replace all portions of such Owner's Unit, except the portions of the Unit required by the Declaration to be maintained, repaired, or replaced by the Association.

b. The Association will maintain, repair, or replace the exterior surfaces of all Units, including the siding and roofs, and any Limited Common Element exterior doors and windows, decks, patios and balconies. Exterior maintenance will include painting, replacement of trim, caulking, general repairs, and such other services the Executive Board deems appropriate. All costs of maintenance, repair, or replacement will be paid as a Common Expense. However, upon amendment of the Bylaws in a non-discriminatory and equitable manner, the Executive Board may delegate and the Unit Owners will assume any part of the exterior maintenance, repair, or replacement for a Unit or the Limited Common Elements appurtenant to any Unit.

c. If an Owner does not properly maintain and repair their Unit, the Association, after ten (10) days prior written notice to the Owner and with the Executive Board's approval, may enter the Unit to perform such work as is reasonably required to restore the Unit and other improvements thereon to a condition of good order and repair. All unreimbursed costs shall be a lien upon the Unit until reimbursement is made. The lien may be enforced in the same manner as a lien for an unpaid Assessment.

Section 4.3. Limited Common Element Maintenance. Each Owner will keep any Limited Common Element appurtenant to their Unit clean and in good order in conformance with the use restrictions in this Declaration. The Association shall maintain the Limited Common Elements in good order and condition and shall otherwise manage and operate the Limited Common Elements as it deems necessary or appropriate.

Section 4.4. Allocation of Specified Common Elements. The Executive Board may designate parts of the Common Elements from time to time for use by less than all of the Unit Owners or by non-owners for specified periods of time or by only those persons paying fees or satisfying other reasonable conditions for use that the Board may establish. Any such designation

shall not be a sale or disposition of such portions of the Common Elements. Without limiting the generality of the forgoing, the Board may enter into an agreement with an Owner governing use of all or a portion of the roof and the installation of equipment such as cell towers, satellites, antennae or any technological evolutions of technological equivalents, together with structural supports, cabling, conduits, wiring, fasteners or other accessories necessary for the proper installation, maintenance and use of the same. However, any such use of the roof shall not interfere with the building's structural components, mechanical systems, or any utilities.

Section 4.5. Maintenance Contract. The Executive Board may employ or contract for the services of an individual or maintenance company to perform certain delegated powers, functions, or duties of the Association to maintain the Common Elements.

Section 4.6 Right of Access. Any person authorized by the Executive Board shall have the right of access to all portions of the Property for the purpose of performing emergency repairs or to do other work reasonably necessary for the proper maintenance of the Project for the purpose of performing installations, alterations, or repairs and for the purpose of reading, repairing, and replacing utility meters and related pipes, valves, wires, and equipment; provided that requests for entry are made in advance and that any entry is at a time reasonably convenient to the affected Unit Owner. In case of an emergency, no request or notice is required, and the right of entry shall be immediate and with as much force as is reasonably necessary to gain entrance, whether or not the Unit Owner is present at the time.

ARTICLE V

PROPERTY RIGHTS OF OWNERS, AND DECLARANT RESERVATIONS

Section 5.1. Legal Description. An agreement for the sale of a Unit entered into prior to the recording the Map and this Declaration with the Garfield County, Colorado Clerk and Recorder may legally describe such Unit as set forth below and may indicate that the Map and this Declaration are to be recorded. After the Map and this Declaration are recorded, instruments of conveyance of Units, and every other instrument affecting title to a Unit shall describe such Unit as set forth below, and may include such omissions, insertions, recitals of fact, or other provisions that may be necessary or appropriate under the circumstances:

Unit ___, and Limited Common Element Parking Space No. ___ [and (if applicable) No. ___], Stepping Stone Condominiums, according to the Map recorded with the Garfield County, Colorado Clerk and Recorder on ___, 2019 at Reception No. ___, and the Declaration, recorded on ___, 2019 at Reception No. ___, Town of Carbondale, Garfield County, Colorado.

Section 5.2. Owner's Easement of Enjoyment. Every Owner has a right and easement of enjoyment in and to the Common Elements which shall be appurtenant to and shall pass with the title to every Unit, subject to the designation of Common Elements as Limited Common Elements and the provisions in the Association Documents.

Section 5.3. Utility Easements. There is hereby created a general easement upon, across, over, in and under the Common Elements for ingress and egress and for installation, replacement, repair, and maintenance of all utilities, including, but not limited to, gas, telephone, electrical, and cable communications systems. By virtue of this easement, it shall be expressly

permissible and proper for the companies authorized by Declarant or the Executive Board which provide such services to install and maintain necessary equipment, wires, circuits and conduits under the Property. Such utilities may temporarily be installed above ground during construction, if approved by Declarant. Any person or utility company disturbing the surface of the Property during installation, maintenance or repair of facilities within an easement will restore the surface to its original grade and revegetate the surface to its former condition.

Section 5.4. General Maintenance Easement. An easement is hereby reserved to Declarant, and granted to the Association, any Director or the Manager, and their respective officers, agents, employees, and assigns, upon, in and under the Property and a right to make such use of the Property as may be necessary or appropriate to perform maintenance, repair or replacement duties or to perform the duties and functions which the Association is obligated or permitted to perform pursuant to the Association Documents, including the right to enter upon any Unit to make emergency repairs.

Section 5.5. Declarant's Rights Incident to Construction. Declarant, for itself and its successors and assigns, hereby reserves an easement for construction, utilities, drainage, ingress and egress over, in, upon, under and across the Common Elements, together with the right to store materials on the Common Elements, to build and maintain temporary walls, and to make such other use of the Common Elements as may be reasonably necessary or incident to any construction in the Units of improvements on the Property or other real property owned by Declarant, or other properties abutting and contiguous to the Property; provided, however, that no such rights shall be exercised by Declarant in a way which prohibits the occupancy, use, or access to the Project by the Owners.

Section 5.6. Special Declarant Rights. Declarant reserves the right to perform the acts and exercise the rights hereinafter specified (the "Special Declarant Rights"). Declarant's Special Declarant Rights include the following:

a. Completion of Improvements. The right to complete improvements indicated on the Map filed with the Declaration.

b. Construction Easements. The right to use easements through the Common Elements for the purpose of making improvements within the Project.

c. Merger. The right to merge or consolidate the Project with another project operated as a planned community.

d. Control of Association and Executive Board. The right to appoint or remove any Officer or any Director pursuant to Section 3.4 above.

Section 5.7. Easement to Inspect and Right to Correct. Declarant reserves for itself and others it may designate the right to inspect, monitor, test, redesign, and correct any structure, improvement, or condition which may exist on any portion of the Property within the Project, including Units, and a perpetual nonexclusive easement of access through the Project to the extent reasonably necessary to exercise such right. Except in an emergency, entry into a Unit shall be only after reasonable notice to the Owner and with the Owner's consent, which consent shall not be unreasonably withheld. The person exercising this easement shall promptly repair,

at such person's own expense, any damage resulting from such exercise.

Section 5.8. Right to Notice of Design or Construction Claims. No person shall retain an expert for the purpose of inspecting the design or construction of any structures or improvements within the Project in connection with or in anticipation of any potential or pending claim, demand, or litigation involving such design or construction unless Declarant and any builder involved in the design or construction have been first notified in writing and given an opportunity to meet with the property Owner to discuss the Owner's concerns and conduct their own inspection.

Section 5.9. Right to Approve Additional Covenants. No person shall record any declaration of covenants, conditions and restrictions, or similar instrument affecting any portion of the Property without Declarant's review and written consent. Any attempted recordation without such consent shall result in such instrument being void and of no force and effect unless subsequently approved by written consent signed and recorded by Declarant.

Section 5.10. Right to Approve Changes in Standards. No amendment to or modification of any restrictions, rules or architectural guidelines shall be effective without Declarant's prior written approval so long as Declarant owns property subject to this Declaration.

Section 5.11. Parking Spaces. Parking Spaces are Limited Common Elements. Declarant reserves for itself and the Association the right to allocate those Parking Spaces identified on the Map as Limited Common Elements for the exclusive use of any Unit. Any Parking Space may be reallocated among the Units pursuant to the Act by the Executive Board and the consent of the affected Unit Owners. Declarant reserves the right to install devices and signage to restrict and control access to the parking area and otherwise to regulate parking.

Section 5.12. Interference with Special Declarant Rights. Neither the Association nor any Unit Owner may take any action or adopt any Rule that will interfere with or diminish any Special Declarant Right without Declarant's prior written consent.

Section 5.13. Termination of Special Declarant Rights. The Special Declarant Rights contained in this Article shall not terminate until the earlier of (a) 20 years from the date this Declaration is recorded; or (b) recording by Declarant of a written statement relinquishing such rights. Earlier termination of certain rights may occur by statute.

ARTICLE VI

INSURANCE AND FIDELITY BONDS

Section 6.1. Authority to Purchase. The Association shall purchase all insurance policies relating to the Common Elements. The Executive Board, the Manager, and Declarant shall not be liable for failure to obtain any coverages required by this Article or for any loss or damage resulting from such failure if such failure is due to the unavailability of such coverages from reputable insurance companies, or if such coverages are available only at demonstrably unreasonable cost. In such event, the Executive Board shall timely cause notice of such fact to be delivered to all Owners.

Section 6.2. Notice to Owners. The Association, through its Executive Board, shall

promptly furnish to each Owner written notice of the procurement of, subsequent change in, or termination of, insurance coverages obtained under this Article.

Section 6.3. General Insurance Provisions. All insurance coverages obtained by the Executive Board shall be governed by the following provisions.

a. As long as Declarant owns any Unit on which a certificate of occupancy has been issued, Declarant shall be protected by all such policies as an Owner. The coverage provided to Declarant under the insurance policies obtained in compliance with this Article shall not protect or be for the benefit of any general contractor engaged by Declarant, nor shall such coverage protect Declarant from (or waive any rights with respect to) warranty claims against Declarant as developer of the Project.

b. The deductible amount, if any, on any insurance policy the Executive Board purchases may be treated as a Common Expense payable from Periodic Assessments or Special Assessments, or as an item to be paid from working capital reserves established by the Executive Board; or alternatively, the Executive Board may treat the expense as an assessment against an Owner whose Unit is specifically affected by the damage or whose negligence or willful act resulted in damage. The Association may enforce payment of any amount due from an individual Owner toward the deductible in the same manner as an Assessment.

c. The insurance coverage described in this Article shall be considered minimum coverage and the Association will be obligated to secure and maintain such other or additional coverage as may be required by law or C.R.S. § 38-33.3-313, which is also applicable to supplement the provisions of this Article.

d. Except as otherwise provided in this Declaration, insurance premiums for the insurance coverage provided by the Executive Board pursuant to this Article shall be a Common Expense to be paid by Assessments levied by the Association.

Section 6.4. Physical Damage Insurance on Improvements. The Association shall obtain and maintain in full force and effect physical damage insurance on all Units, (excluding, unless the Executive Board directs otherwise, the fixtures, equipment, furniture, wall coverings, improvements, additions or other personal property installed by Owners) and all insurable Common Element improvements within the Project, in an amount equal to full replacement value (i.e., 100% of the current "replacement cost" exclusive of land, foundation, excavation, and other items normally excluded from coverage) together with costs necessarily incurred to comply with construction code changes. Such insurance shall afford protection against at least the following:

a. Loss or damage caused by fire and other hazards covered by the standard extended coverage endorsement with the standard all-risk endorsement including but not limited to sprinkler leakage, debris removal, demolition, vandalism, malicious mischief, windstorm, and water damage;

b. Property damage insurance covering personal property owned by the Association.

Section 6.5. Provisions Common to Physical Damage Insurance.

a. In contracting for the insurance policy or policies obtained pursuant to Section 6.4, the Executive Board shall make reasonable efforts to secure coverage if the Board deems such coverage advisable, which includes:

i. A waiver of any right of the insurer to repair, rebuild or replace any damage or destruction, if a decision is made pursuant to this Declaration not to do so.

ii. The following endorsements (or equivalent): (a) "cost of demolition"; (b) "contingent liability from operation of building laws or codes"; (c) "increased cost of construction"; and (d) "agreed amount" or elimination of co-insurance clause.

iii. Periodic appraisals to determine replacement cost, as more fully explained in Section 6.5(b) below.

iv. A provision that no policy may be canceled, invalidated, or suspended on account of the conduct of any Owner (including such Owner's tenants, servants, agents, invitees, and guests), any member of the Executive Board, officer, or employee of the Association or the Manager without prior demand in writing delivered to the Association to cure the defect and the allowance of a reasonable time thereafter within which the defect may be covered by the Association, the Manager, any Owner, or Mortgagee.

v. Any other provisions the Executive Board deems advisable.

b. Prior to obtaining any physical damage insurance policy or any renewal thereof, and at such other intervals as the Executive Board may deem advisable, the Executive Board shall obtain an appraisal from a general contractor, an insurance company, or such other source as the Board may determine, of the then replacement cost of the property (exclusive of the land, excavations, foundations and other items normally excluded from such coverage) subject to insurance carried by the Association, without deduction for depreciation, for the purpose of determining the amount of physical damage insurance to be secured pursuant to this Article.

c. A duplicate original of the physical damage insurance policy, all renewals thereof, and any subpolicies or certificates and endorsements issued thereunder, together with proof of premium payments and any notice issued under Section 6.5(a)(iv) above, shall be delivered by the insurer to the Association and upon request to any Owner or Eligible Mortgagee. An Eligible Mortgagee on any Unit shall be entitled to receive prompt notice of any event giving rise to a claim under such policy arising from damage to such Unit.

Section 6.6. Liability Insurance.

a. The Executive Board shall obtain and maintain in full force and effect commercial general liability insurance with such limits as the Executive Board may from time to time determine, insuring the Association, each Director, the Manager, and their respective employees and agents. The liability policy will cover claims and liabilities arising out of or incident to the ownership existence, management, operations, maintenance or use of the Common Elements. The insurance shall cover claims of one or more insured parties against other insured parties.

b. The Executive Board shall review such limits once every two years, but in no event shall such insurance be less than \$1,000,000 covering all claims for bodily injury or property damage arising out of one occurrence. Reasonable amounts of "umbrella" liability insurance in excess of the primary limits may also be obtained.

Section 6.7. Provisions Common to Physical Damage Insurance, and Liability Insurance. Any insurance coverage the Association obtains pursuant to this Article shall be subject to the following provisions and limitations:

a. The named insured under any such policies shall include Declarant, until all the Units have been conveyed, and the Association, as attorney-in-fact for the use and benefit of the Owners, or the Association's authorized representative (including any trustee, or any successor trustee, with whom the Association may enter into an insurance trust agreement, sometimes referred to in this Declaration as the "Insurance Trustee" and such Insurance Trustee will be recognized by an insurer providing insurance pursuant to this Article) who shall have exclusive authority to negotiate losses and receive payments under such policies, and the "loss payable" clause should designate the Association or the Insurance Trustee, if any, who will act as trustee for each Owner and the holder of each Unit's Mortgage.

b. Each Owner shall be an insured person with respect to liability arising out of the Owner's interest in the Common Elements or membership in the Association.

c. The insurance coverage obtained and maintained pursuant to this Article shall not be brought into contribution with insurance purchased by the Owners or on their behalf;

d. The policies shall provide that coverage shall not be prejudiced by (i) any act or neglect of any Owner or Guest when such act or neglect is not within the control of the Association, or (ii) any act or neglect or failure of the Association to comply with any warranty or condition with regard to any portion of the Property over which the Association has no control;

e. The policies shall contain the standard mortgagee clause commonly accepted by private institutional mortgage investors in the area in which the Property is located, and provide that coverage may not be canceled nor may the insurer refuse to renew (including cancellation for non-payment of premium) without at least thirty (30) days' written notice to the Association, each Owner and any Eligible Mortgagee listed as an insured in the policies; and

f. The policies shall contain a waiver of: (i) subrogation by the insurer as to any and all claims against Declarant, the Executive Board, the Association, the Manager, and any Owner or Guest; and (ii) any defenses based upon co-insurance or upon invalidity arising from the acts of the insured.

Section 6.8. Other Insurance. The Executive Board may obtain insurance against such other risks of a similar or dissimilar nature as it shall deem appropriate with respect to the Association's responsibilities and duties.

Section 6.9. Insurance Obtained by Owners. Owners may obtain physical damage insurance covering their personal property at their own expense. Owners shall obtain liability

insurance at their own expense, and the Association shall be named as an additional insured under such policy. In addition, an Owner may obtain such other and additional insurance coverage on their Unit as such Owner in the Owner's sole discretion shall conclude to be desirable. However, no such insurance coverage obtained by the Owner shall operate to decrease the amount which the Executive Board, on behalf of all Owners, may realize under any policy maintained by the Board or otherwise affect any insurance coverage obtained by the Association or cause the diminution or termination of that insurance coverage. Any insurance obtained by an Owner shall include a provision waiving the particular insurance company's right of subrogation against the Association and other Owners, including Declarant, should Declarant be the Owner of any Unit. No Owner shall obtain separate insurance policies on the Common Elements.

ARTICLE VII **ASSESSMENTS**

Section 7.1. Apportionment of Common Expenses. The apportionment of Common Expense liability appurtenant to each Unit shall be in the percentages shown in Exhibit B, and as set forth more fully below.

a. Each Unit shall be responsible for the Common Expenses, except as provided in the subsections below. Each Unit's share of the Common Expenses is equivalent to the ratio of its approximate square footage to the total square footage of all Units which area has been determined in good faith by Declarant and consistently applied to all Units.

b. Any extraordinary maintenance, repair or restoration work on, or Common Expense benefitting, fewer than all of the Units or Limited Common Elements shall be borne by the Owners of those affected Units only. Any extraordinary insurance cost incurred as a result of the value of a particular Owner's Unit or the actions of a particular Owner, or their Guests, shall be borne by that Owner. Any Common Expense caused by the misconduct or negligence of any Owner, or their Guest, shall be assessed solely against such Owner's Unit.

Section 7.2. Obligation and Purpose of Assessments.

a. Owners, by accepting a deed for a Unit, covenant to pay the Association (1) the Periodic Assessments imposed by the Executive Board as necessary to meet the Common Expenses of maintenance, repair, replacement, operation, and management of the Common Elements and to perform the Association's functions; (2) Special Assessments for capital improvements and other purposes as stated in this Declaration, if permitted by law; and (3) Default Assessments which may be assessed against a Unit for the Owner's failure to perform an obligation under the Association Documents or because the Association has incurred an expense under the Association Documents on the Owner's behalf. No Owner may exempt themselves from liability for assessments by non-use of Common Elements, abandonment of their Unit, or any other means. The obligation to pay Assessments is a separate and independent covenant on the part of each Owner. No diminution or abatement of Assessments or set-off shall be claimed or allowed for any alleged failure of the Association or Board to take some action or perform some function required of it, or for inconvenience or discomfort arising from the making of repairs or improvements, or from any other action it takes.

b. Assessments shall be used exclusively to promote the health, safety and

welfare of the Owners and occupants of the Property and for the improvement, maintenance, repair, or replacement of the Common Elements all as more fully set forth in the Association Documents.

Section 7.3. Commencement of Assessments. Assessments shall commence on the first day of the month after issuance of a Certificate of Occupancy for a Unit or upon sale of a Unit, whichever first occurs.

Section 7.4. Assessment Lien.

a. The Association is hereby granted, and shall have, a lien on a Unit for any Assessment levied against the Unit or fines imposed against its Owner. Fees, charges, late charges, attorneys' fees, fines, and interest charged pursuant to the Act and the Association Documents are enforceable as Assessments. The amount of the lien shall include all those items set forth in this Section from the time such items become due. If an Assessment is payable in installments, each installment is a lien from the time it becomes due, including the due date set by any valid Association acceleration of installment obligations.

b. A lien under this Section is prior to all other liens and encumbrances on a Unit except: (1) liens and encumbrances recorded before the recordation of the Declaration; (2) an Eligible Mortgagee's first Security Interest on the Unit recorded before the date on which the Common Expense Assessment sought to be enforced became delinquent; and (3) liens for real estate taxes and other governmental assessments or charges against the Unit. A lien under this Section is also prior to all Security Interests described in subdivision (2) of this subsection to the extent that the Common Expense Assessments (not including fees, charges, late charges, attorneys' fees, fines, and interest pursuant to C.R.S. §§ 38-33.3-302(1)(j), (k), and (l), C.R.S. § 38-33.3-313(6), C.R.S. § 38-33.3-315(2), are based on the periodic budget adopted by the Association pursuant to this Declaration and would have become due in the absence of acceleration, during the six months immediately preceding an action or a non-judicial foreclosure either to enforce or extinguish either the Association's lien or a Security Interest described in subdivision (2) of this subsection. The Assessment lien shall be superior to and prior to any homestead exemption provided now or in the future by Colorado law. Transfer of any Unit shall not affect the Association's lien except that sale or transfer of any Unit pursuant to foreclosure of any first Security Interest, or any proceeding in lieu thereof, or cancellation or forfeiture shall only extinguish the Association's lien as provided in the Act. The amount of such extinguished lien may be reallocated and assessed to all Units as a Common Expense at the Executive Board's direction.

c. Recording of this Declaration constitutes record notice and perfection of the Association's lien. Further recording of a statement or claim of lien is permitted, but not required.

d. This Section does not prohibit an action to recover sums for which this Section creates a lien or prohibit the Association from taking a deed in lieu of foreclosure. A judgment or decree in any action brought under this Section shall include costs and reasonable attorneys' fees for the prevailing party, which may constitute additional Assessments, and be enforceable by execution under Colorado law.

e. The Association's lien may be foreclosed by the same manner in which a

mortgage on real estate is foreclosed under Colorado law.

f. In any action by the Association to collect Assessments or to foreclose an Assessment lien, the court may also appoint a receiver for the Unit who shall collect all sums due from that Unit Owner or a tenant of the Unit Owner prior to or during the pendency of the action. The court may order the receiver to pay any sums held by the receiver to the Association during the pendency of the action to the extent of the Association's Assessments based on a periodic budget adopted by the Association pursuant to this Declaration.

Section 7.5. Budget. The Executive Board will adopt a budget with Assessments sufficient to pay all Common Expenses and adequate reserves on an annual basis before the commencement of each calendar year. A summary of the budget will be sent to all Owners. Additionally, the Executive Board shall act as reasonably necessary to obtain votes from all Commercial Unit Owners on whether to approve the portion of the budget concerning only the Commercial Units.

Section 7.6. Periodic Assessments. Periodic Assessments for Common Expenses shall be based upon the estimated cash requirements as the Executive Board shall from time to time determine to be paid by all of the Owners. Periodic Assessments shall be due in advance, without notice on the first day of the year. Owners may pay their Periodic Assessment in monthly installments, due on the first of each month, without notice, or in such other installments as the Executive Board may determine. Failure to fix the Periodic Assessments for any assessment period shall not be deemed a waiver, modification, or release of the Owners from their obligation to pay the same. The Association shall have the right, but not the obligation, to make prorated refunds of any Periodic Assessments in excess of the actual expenses incurred in any fiscal year. Periodic Assessments will commence after the Executive Board has approved a budget and levied Assessments and a Certificate of Occupancy is issued for a Unit.

Section 7.7. Supplementary Assessments. If the Executive Board determines, at any time or from time to time, that the amount of the Periodic Assessments is not adequate to pay for the costs and expenses of fulfilling the Association's obligations, one or more supplementary assessments may be made for the purpose of providing the additional funds required. To determine the amount of additional funds to be raised by supplementary assessment, the Executive Board shall revise the budget, a summary of which shall be furnished to each Owner and shall set a date for an Owner meeting to consider its ratification. Upon request, the Executive Board will deliver the revised budget summary to any Eligible Mortgagee. The Executive Board may levy a supplementary assessment for such fiscal year against each Unit based on the revised budget.

Section 7.8. Special Assessments. In addition to Periodic Assessments, the Executive Board may levy in any fiscal year one or more Special Assessments, payable over such a period as the Executive Board may determine, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of improvements within the Common Elements or for any other expense incurred or to be incurred as provided in this Declaration. This Section shall not be construed as an independent source of authority for the Association to incur expense, but shall be construed to prescribe the manner of assessing expenses authorized in this Declaration, and in acting under this Section, the Association shall make specific references to this Section. Any amounts assessed pursuant to this Section shall be assessed to Owners as provided in this Article, except that any extraordinary maintenance, repair, or

restoration work on fewer than all of the Units shall be borne by the Owners of those affected Units only; and any extraordinary insurance costs incurred as a result of the value of a particular Owner's residence or the actions of a particular Owner, or their Guest, shall be borne by that Owner. Written notice of the Special Assessment amount and payment schedule shall be given promptly to the Owners, and no payment shall be due less than thirty (30) days after the date of such notice.

Section 7.9. Default Assessments. All monetary fines assessed against an Owner pursuant to the Association Documents, or any Association expense which is an Owner's obligation or which the Association incurs on an Owner's behalf pursuant to the Association Documents, shall be a Default Assessment. Such a Default Assessment shall be a lien against such Owner's Unit which may be foreclosed or otherwise collected as provided in this Declaration. Notice of the amount and due date of such Default Assessment shall be sent to the Owner subject to such Assessment at least thirty (30) days prior to that due date.

Section 7.10. Working Capital Fund. The Association or Declarant shall require each buyer of a Unit to make a non-refundable payment to the Association in an amount equal to one-fourth (1/4) of the Unit's Periodic Assessment for that year, which sum shall be segregated and held, without interest, by the Association to meet unforeseen expenditures, acquire additional services or equipment, or as a maintenance reserve. A working capital fund contribution shall be collected and transferred to the Association at the time of closing of each sale, or re-sale, of each Unit, and shall be maintained for the Association's use and benefit. An Owner's contribution to the working capital fund shall not relieve an Owner from otherwise paying Assessments as they become due. Upon the transfer of a Unit, an Owner shall not be entitled to a credit from the transferee for any unused portion of the working capital fund. Declarant may not use any of the working capital fund to defray any of its expenses or construction costs.

Section 7.11. Reserve Fund. The Association shall establish and maintain an adequate reserve fund for the replacement of improvements to the Common Elements and those Limited Common Elements that the Association is obligated to maintain. This reserve fund shall be a line item in the periodic budget and shall be collected from and as part of the Periodic Assessments for Common Expenses.

Section 7.12. Effect of Nonpayment.

a. Any Periodic, Special, or Default Assessment, or any installment thereof, shall be delinquent if not paid within thirty (30) days of its due date. If an Assessment, or installment, becomes delinquent, the Association, in its sole discretion, may take any or all of the following actions:

i. Assess a late charge for each delinquency in such amount as the Executive Board may determine.

ii. Assess interest on the delinquent amount at a rate the Executive Board determines is appropriate, but not to exceed twenty-one percent (21%) per annum (Default Rate), accruing from the due date until paid in full;

iii. Suspend the Owner's voting rights or the right to use any Common Element during any period of delinquency;

iv. Accelerate any portion or all remaining Assessment installments so that unpaid Assessments for the remainder of the fiscal year shall be immediately due and payable;

v. Disconnect any utility services to the Unit that are paid as a Common Expense;

vi. Bring an action at law against any Owner personally obligated to pay the delinquent Assessments; and

vii. File a statement of lien with respect to the Unit and proceed with foreclosure as set forth herein.

b. Upon payment of delinquent Assessments, the Association may forego any collections remedies, decelerate any Assessment installments that were accelerated and restore any rights to the previously delinquent Owner.

Section 7.13. Successor's Liability for Assessment. In addition to each Owner's personal obligation to pay all Assessments and the Association's perpetual lien for such Assessments, all successors to ownership of a Unit, except as otherwise provide in this Article, shall be jointly and severally liable with the prior Unit Owner(s) for any and all unpaid Assessments, interest, late charges, costs, expenses and attorney's fees against such Unit without prejudice to such successor's right to recover from any prior Owner any amounts paid by such successor. The successor's liability shall not be personal and shall terminate upon termination of such successor's ownership of the Unit. In addition, the successor shall be entitled to rely on the Association's statement of status of assessments as set forth below.

Section 7.14. Notice to Mortgagee. The Association may report to any Eligible Mortgagee any unpaid Assessments remaining unpaid for longer than sixty (60) days after the same shall have become due, if such Eligible Mortgagee first shall have furnished to the Association written notice of their Security Interest and a request for notice of unpaid Assessments. Any Eligible Mortgagee holding a lien on a Unit may pay any unpaid Assessment payable with respect to such Unit, together with any and all costs and expenses incurred with respect to the lien, and upon such payment that Eligible Mortgagee shall have a lien on the Unit for the amounts paid with the same priority as their Security Interest lien.

Section 7.15. Statement of Assessments. The Association shall furnish to an Owner, their designee, or to a holder of a Security Interest upon written request, delivered personally or by certified mail, first-class postage prepaid, return receipt, to the Association's registered agent, a statement setting forth the amount of unpaid assessments currently levied against such Owner's Unit. A reasonable fee, established by the Executive Board, may be charged for such statement.

ARTICLE VIII

DAMAGE OR DESTRUCTION

Section 8.1. The Role of the Executive Board. Except as otherwise provided in this Article, if damage to or destruction of all or part of any Common Elements, or other property covered by insurance written in the Association's name ("Association-Insured Property") occurs,

the Executive Board shall arrange for and supervise the prompt repair and restoration of the damaged property.

Section 8.2. Estimate of Damages or Destruction. As soon as practicable after an event causing damage to or destruction of any part of the Association-Insured Property, the Executive Board shall, unless such damage or destruction shall be minor, obtain an estimate or estimates that it deems reliable and complete of the cost of repair and reconstruction. As used in this Article "repair and reconstruction" shall mean restoring the damaged or destroyed improvements to substantially the same condition in which they existed prior to the damage or destruction. Such costs may also include professional fees and premiums for such bonds as the Executive Board determines to be necessary.

Section 8.3. Repair and Reconstruction. As soon as practical after the damage occurs and any required estimates have been obtained, the Association shall diligently pursue to completion the repair and reconstruction of the damaged or destroyed Association-Insured Property. As attorney-in-fact for the Owners, the Association may take any and all necessary or appropriate action to effect repair and reconstruction of any damage to the Association-Insured Property, and no consent or other action by any Owner shall be necessary. Assessments shall not be abated during the period of insurance adjustments and repair and reconstruction.

Section 8.4. Funds for Repair and Reconstruction. Proceeds received by the Association from any hazard insurance it carries shall be used to repair, replace and reconstruct the Association-Insured Property. If said proceeds are insufficient to pay the estimated or actual cost of such repair, replacement or reconstruction, or if upon completion of such work the insurance proceeds for the payment of such work are insufficient, the Association may, levy, assess and collect in advance from the Owners, without the necessity of a special vote of the Owners, a Special Assessment sufficient to provide funds to pay such estimated or actual costs of repair and reconstruction. Further levies may be made in like manner if the amounts collected prove insufficient to complete the repair, replacement or reconstruction.

Section 8.5. Disbursement of Funds for Repair and Reconstruction. The insurance proceeds held by the Association and the amounts received from the Special Assessments provided for above, constitute a fund for the payment of the costs of repair and reconstruction after casualty. The first money disbursed in payment for the costs of repair and reconstruction shall be made from insurance proceeds, and the balance from the Special Assessments. If there is a positive balance remaining in said fund after payment of all costs of such repair and reconstruction, such balance shall be distributed to the Owners in proportion to the contributions each Owner made as Special Assessments, then in equal shares per Unit, first to the Mortgagees and then to the Owners, as their interests appear.

Section 8.6. Decision Not to Rebuild Common Elements. If at least sixty percent (60%) of the Owners and all directly adversely affected Owners (as determined by the Executive Board) agree in writing not to repair and reconstruct improvements within the Common Elements and if no alternative improvements are authorized, then the damaged property shall be restored to its natural state and maintained as an undeveloped portion of the Common Elements by the Association in a neat and attractive condition. Any remaining insurance proceeds shall be distributed in accordance with applicable law.

ARTICLE IX **CONDEMNATION**

Section 9.1. Rights of Owners. If any authority having power of condemnation or eminent domain takes all or any part of the Common Elements, or whenever the Executive Board, acting as attorney-in-fact for all Owners under instruction from such authority, conveys all or any part of the Common Elements in lieu of such taking, each Owner shall be entitled to notice of the taking or conveying. The Association shall act as attorney-in-fact for all Owners in the proceedings incident to the condemnation proceeding, unless otherwise prohibited by law.

Section 9.2. Partial Condemnation, Distribution of Award; Reconstruction. The award made for such taking shall be payable to the Association as trustee for those Owners for whom use of the Common Elements was conveyed, and the award shall be disbursed as follows: If the taking involves a portion of the Common Elements on which improvements have been constructed, then, unless within sixty (60) days after such taking Declarant and at least four Owners shall otherwise agree, the Association shall restore or replace such improvements so taken on the remaining land included in the Common Elements to the extent lands are available for such restoration or replacement in accordance with plans approved by the Executive Board. If such improvements are to be repaired or restored, the provisions above regarding the disbursement of funds in respect to repair of casualty damage or destruction shall apply. If the taking does not involve any improvements on the Common Elements, or if there is a decision made not to repair or restore, or if there are net funds remaining after any such replacement is completed, then such award or net funds shall be distributed in equal shares per Unit among the Owners, first to the Mortgagees, if any, and then to the Owners, as their interests appear.

Section 9.3. Complete Condemnation. If all of the Property is taken, condemned, sold, or otherwise disposed of in lieu of or in avoidance of condemnation, then the regime created by this Declaration shall terminate, and the portion of the condemnation award attributable to the Common Elements shall be distributed as provided in Section 8.5 above.

ARTICLE X **DURATION OF COVENANTS AND AMENDMENT**

Section 10.1. Covenants Binding. Each provision of this Declaration and a promise, covenant and undertaking to comply with each such provision shall: (i) be 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) by virtue of an Owner's acceptance of any right, title or interest in any of the Property, be accepted, ratified, adopted and declared as such Owner's personal covenant 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 Declarant and all Owners within the Project; (iii) be 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 Declarant, as its interest may appear, and all Owners within the Project; and (iv) run with the land.

Section 10.2. Amendment.

- a. Except as otherwise specifically provided in this Declaration, any provision

of this Declaration may be amended at any time by the affirmative vote or written consent, or any combination thereof, of at least 60% of the Owners. Any amendment must be executed by the President and recorded, and approval of such amendment may be shown by attaching a certificate of the Secretary to the recorded instrument certifying that signatures of a sufficient number of Owners approving the amendment are on file in the office of the Association. In addition, the approval requirements set forth in that Article entitled Security Interests and Eligible Mortgagees shall be met, if appropriate.

b. Notwithstanding anything to the contrary contained in this Declaration:

i. Declarant hereby reserves and is granted the right and power to record technical amendments to this Declaration, the Articles and Bylaws, at any time for the purpose of correcting spelling, grammar, dates, typographical errors or as may otherwise be necessary to clarify the meaning of any provision without the consent of the Owners or Eligible Mortgagees.

ii. Declarant hereby reserves and is granted the right and power to record special amendments to the Declaration, the Articles and Bylaws at any time in order to comply with any requirement of any of the Agencies or to induce any of the Agencies to make, purchase, sell, insure or guarantee Security Interests, to comply with the Act, or to conform with any amendments, modifications, revisions or revocations of the Carbondale Code, without the consent of the Owners or any Eligible Mortgagees.

Section 10.3. When Modifications Permitted. Notwithstanding any provisions in this Declaration to the contrary, no termination, extension, modification, or amendment of this Declaration made prior to the termination of Declarant's control shall be effective unless the prior written approval of Declarant is first obtained.

Section 10.4. Revocation; Termination. This Declaration shall not be revoked, nor shall the Project be terminated, except as provided in Article IX regarding total condemnation, without the consent of all of the Owners evidenced by a written instrument duly recorded.

ARTICLE XI

INITIAL PROTECTIVE COVENANTS

Section 11.1. Plan of Development, Applicability, Effect. Declarant has established a general plan of development for the Property in order to protect the Owners' collective interests and the aesthetics and environment within the Project. In furtherance of that general plan, this Declaration and the Association Documents establish affirmative and negative covenants, easements, and restrictions on the Property, subject to certain rights vested in the Executive Board and the Owners to enable them to respond to changes in circumstances, conditions, needs and desires within the Project.

Section 11.2. Authority to Promulgate Use Restrictions. Initial use restrictions applicable to the Project are set forth below. Amendment of these use restrictions requires a vote of at least 60% of the Owners. Provided, however, in accordance with the duty to exercise reasonable business judgment, the Executive Board, with Declarant's consent during the Declarant Control Period, may adopt rules and regulations that modify, limit, create exceptions to, or expand

the initial use restrictions set forth in this Article.

Section 11.3. Owners Acknowledgment. All Owners and Guests are given notice that use of their Unit is limited by the Association Document provisions as they may be amended, expanded and otherwise modified from time to time. Each Owner, by acceptance of a deed, acknowledges and agrees that the use and enjoyment and marketability of their Unit can be affected by this provision and that all restrictions upon the use and occupancy of a Unit may change from time to time.

Section 11.4. Rights of Owners. The Executive Board shall not adopt any Rule or Regulation in violation of the following provisions:

a. Equal Treatment. Similarly situated Owners and Guests shall be treated similarly.

b. Speech. An Owners right to display political signs and symbols in or on their Unit subject to reasonable time, place, and manner restrictions that the Association may adopt for the purpose of minimizing damage and disturbance to other Owners and Guests.

c. Religious and Holiday Displays. An Owners right to display religious and holiday signs, symbols, and decorations on Units, except that the Association may adopt reasonable time, place, and manner restrictions for the purpose of minimizing damage or disturbance to other Owners and Guests.

d. Activities within Units. No rule shall interfere with the activities carried on within the confines of a Unit, except that the Association may restrict or prohibit any activities that create monetary costs for the Association or other Owners, that create a danger to the health or safety of Owners or Guests, that generate excessive noise, odors or traffic, that create unsightly conditions visible outside the Unit, or that create an unreasonable source of annoyance.

e. Reasonable Rights to Develop. No rule shall impede Declarant's right to develop in accordance with the provisions of this Declaration.

f. Abridging Existing Rights. If any rule would otherwise require Owners or Guests to dispose of personal property that they owned at the time they acquired their interest in the Unit, and such ownership was in compliance with all rules and regulations in force at that time, the rule shall not apply to any such Owners or Guests without their written consent. However, all subsequent Unit Owners or Guests shall comply with such rule.

Section 11.5. Special Use Permit. The Special Use Permit issued by the Town of Carbondale and recorded in Garfield County on November 14, 2018 at Reception No. 914135 (the "Permit") authorizes Stepping Stones of the Roaring Fork Valley, to use all or a portion of the Property for its management, and administration, and for operations as a youth center providing essential services and programming free of charge, including skill development, nightly meals, basic needs assistance, educational support and advocacy, community engagement, arts programming, and outdoor recreation for youth ages 10 to 21 (the "Special Use"). Notwithstanding any conflicting provisions in this Declaration, the Special Use is permitted so long as the Permit remains effective

Section 11.6. Initial Use Restrictions. The following restrictions apply within the Project unless expressly authorized (and in such cases, subject to such conditions as may be imposed) by a resolution unanimously adopted by the Executive Board.

a. **Residential Use.** No Unit shall be used for residential purposes without the Association's prior approval. Additionally, no residential use of a Unit shall be permitted without compliance with the Carbondale Code and the Town of Carbondale's prior approval.

b. **Commercial Units.** The use of each Commercial Unit is restricted to commercial activities permitted by the Carbondale Code, except that use of any part of a Commercial Unit for adult entertainment, alcohol sales, sale or cultivation of marijuana, private marijuana clubs, tattoo parlors, use for any commercial activity after 9:00 p.m. or before 6:00 a.m., use as a single-family dwelling, or use as a bed and breakfast, inn, rooming or boarding house, hotel or motel or for any commercial lodging purposes, is prohibited.

b. **Pets.** Raising, breeding, or keeping animals or livestock of any kind is prohibited on the Property, except as permitted by this Declaration and the Carbondale Code. However, pets that make objectionable noise, endanger the health or safety of, or constitute a nuisance or unreasonable inconvenience to, other Owners or Guests may be removed from the Property. Pets must be voice or leash controlled at all times and shall not be permitted to roam free or run loose on the Common Elements. Pet owners shall be responsible for cleaning up after their pets.

c. **Subdivision.** Units may be subdivided into two or more Units, or the boundary lines of any Unit altered, pursuant to requirements in this Declaration or applicable law.

d. **Leases.** The term "lease," as used herein, shall include any agreement for the lease or rental of a Unit and shall specifically include, without limitation, term or month to month rental. Owners shall have the right to lease their Units only under the following conditions:

i. All long-term leases shall be in writing.

ii. All leases shall provide that the lease terms and the tenant's occupancy of the Unit is subject to the Association Documents, as the same may be amended from time to time, and that the tenant's failure to comply with the Association Documents, in any respect, shall be a default of the lease, which may be enforced by the Executive Board, the Owner, or both.

iii. The Association may require any Owner who leases his Unit to forward a copy of the lease to the Association within ten (10) days after the execution by Owner and the tenant.

e. **Restrictions on Parking and Vehicles.** No Parking Space may be conveyed separately from a Unit except as provided in Section 5.11. Parking or storing of vehicles within the Property shall be subject to rules and regulations enacted by the Executive

Board and provisions of this Declaration including, but not limited to, the following:

- i. Only Unit Owners or their Guests may park on the Property.
- ii. No portion of the Property shall be used as a parking, storage, display or accommodation area for any type of house trailer, camping trailer, boat trailer, hauling trailer, motor home, running gear, boat or accessories thereto, except upon the Executive Board's prior approval.
- iii. No abandoned or inoperable vehicles of any kind shall be stored or parked on the Property, except upon the Executive Board's prior approval. An "abandoned or inoperable vehicle" shall be defined as any automobile, truck, motorcycle, van, recreational vehicle or other device for carrying passengers, goods or equipment which has not been driven under its own propulsion for a period of two weeks or longer.
- iv. Unlicensed motor vehicles shall not be operated on the Common Elements. The definition of unlicensed motor vehicles shall include, but is not limited to, go-carts, mini-bikes, unlicensed motor bikes, motorized scooters, snow mobiles and all-terrain vehicles.
- f. Compliance with Laws. Each Owner shall comply with all applicable laws, regulations, ordinances, and other governmental or quasi-governmental regulations with respect to all or any portion of the Property. Further, no Owner shall dispose or allow any person under the Owner's control or direction to release, discharge or emit from the Property or dispose of any material on the Property that is designated as hazardous or toxic under any federal, state or local law, ordinance or regulation.
- g. Nuisances. Any use, activity, or practice which is the source of disturbance to or unreasonably interferes with the peaceful enjoyment or possession of a Unit or any portion of the Common Elements or any portion of the Project, is a nuisance. All laws, ordinances and regulations of all governmental bodies having jurisdiction over the Project shall be observed and may be enforced by the Association as if the same were contained in the Association Documents.
- h. Decks, Balconies or Patios. Furniture or gas or electric grills may not be used or stored on a Unit's deck, balcony or patio without the Board's prior approval. Charcoal grills and other open fires are prohibited. Owners understand their use of the exterior Limited Common Elements can detrimentally affect other Owners. The Executive Board may adopt rules governing appropriate use and appearance of the decks, balconies, patios and other Limited Common Elements, and may adopt rules permitting Owners to use and store natural gas barbecue grills on a Unit's deck, balcony or patio, subject to reasonable restrictions or applicable law.

Section 11.7. Alterations or Modifications by Owners.

- a. Owners may not make any structural addition, alteration, or modification in or to the Property without the prior written consent of the Executive Board, or a Board appointed committee, in accordance with Section 11.7(b). Subject to forgoing, Owners:

i. may make alterations or modifications to the interior of their Units that do not impair the structural integrity or affect the utilities or mechanical systems or lessen the support of any portion of the Property; and

ii. may not alter or modify the appearance of the Common Elements, a Unit's exterior appearance including any portion of the Unit's interior that affects the Building's exterior appearance, or the exterior appearance of any other portion of the Property, without prior authorization.

b. An Owner may submit a written request for approval of anything prohibited under Section 11.7(a). Responses to any such written request for approval shall be made within 60 days after receipt of the request. Failure to answer the request within this time shall not constitute consent to the proposed action. Review of such requests shall be in accordance with standards and criteria established by the Executive Board from time to time.

c. Any applications to any department or governmental authority for a permit to make any addition, alteration, or modification in or to any Unit that affect the structural integrity, electrical or mechanical systems of the Property shall be first approved by the Executive Board before the Owner files such application. This approval will not, however, make the Association, or any Owner, liable for any claim or damage arising from the permit on account of the addition, alteration, or modification.

d. All additions, alterations, and modifications to the Units and Common Elements shall not, except upon the Board's prior approval, cause any increase in the Association's, or any other Owner's, insurance policy premiums.

e. In addition to a written request for approval of anything prohibited under Section 11.7(a), Owners shall submit documents and materials including, but not limited to plans, specifications, and any additional information specified in any Board adopted design review guidelines or otherwise requested. The supporting information shall be reviewed for consistency with the Building and the style and character of the Project, and in accordance with any established standards and criteria.

f. Owners shall be responsible for payment of an application fee and all of the Association's expenses resulting from the Owner's request including, but not limited to the cost of professional review, and any other costs or expenses set forth in the standards and criteria adopted by the Executive Board. Additionally, Owner's shall be responsible for all their costs of preparing and submitting their written requests for approval and supporting materials, and all governmental permits and fees.

Section 11.8. Alterations or Modifications by the Executive Board. Subject to the limitations of this Declaration, the Board may and shall make any additions, alterations, or modifications to the Common Elements that, in its judgment, are necessary and in the best interest of the Project.

ARTICLE XII

SECURITY INTERESTS AND ELIGIBLE MORTGAGEES

The following provisions are for the benefit of Eligible Mortgagees.

Section 12.1. Title Taken by Lenders. Any Person holding a Security Interest against a Unit who obtains title to the Unit pursuant to remedies exercised in enforcing the Security Interest, including foreclosure or acceptance of a deed in lieu of foreclosure, will be liable for all Assessments due and payable as of the date title to the Unit is acquired.

Section 12.2. Distribution of Insurance or Condemnation Proceeds. In the event of a distribution of insurance proceeds or condemnation awards allocable among the Units for losses to, or taking of, all or part of the Common Elements, neither the Owner nor any other person shall take priority in receiving the distribution over the right of any Eligible Mortgagee who is a beneficiary of a Security Interest against the Unit.

Section 12.3. Right to Pay Taxes and Charges. Lenders who hold Security Interests against 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 Elements, and may pay overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy for such Common Elements, and holders of Security Interests making such payments shall be owed immediate reimbursement therefore from the Association.

Section 12.4. Financial Statement. Upon written request from any Agency or Eligible Mortgagee, which has an interest or prospective interest in any Unit or the Project, the Association shall prepare and furnish within ninety days any financial statement of the Association for the immediately preceding fiscal year at the expense of such Eligible Mortgagee.

Section 12.5. Notice of Action. Any Agency or Eligible Mortgagee which holds, insures or guarantees a first lien Security Interest, upon written request to the Association (which shall include the Mortgagee's and Agency's name and address and the Unit number), will be entitled to timely written notice of:

a. Any proposed amendment of the Association Documents effecting a change in (i) the boundaries of any Unit or the exclusive easement rights appertaining thereto, (ii) the interest in the Common Elements appurtenant to the Unit or the liability of Assessments relating thereto, (iii) the number of votes in the Association relating to any Unit, or (iv) the purposes to which any Unit or the Common Elements are restricted or any amendment in Section 12.6 below;

b. Any proposed termination of the common interest community;

c. Any condemnation loss or any casualty loss which affects a material portion of the Project or which affects any Unit on which there is a first lien Security Interest held, insured or guaranteed by such Agency;

d. Any delinquency in the payment of Assessments owed by the Unit Owner subject to the Security Interest which has continued for a period of more than sixty days;

e. Any lapse, cancellation or material modification of any insurance policy maintained by the Association.

Section 12.6. Inaction by Eligible Mortgagee or Governmental Agency. If this Declaration or any Association Documents require the approval of any governmental agency or Eligible Mortgagee then, if any such Eligible Mortgagee or agency fails to respond to any written proposal for such approval within sixty (60) days after such Person receives proper notice of the proposal (or such longer time as may be set forth in the notice), such Person shall be deemed to have approved such proposal provided that the notice was delivered to the Person by certified or registered mail, return receipt requested.

ARTICLE XIII

DISPUTE RESOLUTION AND LIMITATION ON LITIGATION

Section 13.1. Agreement to Encourage Resolution of Disputes Without Litigation.

a. Declarant, the Association and its officers, Directors, and committee members, Owners, all persons subject to this Declaration and any person not otherwise subject to this Declaration who agrees to submit to this Article (collectively, "Bound Parties"), agree that it is in the best interest of all concerned to encourage the amicable resolution of disputes involving the Project without the emotional and financial costs of litigation. Accordingly, each Bound Party agrees not to file suit in any court with respect to a Claim described in subsection (b), unless and until it has first submitted such Claim to the alternative dispute resolution procedures set forth in Section 13.2 in good faith effort to resolve such Claim.

b. As used in this Article, the term "Claim" shall refer to any claim, grievance, or dispute arising out of or relating to:

- i. the interpretation, application, or enforcement of the Association Documents;
- ii. the rights, obligations and duties of any Bound Party under the Association Documents; or
- iii. the design or construction of improvements within the Project, other than matters of aesthetic judgment, which shall not be subject to review;
- iv. any claim asserted by the Association on its own behalf, or on behalf of the Owners of two or more Units, for damages or other relief arising out of any alleged defect in the design or construction of improvements within the Project at any time while this Declaration is in force ("Construction Defect Claims").

c. The following shall not be considered "Claims" unless all parties to the matter otherwise agree to submit the matter to the procedures set forth in Section 13.2:

- i. any suit by the Association to collect Assessments or other amounts due from any Owner;
- ii. any suit by the Association to obtain a temporary restraining order (or emergency equitable relief) and such ancillary relief as the Court may deem necessary in order to maintain the status quo and preserve the Association's ability to enforce the provisions of this

Declaration, including, without limitation appointment of a receiver for a Unit;

iii. any suit between Owners, which does not include Declarant or the Association as a party, if such suit asserts a Claim which would constitute a cause of action independent of the Association Documents;

iv. any suit in which any indispensable party is not a Bound Party; and

v. any suit as to which any applicable statute of limitations would expire within 180 days of giving the Notice required by Section 13.2(a), unless the party or parties against whom the Claim is made agree to toll the statute of limitations as to such Claim for such period as may reasonably be necessary to comply with this Article.

Section 13.2. Dispute Resolution Procedures.

a. Notice. The Bound Party asserting a Claim ("Claimant") against another Bound Party ("Respondent") shall give written notice to each Respondent and to the Board stating plainly and concisely:

i. the nature of the Claim, including the Persons involved and the Respondent's role in the Claim;

ii. the legal basis of the Claim (*i.e.* the specific authority out of which the Claim arises);

iii. the Claimant's proposed resolution or remedy; and

iv. the Claimant's desire to meet with the Respondent to discuss in good faith ways to resolve the Claim.

b. Negotiation. The Claimant and Respondent shall make every reasonable effort to meet in person and confer for the purpose of resolving the Claim by good faith negotiation. If requested in writing, accompanied by a copy of the Notice, the Board may appoint a representative to assist the parties in negotiating a resolution of the Claim.

c. Mediation. If the parties have not resolved the Claim through negotiation within 30 days of the date of the notice described in Section 13.2(a) (or within such other period as the parties may agree upon), the Claimant shall have 30 additional days to submit the Claim to mediation with an entity designated by the Association (if the Association is not a party to the Claim) or to an independent agency providing dispute resolution services in Colorado.

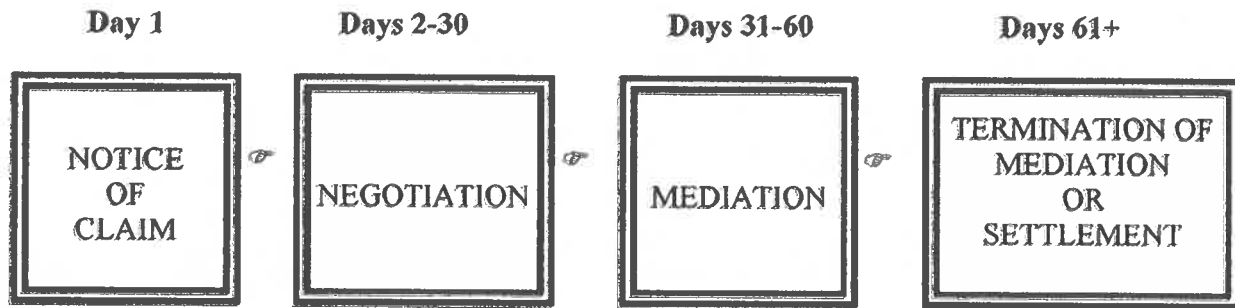
i. If the Claimant does not submit the Claim to mediation within such time, or does not appear for the mediation when scheduled, the Claimant shall be deemed to have waived the Claim, and the Respondent shall be relieved of any and all liability to the Claimant (but not third parties) on account of such Claim.

ii. If the Parties do not settle the Claim within 30 days after submission of the matter to mediation, or within such time as determined reasonable by the mediator, the

mediator shall issue a notice of termination of the mediation proceedings indicating that the parties are at an impasse and the date that mediation was terminated.

iii. Each Party shall bear its own costs of the mediation, including attorneys' fees and each Party shall share equally all fees charged by the mediator.

ALTERNATIVE DISPUTE RESOLUTION PROCESS



d. Settlement. Any settlement of the Claim through negotiation or mediation shall be documented in writing and signed by the parties. If any party thereafter fails to abide by the terms of such agreement, then any other party may file suit or initiate administrative proceedings to enforce such agreement without the need to again comply with the procedures set forth in this Section. In that event, the party taking action to enforce the agreement or award shall, upon prevailing, be entitled to recover from the non-complying party (or if more than one non-complying party, from all such parties in equal proportions) all costs incurred in enforcing such agreement or award, including, without limitation, attorneys' fees and court costs.

Section 13.3. Construction Defect Claims. To the extent of any insurance proceeds realized from the Association's property insurance, the Association waives its claims for damages against any contractor or subcontractor involved in the construction of the Units or the Common Elements. In addition to any requirements for initiating judicial proceedings provided in the Association Documents or the Act, the Executive Board shall not initiate a construction defect action as unless it complies with the disclosure requirements and obtains approval from majority vote of the Owners as set forth in C.R.S. § 38-33.3-303.5 of the Act. In addition, the following procedures shall govern all Construction Defect Claims whether brought by the Association or by any Owner:

a. Final and Binding Arbitration of Construction Defect Claims.

i. If the parties do not agree in writing to a settlement of the Construction Defect Claim within 15 days of the Termination of Mediation, Claimant shall have 15 additional days to submit the Construction Defect Claim to arbitration in accordance with the Construction Industry Arbitration Rules of the American Arbitration Association then in effect. If not timely submitted to arbitration, or if Claimant fails to appear for the arbitration proceeding, the Construction Defect Claim shall be deemed abandoned, and Respondent shall be released and discharged from any and all liability to Claimant arising out of such Construction Defect Claim; provided, nothing herein shall release or discharge Respondent from any liability to persons other than Claimant.

ii. This Section 13.3 is an agreement to arbitrate and is specifically enforceable under the applicable laws of the State of Colorado. Such agreement to arbitrate and all terms relating thereto in this Section 13.3 (including, without limitation, restrictions on Claimants rights to damages) shall apply, without limitation, to any "action" as defined in the Colorado Construction Defect Action Reform Act, C.R.S. § 13-20-802.5(1). The arbitration decision and the award, if any (the "Decision"), shall be final and binding, and judgment may be entered upon it in any court of competent jurisdiction to the fullest extent permitted under the laws of the State of Colorado.

b. Allocation of Costs of Resolving Construction Defect Claims. Each party, including, without limitation, any Owner and the Association, shall share equally all fees, expenses and charges payable to the mediator(s) and all fees, expenses and charges payable to the arbitrator(s) and the arbitration firm for conducting the arbitration proceeding. Under no circumstances, however, shall any party be entitled to recover any of its attorneys' fees, expenses or other mediation or arbitration costs (except to the extent specifically provided under C.R.S. § 38-33.3-123), from any other party. BY TAKING TITLE TO A UNIT AND AS A MEMBER OF THE ASSOCIATION, EACH OWNER ACKNOWLEDGES AND AGREES THAT SUCH OWNER AND THE ASSOCIATION HAVE WAIVED AND SHALL BE DEEMED TO HAVE WAIVED THE RIGHT TO ANY AWARD OF ATTORNEYS' FEES OR EXPENSES (EXCEPT AS SPECIFICALLY PROVIDED UNDER C.R.S. § 38-33.3-123) IN CONNECTION WITH THE ARBITRATION OF A CONSTRUCTION DEFECT CLAIM. The limitation described above on awarding attorneys' fees and expenses shall not apply to enforcement actions undertaken pursuant to Subsection 13.3(d) below.

c. Limitation on Damages. Claimant shall not be entitled to receive any award of damages in connection with the arbitration of a Construction Defect Claim other than such its actual damages, if any, and the Association and any Owner shall be deemed to have waived their respective rights to receive any damages in a Construction Defect Claim other than actual damages including, without limitation, attorneys' fees and expenses (except as specifically provided under C.R.S. § 38-33.3-123), special damages, consequential damages, and punitive or exemplary damages. BY TAKING TITLE TO A UNIT AND AS A MEMBER, EACH OWNER KNOWINGLY AND WILLINGLY ACKNOWLEDGES AND AGREES THAT SUCH OWNER AND THE ASSOCIATION HAVE WAIVED AND SHALL BE DEEMED TO HAVE WAIVED, IN CONNECTION WITH THE ARBITRATION OF ANY CONSTRUCTION DEFECT CLAIM UNDER Section 13.3, THE RIGHT TO ANY AWARD OF CONSEQUENTIAL, INDIRECT, SPECIAL, PUNITIVE, INCIDENTAL, OR OTHER NON-COMPENSATORY DAMAGES OR SIMILAR DAMAGES, INCLUDING ALL DAMAGES FOR EMOTIONAL DISTRESS, WHETHER FORESEEABLE OR UNFORESEEABLE AND REGARDLESS OF WHETHER SUCH DAMAGES ARE BASED ON (BUT NOT LIMITED TO) CLAIMS ARISING OUT OF BREACH OR FAILURE OF EXPRESS OR IMPLIED WARRANTY OR CONDITION, BREACH OF CONTRACT, VIOLATION OF BUILDING CODES (LOCAL, STATE OR FEDERAL), CONSTRUCTION OR DESIGN DEFECTS, MISREPRESENTATION OR NEGLIGENCE OR OTHERWISE.

d. Enforcement of Resolution. If any Construction Defect Claim is resolved through arbitration pursuant to Subsection 13.3(a) above, and any Bound Party thereafter fails to abide by the terms of such agreement, or if any Bound Party fails to comply with a Decision, then any other party may file suit or initiate proceedings to enforce such agreement or Decision without

the need to again comply with the procedures set forth in this Article XIII. Notwithstanding the terms of Subsection 13.3(b) above, in such event, the party taking action to enforce the agreement or Decision shall be entitled to recover from the non-complying party (or if more than one non-complying party, from all such parties pro rata) all costs incurred in enforcing such agreement or Decision including, without limitation, attorneys' fees and court costs.

e. Multiple Party Claims. Multiple party disputes or claims not consolidated or administered as a class action pursuant to the following sentence will be arbitrated individually. Only with the written request of all parties involved, but not otherwise, the arbitrator may: (i) consolidate in a single arbitration proceeding any multiple party claims that are substantially identical, and (ii) arbitrate multiple claims as a class action.

f. No Amendment; Enforcement by Declarant. The terms and provisions of this Section 13.3 inure to the benefit of Declarant, are enforceable by Declarant, and shall not ever be amended without the written consent of Declarant and without regard to whether Declarant owns any portion of the Real Estate at the time of such amendment. BY TAKING TITLE TO A UNIT, EACH OWNER ACKNOWLEDGES AND AGREES THAT THE TERMS OF THIS Section 13.3 ARE A SIGNIFICANT INDUCEMENT TO DECLARANT'S WILLINGNESS TO DEVELOP AND SELL THE UNITS AND THAT IN THE ABSENCE OF THE PROVISIONS CONTAINED IN THIS Section 13.3, DECLARANT WOULD HAVE BEEN UNABLE AND UNWILLING TO DEVELOP AND SELL THE UNITS FOR THE PRICES PAID BY THE ORIGINAL PURCHASERS. BY ACCEPTING TITLE TO A UNIT, EACH OWNER ACKNOWLEDGES AND AGREES THAT THE TERMS OF THIS Section 13.3 LIMIT HIS OR HER RIGHTS WITH RESPECT TO THE RIGHT AND REMEDIES THAT MAY BE AVAILABLE IN THE EVENT OF A POTENTIAL CONSTRUCTION DEFECT AFFECTING THE PROJECT OR ANY PORTION THEREOF, INCLUDING ANY UNIT.

g. This Section 13.3 is intended to apply to Construction Defects alleged in reference to construction of any portion of the Project under a contract in which Declarant is a party and shall not be deemed to limit the Association in proceedings against a construction professional for Construction Defects alleged with respect to construction that takes place under a contract between the Association and a construction professional to which Declarant is not a party.

Section 13.4. Initiation of Litigation by Association. In addition to compliance with the foregoing alternative dispute resolution procedure, if applicable, the Association shall not initiate any judicial or administrative proceeding unless first approved by 100% of the Owners, except that no such approval shall be required for actions or proceedings by the Association:

- a. initiated during the Declarant Control Period;
- b. initiated to enforce any of the provisions of the Association Documents, including collection of Assessments and foreclosure of liens;
- c. initiated to challenge *ad valorem* taxation or condemnation proceedings;
- d. initiated against any contractor, vendor, or supplier of goods or services arising out of a contract for services or supplies; or

e. to defend claims filed against the Association or to assert counterclaims in proceedings instituted against it.

This Section shall not be amended unless such amendment is approved by the same percentage of votes necessary to institute proceedings.

ARTICLE XIV **GENERAL PROVISIONS**

Section 14.1. Enforcement. Except as otherwise provided in this Declaration, the Executive Board, Declarant, or any Owner shall have the right to enforce, by a proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens, and charges now or hereafter imposed by the provisions of this Declaration. Additionally, any such violation shall give Declarant or the Executive Board the right, in addition to any other rights set forth therein, (i) to enter the Unit in which, or as to which, such violation or breach exists and to summarily abate and remove, at the expense of the defaulting Owner, any structure or condition that may exist therein in violation of the Declaration or rules adopted by the Executive Board or Manager without being deemed guilty in any manner of trespass or any other civil or legal violation; and (ii) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any breach, with each Owner and other occupants hereby waiving the posting of a bond upon entry of such injunction. All reasonable attorneys' fees and costs incurred by Declarant or the Association in a suit to enforce the terms hereof shall, if Declarant, an Owner or the Association prevails in such action, be recoverable from the losing party.

Section 14.2. Failure to Enforce. Failure to enforce any provision of this Declaration or other Association Documents shall not operate as a waiver of any such provision or of any other provision of this Declaration.

Section 14.3. Severability. Invalidity of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

Section 14.4. Conflicts Between Documents. In case of conflict between this Declaration and the Articles and the Bylaws, this Declaration shall control. In case of conflict between the Articles and the Bylaws, the Articles shall control.

Section 14.5. References to the Town Standards. Any reference in this Declaration to land use regulations, zoning regulations, or other Town of Carbondale standards, any plats approved by the Town or any other federal, state or local rule, law or regulation, such references shall automatically be waived, released, modified or amended, as the case may be, to correspond with any subsequent waiver, release, modification or amendment of such regulations, zoning, other Town of Carbondale standards, ordinances, plats or any other rule or law.

Section 14.6. Notices. Notices to Owners may be given as provided in the Act or the Colorado Nonprofit Corporation Act, C.R.S. § 7-121-402.

Section 14.7. General. Whenever used herein, unless the context shall otherwise provide, the singular number shall include the plural, the plural the singular, and the use of any

gender shall include all genders; similarly, capitalization of letters in a word shall not be construed to affect the meaning of such word. Except for annual, special and default assessment liens obtainable as provided herein, mechanics' liens, tax liens, judgment and execution liens arising by operation of law and liens arising under deeds of trust or mortgages, there shall be no other liens obtainable against the Common Elements or any interest therein of any Unit.

Section 14.8. Counterparts. This Declaration and any document or instrument executed pursuant hereto may be executed in any number of counterparts, electronic or otherwise, each of which shall be deemed an original, but all of which together shall constitute one in the same instrument.

Stepping Stones of the Roaring Fork Valley, Inc., a Colorado nonprofit corporation

Kyle Crawley
By: [Signature]
Its: [Signature]

STATE OF COLORADO)

) ss.

COUNTY OF GARFIELD)

Subscribed and sworn to before me on January 17th, 2022 by Kyle Crawley,
as Executive Director of Stepping Stones of the Roaring Fork Valley, Inc., a Colorado
nonprofit corporation.

Witness my hand and official seal.

My Commission expires: 03/29/2025

[Signature]
Notary Public

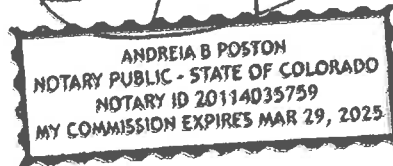


EXHIBIT A
TO THE
DECLARATION OF COVENANTS, CONDITIONS,
RESTRICTIONS, AND EASEMENTS
FOR
STEPPING STONE CONDOMINIUMS

LEGAL DESCRIPTION

A TRACT OF LAND SITUATED IN LOT 13, SECTION 34, RANGE 7 SOUTH, RANGE 88 WEST OF THE SIXTH PRINCIPAL MERIDIAN DESCRIBED AS FOLLOWS:
BEGINNING AT A POINT ON THE SOUTH LINE OF GARFIELD AVENUE IN THE TOWN OF CARBONDALE, COLORADO, PRODUCED N. 89 DEGREES 57' W. TO INTERSECT THE NORTHEASTERLY LINE OF STATE HIGHWAY NO. 133, FEDERAL AID PROJECT NO. S0193 (1), WHENCE THE STREET CENTER MONUMENT LOCATED AT THE INTERSECTION OF THE CENTER LINE OF MAIN STREET WITH THE CENTER LINE OF EIGHTH STREET BEARS S. 89 DEGREES 57' E. 840.83 FEET AND N. 0 DEGREES 03' E. 335.0 FEET;
THENCE S. 89 DEGREES 57' E. 140.83 FEET;
THENCE S. 0 DEGREES 03' W. 110.00 FEET;
THENCE N. 89 DEGREES 57' W. 75.17 FEET TO A POINT ON THE NORTHEASTERLY LINE OF STATE HIGHWAY NO. 133, THENCE NORTHWESTERLY ALONG THE NORTHEASTERLY LINE OF SAID STATE HIGHWAY NO. 133 TO THE POINT OF BEGINNING.
COUNTY OF GARFIELD
STATE OF COLORADO.

also known as 1150 Highway 133, Carbondale, Colorado 81623

EXHIBIT B
TO THE
DECLARATION OF COVENANTS, CONDITIONS,
RESTRICTIONS, AND EASEMENTS
FOR
STEPPING STONE CONDOMINIUMS

ALLOCATED INTERESTS

Each Unit's share of the Allocated Interests is equivalent to the ratio of its approximate square footage to the total square footage of all Units, which area has been determined in good faith by Declarant and consistently applied to all Units. The Allocated Interests are as follows:

<u>Unit</u>	<u>Square Footage of Unit</u>	<u>Allocation Percentage</u>
C 1	977	15.5%
C 2	<u>5327</u>	<u>84.5%</u>
Totals	6304	100%