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SCOTT DOYLE, RECORDER, LARIMER COUNTY CO  
RCPTN# 2003-0105528 08/18/2003 14:16:00  
PAGES - 8 FEE \$41.00 DOC \$0.00

Robin Thayer CRE  
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OCT 17 2003

**DECLARATION OF**  
**SPECIAL BENEFIT AREA NUMBER TWO**  
**OF THE**  
**CENTERRA RESIDENTIAL COMMUNITY**  
(Care-Free Cottage Program)

WHEREAS, McStain is the Declarant under the Declaration of Covenants, Conditions and Restrictions for The Centerra Residential Community recorded in the real property records of Larimer County, Colorado on December 5, 2001 at Reception No. 2001110566 (the "CCRs"). Defined terms used herein shall have the same meanings as set forth in the CCRs;

WHEREAS, the CCRs provide that certain portions of the property subject to the CCRs may be designated as Special Benefit Areas, which will receive particular services over and above those, provided by the Centerra Residential Association (the "Association") to other areas within the Community. Special Benefit Areas are subject to Special Benefit Area Assessments to pay for such additional services as set forth in the CCRs;

WHEREAS, McStain has determined to designate Special Benefit Area Number Two, which will initially consist of those properties described on, Exhibit A attached hereto, and to which properties may be added from time to time as set forth herein;

WHEREAS, McStain desires in this Declaration to set forth the special services to be provided by the Association within SBA-2 and the manner in which SBA-2 will function and may be modified from time to time;

THEREFORE, McStain hereby declares that:

1. Creation of SBA-2. McStain hereby designates and creates pursuant to the CCRs a Special Benefit Area within the Centerra Residential Community to be known as Special Benefit Area Number Two ("SBA-2"). The portion of the Community initially included in SBA-2 is described on Exhibit A attached hereto. Additional property may be included in SBA-2 in accordance with the provisions of Section 11 below.

2. Special Benefits. Subject to the remaining provisions of this Declaration, the Association will provide the following special benefits to all property located within SBA-2 (the "Services"):

- A. Mowing, trimming, edging and watering of the front and side lawns on a regular basis;
- B. Weeding of the front and side lawns on as "as needed" basis;
- C. Fertilization of the front and side lawns;

Please remit to:  
Catherine Pizzalino  
McStain Neighborhoods  
75 Manhattan St  
Boulder, CO 80503

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- D. Removal of snow from the sidewalks, front entry walks and driveways;
  - E. Maintenance and trimming, on as "as needed" basis, of all landscaping, except for landscaping within "backyards" as described below;
  - F. The replacement, on as "as needed" basis, of any dead sod, bushes or trees; and
  - G. Maintenance, repair and replacement of any Declarant installed site furnishings such as benches, trellis and the Declarant installed front fencing in the locations shown as Exhibit B attached hereto or any document adding additional property to SBA-2 pursuant to Section 11 below.

3. Services Not Included. The Services do NOT include maintenance of any portion of the interior or exterior of any homes within SBA-2; maintenance, repair or replacement of any fences or gates located within SBA-2 other than the front fencing in the locations shown on Exhibit B attached hereto; maintenance, repair or replacement of any landscaping or other features located within the private backyards of homes within SBA-2; or any other services not specifically set forth in Section 2 above.

4. Control by Board. The Services need to be provided by the Association only to the extent that adequate funds are available to the Association from the Special Benefit Area Assessment for SBA-2 levied and collected pursuant to the CCRs. The Association may not utilize funds available from any other source, including general assessments or Special Benefit Area Assessments for other Special Benefit Areas. The timing, manner and extent to which the Services will be provided will be determined from time to time by the Board of Directors of the Association in light of the funds available, costs and practicalities, availability of contractors and materials, and other relevant factors. Such judgments by the Board of Directors shall not be subject to appeal by owners of property within SBA-2 except if based on fraud or self-dealing.

5. Budget Approval. At least sixty (60) days before the beginning of each fiscal year, the Board shall prepare a separate budget covering the estimated costs and expenses to be incurred by the Association to provide the SBA-2 Services during the coming year, including a capital contribution to establish a reserve fund. Within thirty (30) days after adoption of any proposed budget for SBA-2, the Board of the Association shall mail, by ordinary first-class mail, or otherwise deliver a summary of the SBA-2 budget and notice of the amount of the proposed SBA-2 Special Benefit Area Assessment to all Owners within SBA-2, and shall set a date for a meeting of such Owners to consider ratification of such Special Benefit Area budget and Special Benefit Area Assessment not less than fourteen (14) nor more than sixty (60) days after mailing or other delivery of the summary. Unless at that meeting at least a majority of the Owners located within SBA-2 (not just those voting) vote to reject the SBA-2 budget and the SBA-2 Special Benefit Area Assessment, the SBA-2 budget and SBA-2 Special Benefit Area

Assessment shall be ratified, whether or not a quorum is present. In the event that the proposed SBA-2 budget and the Special Benefit Area Assessment are rejected, the periodic Special Benefit Area budget and the Special Benefit Area Assessment for SBA-2 last ratified by the Owners located within SBA-2 shall be continued until such time as such Owners ratify a subsequent Special Benefit Area budget and Special Benefit Area Assessment for SBA-2 proposed by the Board.

6. Special Assessments. In addition to other authorized assessments, the Association may levy Special Assessments from time to time to cover unbudgeted expenses, expenses in excess of those budgeted, or capital costs associated with provisions of the Services. Such Special Assessments shall be levied against all property with SBA-2. Any such Special Assessment shall require the affirmative vote or written consent of Owners representing at least a majority of the total votes allocated to Residences within SBA-2. Special Assessments shall be payable in such manner and at such times as determined by the Board, and may be payable in installments extending beyond the fiscal year in which the Special Assessment is approved.

7. Liability for Assessments. The Association may collect and enforce the SBA-2 Special Benefit Area Assessments, and any SBA-2 Special Assessments, in the manner and by all means authorized in the CCRs.

8. Modification of Services. The Board of the Association is hereby empowered, but not required, to modify the Services to be provided within SBA-2 upon (a) the written request of the Declarant during the Period of Declarant Control or (b) following the Period of Declarant Control if presented with a petition to do so signed by at least fifty percent (50%) of the Owners within SBA-2, and proof that a copy of such petition has been mailed to each of the Owners of Residence within SBA-2 at least 15 days before the Board meeting during which such petition will be considered by the Board. Evidence of any modification of the Services pursuant to this Section shall be recorded in the real property records of Larimer County, Colorado.

9. Termination of SBA-2. The Board of the Association is hereby empowered, but not required, to terminate SBA-2 upon (a) the written request of the Declarant during the Period of Declarant Control or (b) following the Period of Declarant Control if presented with a petition to do so signed by at least sixty-seven percent (67%) of the Owners within SBA-2, proof that a copy of such petition has been mailed to each of the Owners of Residence within SBA-2 at least 15 days before the Board meeting during which such petition will be considered by the Board, and during the Period of Declarant Control, the written consent of the Declarant to such termination and any related terms and conditions. If the Board elects at such a meeting to terminate SBA-2, it may do so subject to any terms and conditions deemed appropriate by the Board. Evidence of the termination of SBA-2 shall be recorded in the real property records of Larimer County, Colorado.

10. Exclusion from SBA-2. The Board of the Association is hereby empowered, but not required, to exclude certain properties from SBA-2, subject to the following: (a) all Owners within a given block must consent in written to the exclusion of their property from SBA-2, (b) all outstanding SBA-2 Special Benefit Area Assessments must be paid in full, (c) during the Period of Declarant Control, the Declarant must approve such exclusion in writing, and (d) the Board may impose any terms and conditions as may be deemed appropriate by the Board. Evidence of the exclusion of any property from SBA-2 shall be recorded in the real property records of Larimer County, Colorado.

11. Inclusion within SBA-2. Additional property within the Centerra Residential Community may be included within SBA-2 as follows: (a) by the Declarant stating that certain described property shall be included within SBA-2 either (i) in the Supplemental Declaration annexing such property into the Community, or (ii) at any time subsequent thereto that Declarant owns the property to be so included, or (b) by written approval of the Board of the Association of a petition of the property owner(s) seeking such inclusion, which approval shall be in the sole discretion of the Board and subject to any terms and conditions imposed by the Board. Upon the inclusion of any such additional property into SBA-2, any fences or other property to be maintained, repaired or replaced by the Association as part of the SBA-2 Services shall be described in the document that brings such property into SBA-2. Evidence of the inclusion of additional property into SBA-2 shall be recorded in the real property records of Larimer County, Colorado.

12. Amendment. This Declaration may be amended by the Declarant without approval of the Owners within SBA-2 at any time during the Period of Declarant Control. This Declaration may also be amended by the Board of the Association at any time (a) upon its receipt a petition to do so signed by at least fifty percent (50%) of the Owners within SBA-2, and proof that a copy of the proposed amendment has been mailed to each of the Owners of Residence within SBA-2 at least 15 days before the Board meeting during which such petition will be considered by the Board; provided, however, that (a) during the Period of Declarant Control any such amendment must be approved in writing by the Declarant and (b) the requirements of Sections 8, 9, 10 and 11 must be complied with concerning any amendments affecting such Sections. Evidence of the amendment of this Declaration shall be recorded in the real property records of Larimer County, Colorado.

13. Interpretation. In the event of any conflict between the CCRs and this Declaration, the CCRs shall control. However, in interpreting the CCRs and this Declaration, a court shall, to the extent reasonable, adopt an interpretation that allows a harmonious reading of both such documents.

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Dated this 11<sup>th</sup> day of August, 2003.

McSTAIN ENTERPRISES, INC.,  
a Colorado corporation

By: [Signature]  
Name: Eric Wittenberg  
Title: President

STATE OF COLORADO )  
                                  ) SS.  
COUNTY OF BOULDER )

The foregoing document was executed an acknowledged before me this 11<sup>th</sup> day of August, 2003 by Eric Wittenberg as President of McStain Enterprises, Inc., a Colorado corporation.

Witness my hand and official seal.

[Signature]  
Notary Public

My commission expires: 2-23-05



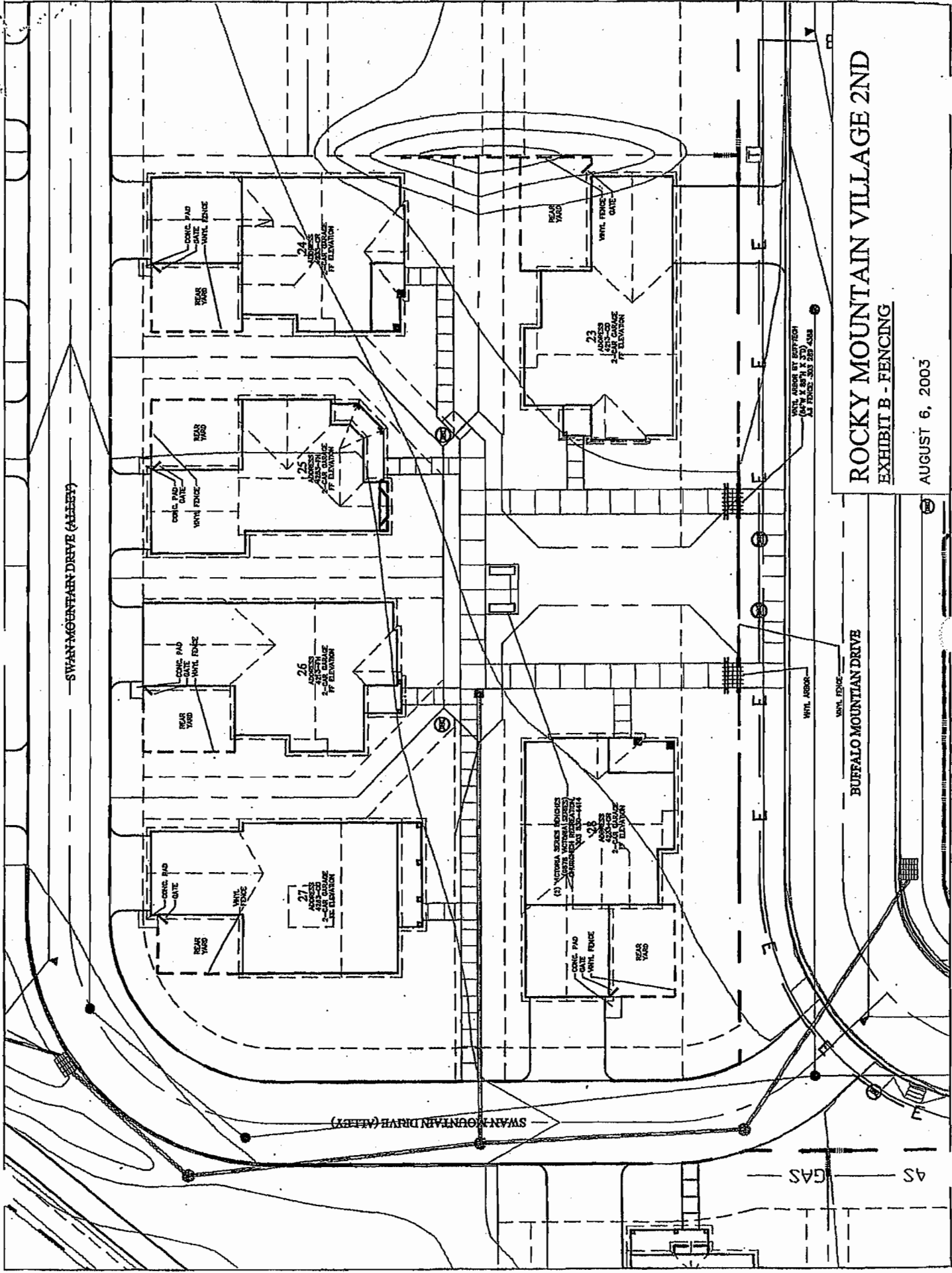
My Commission Expires 02/23/2005

EXHIBIT A

lots 23-28, inclusive, of Block 1  
Rocky Mountain Second Subdivision  
City of Loveland  
State of Colorado

EXHIBIT B

[ATTACH MAP SHOWING FRONT FENCING TO BE MAINTAINED BY HOA]



**ROCKY MOUNTAIN VILLAGE 2ND**  
**EXHIBIT B - FENCING**

AUGUST 6, 2003

WHIL ARBOR BY BORTFISH  
 (4" W X 30" X 3")  
 20' FENCE, 300 280 408

BUFFALO MOUNTAIN DRIVE

SWAN MOUNTAIN DRIVE (ALLEY)

SWAN MOUNTAIN DRIVE (ALLEY)

GAS