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COUNTY OF LARIMER

STATE OF COLORADO

CONDOMINIUM DECLARATION

FOR

EAST ELIZABETH MEDICAL CONDOMINIUMS

WHEREAS, RANSY L. JEFFREY and KELVIN F. KESLER (hereinafter called "Declarants") are the owners of all right, title and interest in and to certain real property situated in the County of Larimer and State of Colorado, described as follows:

PARCEL I:

A part of Lot 6, of the Replat of Lots 5, 6, 7, & 8 of the East Elizabeth Medical PUD, Fort Collins, Colorado which begins at the Northeast corner of said Lot 6 and run thence S 00° 45' E 67.00 feet; thence S 89° 15' W 58.00 feet; thence S 59° 15' W 28.00 feet; thence S 89° 15' W 41.75 feet; thence N 00° 45' W 81.00 feet; thence N 89° 15' E. 124.00 feet to the point of beginning, containing 9062 square feet, more or less, and being subject to an easement for mechanical equipment for an adjacent property which begins at a point which bears S 00° 45' E 67.00 feet and again S 89° 15' W 58.00 feet from the Northeast corner of said Lot 6 and run thence S 89° 15' W 24.25 feet; thence S 00° 45' E 14.00 feet; thence N 59° 15' E 28.00 feet to the point of beginning.

PARCEL II:

An undivided 41% interest in Tract A of the East Elizabeth Medical PUD, Fort Collins, Colorado.

hereinafter referred to as the "property"; and

WHEREAS, there has been constructed upon the land described above one building, containing a total of five units, as are shown and depicted upon a Plat thereof entitled "Plat of East Elizabeth Medical Condominiums" filed concurrently herewith, which Plat constitutes a map under the provisions of Section 38-33-105 of Colorado Revised Statutes 1973, as amended, and is incorporated herein by reference; and

WHEREAS, Declarants desire to establish by this Declaration a plan for the individual ownership of the real property estates consisting of the area or space contained in each of the units in said building, and the co-ownership by the individual and separate owners thereof as tenants in common of all of the remaining real property, hereinafter called the General Common Elements, under the Colorado Condominium Ownership Act;

NOW THEREFORE, the Declarants hereby declare that the following divisions, terms, covenants, restrictions, limitations, conditions and uses shall apply to and run with the land described above, and shall be binding upon and inure to the benefit of the Declarants, their successors and assigns, and all subsequent owners of all or any part of said real property and improvements, together with their grantees, successors, heirs, executors, administrators, devisees or assigns.

1. DEFINITIONS. Unless the context shall expressly provide otherwise, the terms used herein are defined as follows:

A. "Unit" means an individual air space which is contained within perimeter walls in the building as shown and designated on the Plat, including the entrances and exits thereto; together with all improvements and fixtures contained therein,

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exclusive of any structural components of the building within which such air space is located.

B. "Condominium unit" means the fee simple interest and title in and to the unit and the appurtenant undivided interest in and to the General and Limited Common Elements.

C. "Building" means the building as shown on the Plat.

D. "Plat" or "Map" means the engineering survey of the property locating thereon all of the improvements and designating the building and units.

E. "Owner" means a person, firm, corporation, partnership, association or other legal entity, or any combination thereof, who owns one or more condominium units.

F. "Mortgage" means and includes any mortgage, deed of trust or similar instrument creating a security interest in any condominium unit. "Mortgagee" means any grantee, beneficiary or assignee of a mortgage. "First mortgage" means a mortgage which is prior or senior in interest to any other mortgage encumbering a condominium unit. "First mortgagee" means any grantee, beneficiary or assignee of a first mortgage.

G. "General Common Elements" means and includes:

(1) All of the land and easements which are a part of the property;

(2) The foundations, columns, girders, beams, supports, attics, perimeter and supporting walls, main or bearing subflooring and roofs of the building;

(3) All halls, corridors, stairs, stairways, entrances and exits (other than entrances and exists to a particular unit), lavatories (except as otherwise designated on the Plat), and storage and utility service areas;

(4) The sidewalks and parking areas;

(5) The installations consisting of the equipment and materials making up the central services such as power, light, gas, hot and cold water, and heating; and

(6) All other improvements, apparatus and installations necessary or convenient to the existence, maintenance and safety of the property as a whole, or normally in common use.

H. "Limited Common Elements" means those parts of the General Common Elements which are limited to and reserved for the exclusive use of the owner of a condominium unit adjacent thereto.

I. "Entire premises" or "Property" means and includes the land, building, all improvements and structures thereon, and all rights, easements and appurtenances belonging thereto.

J. "Common expenses" means and includes:

(1) All sums lawfully assessed against the General Common Elements;

(2) Expenses of administration, maintenance,

repair or replacement of the General Common Elements;

(3) Expenses determined as common expenses by the Association; and

(4) Expenses declared common expenses by provisions of this Declaration and the Articles of Incorporation and the Bylaws of the Association.

K. "Association of unit owners" or "Association" means East Elizabeth Medical Owners Association, a Colorado non-profit corporation, the Articles and Bylaws of which shall govern the administration of this condominium project, and the members of which shall be all of the owners of the condominium units. An owner of a unit in East Elizabeth Medical Condominiums, upon becoming an owner, shall be a member of the Association and shall remain a member for the period of his ownership.

L. "Board of Directors" means the governing body of the Association.

M. "Manager" means the person or entity, if any, employed by the Board of Directors to perform the management and operational functions of the condominium project.

N. "Project" or "Condominium Project" means all of the property, buildings and improvements submitted to this Declaration.

2. DIVISION OF PROPERTY.

A. The real property described above, including the improvements thereon, is hereby divided into five fee simple estates (condominium units). Each such estate shall consist of a separately designated unit and the undivided interest in and the General Common Elements appurtenant to such unit as set forth on Exhibit 1 attached hereto and incorporated by reference herein.

B. A portion of the General Common Elements is set aside and reserved for the exclusive use of the owners of the units adjacent thereto, as indicated in subparagraph 1H above. Each owner shall be responsible for keeping the Limited Common Elements reserved for his use in a sightly condition, free from debris of any kind.

C. The respective undivided interests in the General Common Elements appurtenant to the respective units, as indicated above, cannot be changed, and each unit and the undivided interest in the General and Limited Common Elements appurtenant thereto shall be inseparable and may be conveyed, leased, rented or encumbered only as a condominium unit. Each undivided interest in the General and Limited Condominium Elements shall be deemed to be conveyed or encumbered with its respective unit, even though the description in the instrument of conveyance or encumbrance may refer only to the fee title to the condominium unit. Each such description shall be construed to include a non-exclusive right to occupy and use, and an undivided interest in, the General Common Elements for each described unit calculated as provided in Exhibit 1 attached hereto.

D. Each condominium unit shall be legally described in deeds and other documents in substantially the following form:

Condominium Unit _____, East Elizabeth Medical Condominiums, according to the Declaration recorded _____, in Book _____ at page _____, and the Condominium Map filed _____, under Reception No. _____, County of Larimer, State of Colorado.

3. CONDOMINIUM OWNERSHIP INTEREST.

A. A condominium unit may be held and owned by more than one person as joint tenants or as tenants in common, or in any real property tenancy relationship recognized under the laws of the State of Colorado.

B. The General Common Elements shall be owned in common by all of the owners of the units and shall remain undivided. By the acceptance of his deed or other instrument of conveyance or assignment, each owner specifically waives his right to institute and/or maintain a partition action or any other action designed to cause a division of the General Common Elements. Each owner specifically agrees not to institute any action therefor. Further, each owner agrees that this subparagraph B may be pleaded as a bar to the maintenance of such an action. A violation of this provision shall entitle the Association to personally collect, jointly and severally, from the parties violating the same, the actual attorney fees, costs and other damages the Association incurs in connection therewith. Further, all owners, and the Association, covenant that, except as provided in paragraph 8 below, they shall neither by act nor omission, seek to abandon, subdivide, encumber, sell or transfer the common elements without first obtaining a written consent of all of the first mortgagees of the individual condominium units.

C. Each owner shall be entitled to exclusive ownership and possession of his condominium unit. Each owner may use the General Common Elements in accordance with the purposes for which they are intended without hindering or encroaching upon the lawful rights of the other owners.

D. Each condominium unit shall be used and occupied solely for the purpose or purposes permitted by the zoning ordinances of the City of Fort Collins, Colorado.

E. An owner shall not be deemed to own the undecorated and/or unfinished surfaces of the perimeter walls, floors and ceilings surrounding his respective condominium unit, nor shall such owner be deemed to own the utilities running through his condominium unit which are utilized for, or serve more than one unit, except as a tenant in common with the other owners. An owner, however, shall be deemed to own and shall maintain the inner decorated and/or finished surfaces of the perimeter walls, floors and ceilings, and other finishing materials and the interior non-supporting walls contained within his condominium unit.

F. Any owner shall have the right from time to time to mortgage or encumber his interest by deed of trust, mortgage or other security instrument. The owner of a condominium unit may create junior mortgages on the following conditions: (1) that any of such junior mortgages shall always be subordinate to all of the terms, conditions, covenants, restrictions, uses, limitations, obligations, lien for common expenses, and other obligations created by this Declaration and by the Bylaws; (2) that the mortgagee under any junior mortgage shall release, for the purpose of restoration of any improvements upon the mortgaged premises, all of his right, title and interest in and to the proceeds under all insurance policies upon said premises which insurance policies were effected and placed upon the mortgaged premises by the Association. Such releases shall be furnished forthwith by a junior mortgagee upon written request of the Association.

4. EASEMENTS AND ENCROACHMENTS.

A. In the event that any portion of the General Common Elements encroaches upon any unit or units, or in the event

that any portion of a unit encroaches upon any other unit or units or upon any portion of the General Common Elements, or in the event any encroachment shall occur in the future as a result of: (i) settling of a building; or (ii) alteration or repair to the General Common Elements; or (iii) repair or restoration of a building(s) or a unit(s) after damage by fire or other casualty, or condemnation or eminent domain proceedings; a valid easement shall exist for the encroachment and for the maintenance of the same so long as the building(s) stands or encroachment exists. In the event that any one or more of the units or buildings or other improvements comprising part of the General Common Elements are partially or totally destroyed and are then rebuilt or reconstructed in substantially the same location, and as a result of such rebuilding any portion thereof shall encroach as provided in the preceding sentence, a valid easement for such encroachment does exist. Such encroachments and easements shall not be considered or determined to be encumbrances either on the General Common Elements or on the units for purposes of marketability of title or other purposes. In interpreting any and all provisions of the Declaration, subsequent unit deeds to and/or mortgages of units, the actual location of a unit shall be deemed conclusively to be the property intended to be conveyed, reserved or encumbered notwithstanding any minor deviations, either horizontally, vertically or laterally from the location of such unit indicated on the Condominium Map.

B. An easement is hereby granted to the Association, its officers, agents, employees and assigns upon, across, over, in and under the General Common Elements to make such use of the General Common Elements as may be necessary or appropriate to perform the duties and functions which it is obligated or permitted to perform pursuant to this Declaration, including the right to construct and maintain on the General Common Elements maintenance and storage facilities for the use of the Association. Further, an easement is hereby granted to the Declarants, their agents and employees for ingress and egress to any condominium unit within the Project in order to permit Declarants to perform any necessary maintenance and/or repairs required of them under the terms and provisions of any Purchase Agreement between Declarants and the owner of an individual condominium unit.

C. An easement for ingress and egress is hereby granted to all police, sheriff, fire protection, ambulance and other similar emergency agencies or persons to enter upon all streets and upon the property in the performance of their duties.

D. The Manager or Board of Directors of the Association shall have access to each unit from time to time during reasonable hours as may be necessary for the maintenance, repair or replacement of any of the General Common Elements therein or accessible therefrom, or for making emergency repairs therein necessary to prevent damage to the General Common Elements or to another condominium unit.

5. REPAIRS AND MAINTENANCE.

A. Damage to the interior or any part of a condominium unit or units resulting from the maintenance, repair, emergency repair or replacement of any of the General Common Elements or as a result of emergency repairs within another unit at the instance of the Association shall be a common expense of all the owners; provided, however, that if such damage is the result of the negligence of a condominium owner, then such owner shall be responsible for all of such damage. Restoration of the damaged improvements shall be substantially the same as the condition in which they existed prior to the damage.

B. No labor performed or materials furnished and in-

corporated in a condominium unit with the consent or at the request of the unit owner or his agent or his contractor or subcontractor, shall be the basis for filing of a lien against the condominium unit of any other unit owner not expressly consenting to or requesting the same, or against the General Common Elements. Each owner shall indemnify and hold harmless each of the other owners from and against all liability arising from the claim of any lien against the General Common Elements for construction performed or for labor, materials, services or other products incorporated in the owner's condominium unit at such owner's request.

C. An owner shall maintain and keep in repair the interior of his own condominium unit, including the fixtures thereof. All fixtures and equipment installed within the condominium unit, commencing at a point where the utility lines, pipes, wires, conduits or systems (which for brevity are hereinafter referred to as "utilities") enter the condominium unit shall be maintained and kept in repair by the owner thereof.

D. An owner shall do no act nor any work that will impair the structural soundness or integrity of the building or impair any easement or hereditament.

6. ASSESSMENTS.

A. All owners of condominium units shall be obligated to pay the assessments imposed by the Board of Directors or Manager of the Association to meet the common expenses. The assessments shall be made pro rata according to each owner's percentage interest in the General Common Elements, set forth on Exhibit 1 attached hereto and incorporated by reference herein; provided, however, that premiums for insurance shall be allocated among the owners by the Board of Directors or Manager in a manner so that the owner of a condominium unit which is to be used for purposes which increase insurance risks shall bear the cost of any resultant increase in insurance premiums. Assessments shall include the estimated common expenses, or actual expenses, and shall be due monthly in advance on the first day of each month. The Manager or Board of Directors shall maintain full and complete financial records showing the various estimated and actual expenses and insurance premiums for which the assessments are made. Such financial records, and the books and records of the Association, shall be available for examination by all owners of condominium units and all first mortgagees during convenient weekday business hours.

B. The assessments made shall be based upon the cash requirements deemed to be such aggregate sum as the Manager or Board of Directors of the Association shall from time to time determine is required to provide for the payment of all estimated expenses growing out of, or connected with the maintenance and operation of the General Common Elements, which sum may include, among other things, expenses of management; taxes and special assessments until separately assessed; premiums for insurance of the types and kinds provided for in subparagraph 7A below; landscaping, snow removal and care of grounds; proportionate share (41%) of East Elizabeth Medical PUD expenses relating to landscaping materials, snow removal, and maintenance of the east half of East Elizabeth Medical PUD; repairs and renovations; replacement reserves; trash and garbage collections; water expenses; sewerage expenses; legal and accounting fees; management fees; expenses and liabilities incurred by the Manager or Board of Directors under or by reason of this Declaration; the payment of any deficiency remaining from a previous period; as well as other costs and expenses relating to the General Common Elements. Further, it shall be mandatory for the Manager or Board of Directors to establish, out of such monthly assessments, a contingency or reserve fund for the maintenance, repair and

replacement of those General Common Elements which must be replaced on a periodic basis. The omission or failure of the Board to fix the assessment for any month shall not be deemed a waiver, modification or a release of the owners from their obligation to pay the amount of the monthly assessment last filed by said Board.

C. No owner may exempt himself from liability for his contribution towards the common expenses by waiver of the use or enjoyment of any of the common elements or by abandonment of his condominium unit.

D. All sums assessed but unpaid for the share of common expenses chargeable to any condominium unit shall constitute a lien on such unit superior (prior) to all other liens and encumbrances, except only for:

(1) Tax and special assessment liens on the unit in favor of any assessing unit; and

(2) All sums unpaid on a first mortgage of record, including all unpaid obligatory sums as may be provided by such encumbrance.

E. To evidence such lien the Board of Directors or Manager may, but shall not be required to, prepare a written notice setting forth the amount of such unpaid indebtedness, the name of the owner of the condominium unit and a description of the condominium unit. Such a notice shall be signed by one of the Board of Directors or by the Manager and may be recorded in the office of the Clerk and Recorder of Larimer County, Colorado. Such lien for the common expenses shall attach from the date of the failure of payment of the assessment. Such lien may be enforced by foreclosure of the defaulting owner's condominium unit by the Association in like manner as a mortgage on real property upon the recording of a notice or claim thereof. In any such foreclosure the owner shall be required to pay the costs and expenses of such proceedings, the costs and expenses for filing the notice or claim of lien and all reasonable attorney's fees. The owner shall also be required to pay to the Association the monthly assessments for the condominium unit during the period of foreclosure, and the Association shall be entitled to a receiver to collect the same. The Association shall have the power to bid in the condominium unit at foreclosure sale, and to acquire and hold, lease, mortgage and convey same.

F. The Declarants shall be obligated as any other owner to pay the common expense assessments imposed with respect to condominium units owned by them.

G. The amount of the common expenses assessed against each condominium unit shall also be a debt of the owner thereof at the time the assessment is made. Suit to recover a money judgment for unpaid common expenses together with reasonable attorney fees incurred in such suit shall be maintainable without foreclosing or waiving the lien securing same.

H. Any encumbrancer holding a lien on a condominium unit may pay any unpaid common expense payable with respect to such unit, and upon such payment such encumbrancer shall have a lien on such unit for the amounts paid of the same rank as the lien of his encumbrance. Any first mortgagee who obtains title to a condominium unit pursuant to the remedies provided in its mortgage or foreclosure of its mortgage shall acquire title to such unit free and clear of any lien for unpaid common expenses which accrued prior to the acquisition of title to such unit by the first mortgagee.

I. Upon ten days' written notice to the Manager or Board of Directors and payment of a reasonable fee not to exceed Twenty-five Dollars, any owner, prospective owner, mortgagee or prospective mortgagee of a condominium unit may request a statement of account with respect to such unit. Within ten days after receipt thereof, the Manager or Board of Directors shall furnish the requesting party with a written statement setting forth the amount of the unpaid common expenses, if any, with respect to the subject unit, the amount of the current monthly assessment and the date that such assessment becomes due, and any credits for advance payments or for prepaid items, including, but not limited to insurance premiums, which shall be conclusive upon the Association in favor of all persons who rely thereon in good faith. Unless such request for a statement of indebtedness shall be complied with within ten days, all unpaid common expenses which become due prior to the date of making such request shall be subordinate to the lien of the person requesting such statement.

J. The grantee of a condominium unit, except for any first mortgagee who comes into possession of a condominium unit pursuant to the remedies provided in its mortgage or becomes an owner of a condominium unit pursuant to foreclosure of its mortgage or the taking of a deed in lieu thereof, shall be jointly and severally liable with the grantor for all unpaid assessments against the latter for his proportionate share of the common expenses up to the time of the grant or conveyance, without prejudice to the grantee's right to recover from the grantor the amounts paid by the grantee therefor.

K. A first mortgagee, upon request, shall be entitled to written notification from the Manager or Board of Directors of any default in the payment of assessments or other charges or in the performance of any other obligation hereunder by the owner of the condominium unit in which such mortgagee holds a security interest which default is not cured within sixty days.

7. INSURANCE.

A. The Board of Directors of the Association shall obtain and maintain at all times, to the extent obtainable, policies involving standard premium rates, established by the Colorado Insurance Commissioner, and written with companies licensed to do business in Colorado and having a Best's Insurance Report rating of A & XV, covering the risks set forth below. The Board of Directors of the Association shall not obtain any policy where: (i) under the terms of the insurance company's charter, bylaws or policy, contributions or assessments may be made against the mortgagor or mortgagee's designee; or (ii) by the terms of carrier's charter, bylaws or policy, loss payments are contingent upon action by the company's Board of Directors, policyholders or members; or (iii) the policy includes any limiting clauses (other than insurance conditions) which could prevent mortgagees or the mortgagor from collecting insurance proceeds. The types of coverages to be obtained and risks to be covered are as follows, to-wit:

(1) Fire insurance with extended coverage and standard all risk endorsements, which endorsements shall include endorsements for vandalism and malicious mischief. Said casualty insurance shall insure the entire Condominium Project and any property, the nature of which is a common element (including all of the units and fixtures therein initially installed by the Declarants but not including furniture, furnishings or other personal property supplied by or installed by unit owners) together with all service equipment contained

therein in an amount equal to the full replacement value, without deduction for depreciation. All policies shall contain a standard non-contributory mortgage clause in favor of each mortgagee of a condominium unit, which shall provide that the loss, if any, thereunder, shall be payable to the East Elizabeth Medical Condominium Owners Association for the use and benefit of Mortgagees as their interests may appear.

(2) If the Condominium Project is located in an area identified by the Secretary of Housing and Urban Development as an area having special flood hazards and the sale of Flood Insurance has been made available under the National Flood Insurance Act of 1968, a "blanket" policy of flood insurance on the Condominium Project in an amount which is the lesser of the maximum amount of insurance available under the Act or the aggregate of the unpaid principal balances of the mortgages on the condominium units comprising the Condominium Project.

(3) Public liability and property damage insurance in such limits as the Board of Directors of the Association may from time to time determine, but not in an amount less than \$500,000.00 per injury, per person, per occurrence and umbrella liability limits of \$1,000,000.00 per occurrence, covering claims for bodily injury or property damage. Coverage shall include, without limitation, liability for personal injuries, operation of automobiles on behalf of the Association, and activities in connection with the ownership, operation, maintenance and other use of the project. Said policy shall also contain a "severability of interest" endorsement.

(4) Workmen's Compensation and employer's liability insurance and all other similar insurance with respect to employees of the Association in the amounts and in the forms now or hereafter required by law.

(5) The Association shall purchase adequate fidelity coverage against dishonesty of employees, destruction or disappearance of money or securities and forgery. Said policy shall also contain endorsements thereto covering any persons who serve the Association without compensation.

(6) The Association may obtain insurance against such other risks, of a similar or dissimilar nature, as it shall deem appropriate with respect to the Project, including plate or other glass insurance and any personal property of the Association located thereon.

B. All policies of insurance to the extent obtainable shall contain waivers of subrogation and waivers of any defense based on invalidity arising from any acts of a condominium unit owner and shall provide that such policies may not be cancelled or modified without at least ten (10) days prior written notice to all of the insureds, including mortgagees. If requested, duplicate originals of all policies and renewals thereof, together with proof of payments of premiums, shall be delivered to all mortgagees at least ten (10) days prior to expiration of the then current policies. The insurance shall be carried in blanket form naming the East Elizabeth Medical Condominium Owners Association as the insured, as attorney-in-fact for all of the condominium unit owners, which policy or policies shall identify the interest of each condominium unit owner (owner's name and unit number designation) and first mortgagee. Further, the Association shall require the insurance company or companies providing the insurance coverages described herein to

provide each owner and mortgagee a Certificate of Insurance in regard to such owner's individual unit.

C. Unit owners may carry other insurance for their benefit at their expense, provided that all such policies shall contain waivers of subrogation, and provided further that the liability of the carriers issuing insurance obtained by the Board of Directors shall not be affected or diminished by reason of any such additional insurance carried by any unit owner.

D. Insurance coverage on furnishings, including carpet, draperies, oven, range, refrigerator, wallpaper, disposal and other items of person or other property belonging to an owner and public liability coverage within each unit shall be the sole and direct responsibility of the unit owner thereof, and the Board of Directors, the Association and/or the Manager shall have no responsibility therefor.

E. In the event that there shall be any damage or destruction to, or loss of or taking of a unit which exceeds \$1,000.00 or any damage or destruction to, or loss to or taking of the General Common Elements which exceeds \$10,000.00, then notice of such damage or loss or taking shall be given by the Association to each first mortgagee of said condominium unit within ten (10) days after the occurrence of such event.

8. DESTRUCTION, DAMAGE OR OBSOLESCENCE - ASSOCIATION AS ATTORNEY-IN-FACT. This Declaration does hereby make mandatory the irrevocable appointment of an attorney-in-fact to deal with the Project in the event of its destruction, damage, obsolescence or condemnation, including the repair, replacement or improvement of any condominium units, buildings, common elements or other portion of the Project which has been so destroyed, damaged, condemned or becomes obsolete. Title to any condominium unit is declared and expressly made subject to the terms and conditions hereof, and acceptance by any grantee of a deed or other instrument of conveyance from the Declarant or from any owner or grantor shall constitute appointment of the attorney-in-fact herein provided. All of the owners irrevocably constitute and appoint the East Elizabeth Medical Condominium Owners Association as their true and lawful attorney in their name, place and stead, for the purpose of dealing with the Project upon its damage, destruction, obsolescence or condemnation as is hereinafter provided. As attorney-in-fact, the Association, by its President and Secretary or Assistant Secretary or its other duly authorized officers and agents, shall have full and complete authorization, right and power to make, execute and deliver any contract, deed, or other instrument with respect to the interest of a condominium unit owner which are necessary and appropriate to exercise the powers herein granted. In the event that the Association is dissolved or becomes defunct, a meeting of the condominium unit owners shall be held within thirty (30) days of either such event. At such meeting a new attorney-in-fact, to deal with the Project upon its destruction, damage, obsolescence, or condemnation shall be appointed. Said appointment must be approved by the owners representing an aggregate ownership interest of seventy percent (70%) or more of the General Common Elements and at least eighty percent (80%) of the first mortgagees of the condominium units. Repair and reconstruction of the improvements as used in the succeeding subparagraphs means restoring the improvement(s) to substantially the same condition in which they existed prior to the damage, with each unit and the General and Limited Common Elements having substantially the same vertical and horizontal boundaries as before, and all improvements being reconstructed or repaired in conformance with the Project's original architectural plan and scheme. The proceeds of any insurance collected shall be available to the Association for the purpose of repair, restoration,

reconstruction or replacement unless all of the owners and all first mortgagees agree not to rebuild in accordance with the provisions hereinafter set forth.

A. In the event of damage or destruction due to fire or other disaster, the insurance proceeds, if sufficient to reconstruct the improvement(s), shall be applied by the Association, as attorney-in-fact, to such reconstruction, and the improvement(s) shall be promptly repaired and reconstructed. The Association shall have full authority, right and power as attorney-in-fact to cause the repair and restoration of the improvement(s). Assessments for common expenses shall not be abated during the period of insurance adjustments and repair and reconstruction.

B. If the insurance proceeds are insufficient to repair and reconstruct the improvement(s), and if such damage is not more than seventy percent (70%) of the total replacement cost of all of the condominium units in this Project, not including land, such damage or destruction shall be promptly repaired and reconstructed by the Association as attorney-in-fact, using the proceeds of insurance and the proceeds of a special assessment to be made against all of the owners and their condominium units. Such special assessment shall be a common expense and made pro rata according to each owner's percentage of interest in the General Common Elements and shall be due and payable within thirty (30) days after written notice thereof. The Association shall have full authority, right and power as attorney-in-fact, to cause the repair, replacement or restoration of the improvement(s) using all of the insurance proceeds for such purpose, notwithstanding the failure of an owner to pay the assessment. The assessment provided for herein shall be a debt of each owner and a lien on his condominium unit and may be enforced and collected as is provided in subparagraph 6E. In addition thereto, the Association, as attorney-in-fact, shall have the absolute right and power to sell the condominium unit of any owner refusing or failing to pay such deficiency assessment within the time provided, and if not so paid, the Association shall cause to be recorded a notice that the condominium unit of the delinquent owner shall be sold by the Association, as attorney-in-fact, pursuant to the provisions of this paragraph. Assessments for the common expenses shall not be abated during the period of insurance adjustment and repair and reconstruction. The delinquent owner shall be required to pay to the Association the costs and expenses for filing the notice, interest at a rate of 10% per annum on the amount of the assessment, and all reasonable attorney's fees. The proceeds derived from the sale of such condominium unit shall be used and disbursed by the Association, as attorney-in-fact, in the following order:

- (1) For payment of the balance of the lien of any first mortgage;
- (2) For payment of taxes and special assessments liens in favor of any assessing entity and the customary expenses of sale;
- (3) For payment of unpaid common expenses and all costs, expenses and fees incurred by the Association;
- (4) For payment of junior liens and encumbrances in the order of and to the extent of their priority; and
- (5) The balance remaining, if any, shall be paid to the condominium unit owner.

C. If the insurance proceeds are insufficient to repair and reconstruct the improvement(s), and if such damage is more than seventy percent (70%) of the total replacement cost of

all of the condominium units in this Project, not including land, such damage or destruction shall be promptly repaired and reconstructed by the Association, as attorney-in-fact, using the proceeds of insurance and the proceeds of a special assessment to be made against all of the owners and their condominium units, provided, however, that owners representing an aggregate ownership interest of seventy percent (70%) or more of the General Common Elements and at least eighty percent (80%) of the first mortgagees of record may agree not to repair or reconstruct the improvements; and in such event, the Association shall forthwith record a notice setting forth such fact or facts, and upon the recording of such notice by the Association's President and Secretary or Assistant Secretary, the entire Project shall be sold by the Association pursuant to the provisions of this paragraph, as attorney-in-fact, for all of the owners, free and clear of the provisions contained in this Declaration, the Map, Articles of Incorporation and Bylaws. Assessments for common expenses shall not be abated during the period prior to sale. The insurance settlement proceeds shall be collected by the Association, and such proceeds shall be divided by the Association according to each owner's percentage interest in the General Common Elements, and such divided proceeds shall be paid into separate accounts, each such account representing one of the condominium units. Each such account shall be in the name of the Association, and shall be further identified by the condominium unit designation and the name of the owner. From each separate account the Association, as attorney-in-fact, shall forthwith use and disburse the total amount of each of such accounts, without contribution from one account to another, toward the partial or full payment of the lien of any first mortgagee encumbering the condominium unit represented by such separate account. Thereafter, each such account shall be supplemented by the apportioned amount of the proceeds obtained from the sale of the entire Property. Such apportionment shall be based upon each condominium unit owner's percentage interest in the common elements. The total funds of each account shall be used and disbursed, without contribution, from one account to another by the Association, as attorney-in-fact, for the same purposes and in the same order as is provided in subparagraphs B(1) through B(5) of this paragraph. In the event that the damage is to be repaired or reconstruction is to be made then the provisions of subparagraph 8B shall apply.

D. The owners representing an aggregate ownership interest of seventy percent (70%) or more, of the General Common Elements in this Project may agree that the General Common Elements are obsolete and adopt a plan for the renewal and reconstruction, which plan must have the approval of at least eighty percent (80%) of the first mortgagees of record at the time of the adoption of such plan. If a plan for the renewal or reconstruction is adopted, notice of such plans shall be recorded, and the expense of renewal and reconstruction shall be payable by all of the owners as a common expense, whether or not they have previously consented to the plan of renewal and reconstruction. The Association, as attorney-in-fact, shall have the absolute right and power to sell the condominium unit of any owner refusing or failing to pay such assessment within the time provided, and if not so paid the Association shall cause to be recorded a notice that the condominium unit of the delinquent owner shall be sold by the Association. The delinquent owner shall be required to pay to the Association the costs and expenses for filing the notices, interest at the rate of ten percent (10%) per annum, and all reasonable attorney's fees. The proceeds derived from the sale of such condominium unit shall be used and disbursed by the Association, as attorney-in-fact, for the same purposes and in the same order as is provided in subparagraphs B(1) through (5) of this paragraph.

E. The owners representing an aggregate ownership

interest of seventy percent (70%) or more, of the General Common Elements may agree that the condominium units are obsolete and that the same should be sold. Such plan or agreement must have the approval of all of the first mortgagees of the condominium units. In such instance, the Association shall forthwith record a notice setting forth such fact or facts, and upon the recording of such notice by the Association's President and Secretary or Assistant Secretary, the entire Project shall be sold by the Association, as attorney-in-fact, for all of the owners, free and clear of the provisions contained in this Declaration, the Map, the Articles of Incorporation and the Bylaws. The sale proceeds shall be apportioned among the owners on the basis of each owner's interest in the General Common Elements, and such apportioned proceeds shall be paid into separate accounts, each such account representing one condominium unit. Each such account shall be in the name of the Association and shall be further identified by the condominium unit designation and the name of the owners. From each separate account, the Association, as attorney-in-fact shall use and disburse the total amount of each of such accounts, without contribution from one account to another, for the same purposes and in the same order as is provided in subparagraphs B(1) through (5) of this paragraph.

9. CONDEMNATION. In the event that any of the property is taken or condemned by any public authority, or sold or otherwise disposed of in lieu thereof, the provisions of this paragraph 9 shall apply. All compensation, damages or other proceeds therefrom (the "condemnation proceeds") shall be paid to the Association and distributed by it as herein provided.

A. If all of the condominium property is taken or condemned, or sold or otherwise disposed of in lieu thereof, condominium ownership subject to this Declaration shall terminate. The condemnation proceeds shall be divided by the Association according to each condominium unit owner's interest in the General Common Elements; provided, however, that if a standard different from the value of the condominium property as a whole is used to arrive at the amount of the condemnation proceeds in the negotiations, court decree, or otherwise, then the condemnation proceeds shall be divided in accordance with such standard, to the extent it is applicable. Such divided proceeds shall be paid into separate accounts, each such account representing one of the condominium units. The amount of each of such accounts, without contribution from one account to another, shall be disbursed by the Association, as attorney-in-fact for the same purposes and in the same order as provided in subparagraphs B(1) through (5) of paragraph 8 above.

B. If less than all of the condominium property is taken or condemned, or sold or otherwise disposed of in lieu thereof, condominium ownership shall not terminate. The Association shall reasonably and in good faith, allocate the condominium proceeds in the following manner:

(1) That portion thereof representing compensation or damages for the taking of or injury to the General Common Elements shall be allocated among the condominium unit owners according to their respective interests in the General Common Elements;

(2) That portion thereof representing compensation or damages for the taking of or injury to a particular condominium unit and its improvements shall be allocated to the owner of that unit;

(3) That portion thereof representing damages for injury to property not taken shall be allocated among the owners of condominium units which were not taken according to their respective interests in the General Common Elements;

and

(4) Any balance thereof remaining shall be allocated in such manner as the Association deems equitable in the circumstances.

Notwithstanding the foregoing, if an allocation of the condemnation proceeds is established in the negotiations, court decree, or otherwise, then such allocation shall be used by the Association to the extent it is applicable. Upon completion of the allocation, the Association shall disburse the condemnation proceeds by checks payable jointly to the owners and their respective mortgagees.

In the event of a partial taking resulting in the taking of an entire condominium unit, the owner of such unit shall automatically cease to be a member of the Association and such owner's interest in the General Common Elements shall thereupon terminate. The Association, as attorney-in-fact for such owner, may execute and record such documents and take such other actions as it deems necessary to reflect such termination and to reallocate such former owner's interest in the General Common Elements among the remaining owners of condominium units in proportion to their respective interests therein.

10. NOTICES. Each owner shall register his mailing address with the association, and except for monthly statements and other routine notices, all other notices or demands intended to be served upon an owner shall be sent by either registered or certified mail, postage prepaid, addressed in the name of the owner at such registered mailing address. All notices, demands or other notices intended to be served upon the Board of Directors of the Association or the Association shall be sent by certified mail, postage prepaid, c/o Dr. Ransy L. Jeffrey, 1120 East Elizabeth, Bldg. F., Fort Collins, Colorado 80524, until such address is changed by a notice of address change duly recorded in the records of the Association.

11. INDEMNIFICATION OF OFFICERS OF ASSOCIATION. The Association shall indemnify every officer, member of the Board of Directors, and Manager, his heirs, executors and administrators, against any loss or liability, and against any expenses reasonably incurred by him in connection with any action, suit or proceeding to which he may be a party, by reason of his being or having been an officer, member of the Board of Directors, or Manager of the Association, except in relation to matters as to which he shall be finally adjudged in such action, suit or proceeding to be liable for negligence or misconduct; and in the event of a settlement, indemnification shall be provided only in connection with such matters covered by the settlement as to which the Association is advised by counsel that the person to be indemnified did not commit such a breach of duty.

12. GENERAL.

A. Each owner shall comply strictly with the provisions of this Declaration, the Articles and Bylaws and the decisions and resolutions of the Association lawfully adopted pursuant thereto, as the same may be amended from time to time. Failure to comply with any of same shall be grounds for an action to recover sums due for damages or injunctive relief or both, maintainable by the Manager or Board of Directors on behalf of the owners, or, in a proper case, by an aggrieved owner.

B. This Declaration shall not be revoked, nor shall any of the provisions herein be amended unless the owners representing an aggregate ownership interest of seventy percent (70%), or more, of the General Common Elements, and all first mortgages unanimously consent and agree to such revocation or amendment by

instrument(s) duly recorded; provided, however, that the undivided interest in the General Common Elements appurtenant to each unit, as expressed in this Declaration, shall have a permanent character and shall not be altered without the consent of all of the condominium unit owners and first mortgagees expressed in an Amended Declaration duly recorded.

C. So long as the Declarants shall own any of the condominium units they shall have the absolute right to lease or sell any such condominium unit to any person, firm or corporation, upon any terms and conditions as they shall deem to be in their own best interests. Further, so long as the Declarants are the owners of any of the condominium units, they shall have the right to designate and select a majority of the persons who shall serve as members of the Board of Directors of the Association. Whenever said Declarants shall be entitled to designate and select any person or persons to serve on any Board of Directors of the Association, the manner in which such person or persons shall be designated shall be as provided in the Articles of Incorporation and/or Bylaws of the Association, and the Declarants shall have the right to remove any person or persons selected by them to act and serve on said Board of Directors and to replace such person or persons with any other person or persons to act and serve in the place of any Director or Directors so removed for the remainder of the unexpired term of any Director or Directors so removed.

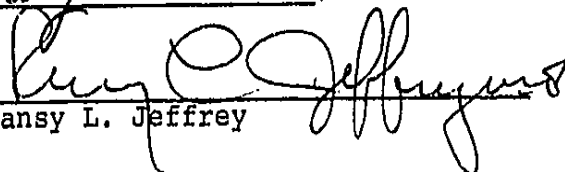
D. Any representative of the Declarants serving on the Board of Directors of the Association shall not be required to disqualify himself upon any vote upon any matter between the Declarants and the Association where the Declarants may have a pecuniary or other interest. Similarly, the Declarants, as members of the Association, shall not be required to disqualify themselves in any vote which may come before the membership of the Association upon any matter between the Declarants and the Association, notwithstanding that the Declarants may have a pecuniary or other interest therein.


E. If any of the provisions of this Declaration or any paragraph, sentence, clause, phrase or word, or the application thereof in any circumstance be invalidated, such invalidity shall not affect the validity of the remainder of this Declaration, and the application of any such provisions, paragraph, sentence, clause, phrase or word in any other circumstances shall not be affected thereby.

F. The provisions of this Declaration shall be in addition and supplemental to the Condominium Ownership Act of the State of Colorado and to all other provisions of law.

G. Whenever used herein, unless the context shall otherwise provide, the singular number shall include the plural, and plural the singular, and the use of any gender shall include all genders.

IN WITNESS WHEREOF, Declarants have executed this Declaration this 27th day of May, 1981.


Ransy L. Jeffrey

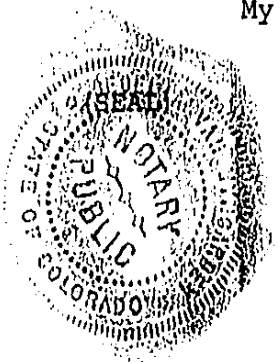
x 
Kelvin F. Kesler

STATE OF COLORADO)
) ss.
COUNTY OF LARIMER)

The foregoing instrument was acknowledged before me
this 27th day of May, 1981, by Ransy L.
Jeffrey and Kelvin F. Kesler.

WITNESS my hand and official seal.

My commission expires: 9-18-82.



Cecilia Van Wyngaarden
Notary Public

CONSENT

The undersigned, the holder of a security interest in
the property described in the foregoing instrument, hereby consents
to the foregoing Declaration, and agrees for itself, its successors
and assigns, that its security interest in the property, and title
to any or all of the property which may be acquired by the under-
signed through foreclosure of its security interest or otherwise,
is and shall be subject to the terms, covenants and conditions
of such declaration.

HOME FEDERAL SAVINGS &
LOAN OF THE ROCKIES

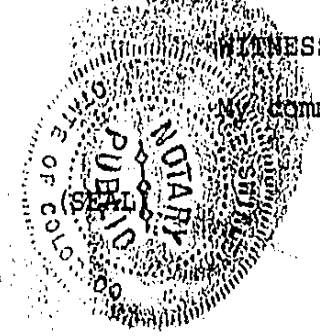
By: Albert J. Litzau
Vice President

STATE OF COLORADO)
) ss.
COUNTY OF LARIMER)

The foregoing instrument was acknowledged before me
this 29th day of May, 1981, by _____
Albert J. Litzau, as Vice President
of Home Federal Savings & Loan of the Rockies.

WITNESS my hand and official seal.

My commission expires: May 16, 1985



Jane Shirley
Notary Public Jane Shirley

BK2117 PGO 979

EAST ELIZABETH MEDICAL CONDOMINIUMS
EXHIBIT 1

Condominium Unit No.	Interest in General Common Elements
1	21.4%
2	19.8%
3	17.6%
4	20.3%
5	20.9%
Total.....	100.0%