

**DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS
OF
METZLER RANCH FILING NO. 1**

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THIS DECLARATION is made and entered into by BRE/METZLER L.L.C., a Delaware limited liability company ("Declarant") and the planned community formed by Declarant is to be named "METZLER RANCH FILING NO. I". Declarant intends to form a Colorado non-profit corporation for this planned community and lots to be created therefrom to be called "METZLER RANCH FILING NO. I HOMEOWNERS ASSOCIATION, INC."

WITNESSETH:

WHEREAS, Declarant is the owner of real property situated in the Town of Castle Rock, County of Douglas, State of Colorado, which is described on Exhibit B, attached hereto and incorporated herein by this reference. A plat or map entitled "Metzler Ranch Filing No. 1" showing and describing all of the lots that can be created, or which shall become a part of this planned community, shall be filed with the Clerk and Recorder for Douglas County, Colorado; and

WHEREAS, Declarant desires to subject and place upon the property described on the attached Exhibit A, consisting of four hundred and thirty five (435) lots that Declarant anticipates will be created and become a part of this planned community, certain covenants, conditions, restrictions, easements, reservations, rights-of-way, obligations, liabilities and other provisions; and

WHEREAS, a common interest community in the State of Colorado may be created pursuant to the Colorado Common Interest Ownership Act, as amended, ("CCIOA"), as defined hereinafter, only by recording a declaration executed in the same manner as a deed. In such a case, the declaration must be recorded in every county in which any portion of the common interest community is located and must be indexed in the grantee's index in the name of the common interest community and in the name of the association, and in the grantor's index in the name of each person executing the declaration. If governed by the Act, no common interest community is created until the plat or map for the common interest community is recorded;

WHEREAS, Declarant has made provision for certain Permitted Exceptions to that property described in Exhibit D, which are neither Common Elements as described in Exhibit B, nor grants of public right of ways as shown and described on the plat map for "Metzler Ranch Filing No. 1".

NOW, THEREFORE, Declarant hereby declares that all of the real property described on that attached Exhibit A and B and which Declarant intends to be created through the exercise of Declarant's Rights of annexation shall be held, sold, and conveyed subject to the following covenants, conditions, restrictions, easements, rights-of-way, obligations, liabilities, charges and other provisions set forth herein upon annexation.

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ARTICLE I.
DEFINITIONS

1. "Act" means the Colorado Common Interest Ownership Act, C.R.S. §38-33.3-101, et seq., as amended (previously referred to herein as "CCIOA"). The Community (as hereinafter defined) is subject to the Act, its benefits and responsibilities.
2. "Agencies" means the Government National Mortgage Association (GNMA), the Federal National Mortgage Association (FNMA), the Federal Home Loan Mortgage Corporation (FHLMC), the Department of Housing and Urban Development (HUD), the Veterans Administration (VA) or any other governmental or quasi-governmental agency or any other public, quasi-public or private entity which performs (or may in the future perform) functions similar to those currently performed by any such entities.
3. "Allocated Interests" means the Common Expense Liability and votes in the Association allocated to each Lot. The Allocated Interest for each Lot shall be a fraction, the numerator of which is one (1) and the denominator of which is the total number of Lots within the Community from time to time.
4. "Association" means Metzler Ranch Filing No. 1 Homeowners Association, Inc., a community association of property owners that has such rights, powers, responsibilities and duties as are provided in this Declaration, the Articles of Incorporation and Bylaws of the Association for a nonprofit corporation subject to the Act.
5. "Board of Directors" or "Board" means the body, regardless of name, designated in this Declaration, the Articles of Incorporation and the Bylaws of the Association to act on behalf of the Association.
6. "Builder" means any Member other than Declarant who acquires one or more Lots for the purpose of constructing a residence thereon, and who is designated as a Builder by Declarant in its sole discretion from time to time (including the right to withdraw such designation), with such designation to be made by a written instrument duly recorded in the office of the Clerk and Recorder of the County of Douglas, Colorado. At the time this Declaration is made, Declarant recognizes two Builders. As to Parcel II described in Exhibit A hereto, Melody Homes, Inc., a Delaware corporation, is a Builder. As to Parcel III described in Exhibit A hereto, KDB Homes, Inc., a Delaware corporation, is a Builder.
7. "Common Elements" means any property owned or leased by the Association other than a Lot or publicly dedicated property. The Common Elements at the time of recordation of this Declaration are described on Exhibit B attached hereto and incorporated herein by this reference.
8. "Common Expense Liability" means the liability for Common Expenses allocated to each Lot and which Common Expense Liability for each Lot shall be equal to each Owner's proportional share according to the Allocated Interests of such Lot. There shall be a Common Expense Liability as to all Lots created and made a part of the Community.
9. "Common Expenses" means expenditures made or liabilities incurred by or on behalf of the Association, together with any allocations to reserves. There shall be Common Expenses as to all Lots

created and made a part of the Community; and in addition, there shall be Common Expenses as to all Underdrain Lots created and made a part of the Community.

10. "Community" means real estate described in this Declaration, as supplemented and amended from time to time, with respect to which a Person, by virtue of such Person's ownership of a Lot, is obligated to pay for real estate taxes, insurance premiums, maintenance or improvement of other real estate described in this Declaration. Declarant intends and declares that this is a "planned community" as that term is used and understood in and pursuant to the Act and that the "Annexable Property" described in the aforementioned Exhibit A is intended to include those Lots to be created and eventually become the Community.

11. "Declarant" means BRE/Metzler L.L.C., a Delaware limited liability company, and any other Person(s) to whom the Declarant, by recorded document, expressly assigns one or more of the Declarant's rights under this Declaration (which shall be the extent of the Declarant's rights to which such assignee succeeds). Any such document shall be deemed to be the designation of a "Builder," as hereinabove provided, unless the document is expressly an assignment of Declarant rights, which provides for assignment or transfer of one or more or all of the Declarant's rights under this Declaration.

12. "Declaration" means this Declaration of Covenants, Conditions and Restrictions recorded in the office of the Clerk and Recorder of Douglas County, Colorado, as amended, clarified and supplemented from time to time.

13. "Design Review Committee" means the committee appointed by the Declarant or by the Board of Directors to review and approve or disapprove plans for Improvements, as more fully provided in this Declaration.

14. "Development Rights" means any right or combination of rights reserved by a Declarant in this Declaration and assignable by Declarant to a Builder, as defined hereinabove, to:

- (a) add real estate to this Community and to create Lots or Common Elements within this Community in connection with the addition of such real estate; or
- (b) to withdraw real estate from this Community; and
- (c) do or refrain from doing acts referenced in this Declaration as Development Rights or Declarant Rights.

15. "Eligible Insurer" means an insurer or guarantor of a first Security Interest in a Lot. An Eligible Insurer must notify the Association in writing of its name and address and inform the Association that it has insured or guaranteed a first Security Interest in a Lot. It must provide the Association with the lot and block numbers, and the address of the Lot on which it is the insurer or guarantor of a Security Interest. Such notice shall be deemed to include a request that the Eligible Insurer be given the notices and other rights described in Article XII herein.

16. "Eligible Mortgagee" means the holder of a first Security Interest in a Lot, when the holder has notified the Association, in writing, of its name and address and that it holds a first Security Interest in a Lot. The notice must include the lot and block numbers, and the address of the Lot on which it has a

first 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 herein.

17. "Improvements" means all exterior improvements, structures, and any appurtenances thereto or components thereof of every type or kind, and all landscaping features, including, but not limited to, buildings, outbuildings, swimming pools, tennis courts, patios, patio covers, awnings, solar collectors, painting or other finish materials on any visible structure, additions, walkways, sprinkler systems, garages, driveways, fences, screening walls, retaining walls, stairs, decks, landscaping, hedges, windbreaks, plantings, trees, shrubs, flowers, vegetables, sod, gravel, bark, exterior light fixtures, poles, basketball hoops, signs, exterior tanks, and exterior air conditioning, cooling, heating and water softening equipment, if any.
18. "Lot" means each platted lot shown upon any recorded subdivision map of the real property described on the attached Exhibit A, as the same may be re-subdivided or re-platted from time to time, or any other real property as may hereafter be brought within the jurisdiction of the Association, with the exception of the Common Elements and any publicly dedicated property. The total number of Lots, which may be created in this Community shall not exceed four hundred and eighty (480) .
19. "Managing agent" means that person or firm operating and managing this planned community as identified pursuant to Article III, Section 6, of this Declaration.
20. "Member" means each Owner; membership in the Association shall be appurtenant to, and may not be separated from, ownership of a Lot.
21. "Owner" means the Declarant, Builder or other Person who owns a Lot, but does not include a Person having an interest in a Lot solely as security for an obligation.
22. "Period of Declarant Control" means a length of time expiring seven (7) years after initial recording of this Declaration in Douglas County, Colorado; provided, that the Period of Declarant Control shall terminate no later than either sixty (60) days after conveyance of seventy-five percent (75%) of the Lots, which may be created and which have been transferred to the first Owner thereof other than Declarant or a Builder, two (2) years after the last conveyance of a Lot by the Declarant or a Builder in the ordinary course of business, or two (2) years after any right to add new Lots to the Declaration was last exercised.
23. "Person" means a natural person, a corporation, a partnership, an association, a trust, a limited liability company, a joint venture, or any other entity recognized under the laws of the State of Colorado or any combination thereof.
24. "Security Interest" means an interest in real estate or personal property created by contract or conveyance which secures payment or performance of any obligation. The term includes a lien created by a mortgage, deed of trust, trust deed, security deed, contract for deed, land sales contract, lease intended as security, assignment of leases or rents intended as security, pledge of an ownership interest in the Association, and any other consensual lien or title retention contract intended as security for an obligation. For purposes of Article IV, Section 12 hereof, and, with respect to notice of cancellation or substantial modification of certain insurance policies, to Article VI, Section 2 hereof, "Security Interest" shall also mean and refer to any executory land sales contract wherein the Administrator of Veterans Affairs, an Officer of the United States of America, is the seller, whether such contract is recorded or

not, and whether such contract is owned by the said Administrator or has been assigned by the Administrator and is owned by the Administrator's assignee, or a remote assignee, and the land records in the office of the Clerk and Recorder of Douglas County, Colorado, show the Administrator as having the record title to the Lot.

25. "Security Interest Holder" means any Person named as a mortgagee or beneficiary, or in a similar capacity, under any Security Interest (including, for purposes of Article IV, Section 12 hereof; and, with respect to notice of cancellation or substantial modification of certain insurance policies, to Article VI, Section 2 hereof, the Administrator of Veteran's Affairs, an Officer of the United States of America, and his assigns under any executory land sales contract wherein the said Administrator is identified as the seller, whether such contract is recorded or not in the land records of the Clerk and Recorder of Douglas County, Colorado, show the said Administrator as having the record title to the Lot), or any successor to the interest of any such Person under such Security Interest.

26. "Special Declarant Rights" means rights reserved for the benefit of a Declarant to perform the following acts: to build and complete Improvements in the Community; to exercise any Development Right; to maintain sales offices, construction offices, management offices, and signs advertising the Community and sale of Lots; to use easements through the Common Elements for the purpose of making Improvements within the Community or within real estate which may be added to the Community; to make the Community subject to a master association; to merge or consolidate a Community of the same form of ownership; or to appoint or remove any officer of the Association or any Board of Directors member during any Period of Declarant Control. All of the Special Declarant Rights may be exercised by the Declarant with respect to any portion of the property now or hereafter within the Community. Declarant may exercise any or all of these Special Declarant Rights at any time and from time to time. Such rights shall terminate automatically on the earlier of the following events:

- (a) conveyance of the last Lot by Declarant or a Builder to an Owner other than Declarant or a Builder; or
- (b) seven (7) years from the date of recordation of this Declaration. Notwithstanding the foregoing, such rights shall not terminate automatically with respect to the appointment of officers and directors, which may only be exercised in accordance with Article III hereof.

ARTICLE II. MEMBERSHIP AND VOTING RIGHTS

1. Association. The Association has been or will be formed as a corporation under the Colorado Nonprofit Corporation Act, as amended. The Association shall have the duties, powers and rights set forth in this Declaration and in its Articles of Incorporation and Bylaws. As more specifically set forth hereinafter, the Association shall have a Board of Directors to manage its affairs; except as otherwise provided in this Declaration, the Articles of Incorporation or Bylaws of the Association, the Board of Directors shall be elected by the Members.

2. Board of Directors. The affairs of the Association shall be managed by a Board of Directors. The number, term and qualifications of the Board of Directors shall be fixed in the Association's Articles of Incorporation and Bylaws. The Board of Directors may, by resolution, delegate portions of its authority to an executive committee or to other committees, to officers of the Association or to agents

and employees of the Association, but such delegation of authority shall not relieve the Board of Directors of the ultimate responsibility for management of the affairs of the Association. Action by or on behalf of the Association may be taken by the Board of Directors or any duly authorized executive committee, officer, agent or employee without a vote of the Members, except as otherwise specifically provided in this Declaration, the Articles of Incorporation or Bylaws of the Association.

3. Membership. The membership of the Association at all times shall consist exclusively of all Owners or, following termination of the Community, of all former Owners entitled to distributions of proceeds or their heirs, personal representatives, successors or assigns. Membership shall be appurtenant to and may not be separated from ownership of any Lot.

4. One Class of Membership. The Association shall have one class of voting membership. Each Owner shall be entitled to one (1) vote for each Lot owned, except that no votes allocated to a Lot owned by the Association may be cast. The total number of votes which may be cast in connection with any matter shall be equal to the total number of Lots then existing within the Association. Except as otherwise provided in Article III of this Declaration, during the Period of Declarant Control, the Declarant or Persons appointed by the Declarant may appoint all officers and members of the Board of Directors, and may remove all officers and members of the Board of Directors which have been appointed by the Declarant. Declarant may voluntarily surrender the right to appoint and remove officers and members of the Board of Directors before termination of the Period of Declarant Control; but, in that event, the Declarant may require, for the duration of the Period of Declarant Control, that specified actions of the Association or Board of Directors, as described in a recorded instrument executed by the Declarant, be approved by the Declarant before they become effective.

ARTICLE III.

MEMBERS OF THE BOARD OF DIRECTORS AND OFFICERS

1. Authority of Board of Directors. Except as provided in this Declaration, the Articles of Incorporation, or the Bylaws of the Association, the Board of Directors may act in all instances on behalf of the Association.

2. Election of Part of the Board of Directors During the Period of Declarant Control. Initially, the Declarant shall appoint members to the Board of Directors as more specifically provided at paragraph 3 of this Article. Within sixty (60) days after conveyance of twenty-five percent (25%) of the Lots which may be created to Owners other than Declarant or a Builder, at least one (1) member and not less than twenty-five percent (25%) of the members of the Board of Directors must be elected by Owners other than the Declarant. Not later than sixty (60) days after conveyance of fifty percent (50%) of the Lots which may be created to other than Declarant or a Builder, not less than thirty-three and one-third percent (33 1/3%) of the members of the Board of Directors must be elected by Owners other than Declarant or a Builder.

3. Authority of Declarant During Period of Declarant Control. Except as otherwise provided in this Article, during the Period of Declarant Control, Declarant or Persons appointed by the Declarant may appoint all officers and directors and remove all officers and directors of the Board of Directors appointed by it after having taken office. Within sixty (60) days after termination of the Period of Declarant Control, the Owners shall elect a Board of Directors, at least a majority of whom must be

Owners other than the Declarant or designated representatives of Owners other than Declarant. The Board of Directors shall consist of either three (3) or five (5) members.

4. Budget. Within thirty (30) days after adoption of any proposed budget for the Community, the Board of Directors shall mail, by ordinary first-class mail, or otherwise deliver a summary of the Association budget to all the Owners and shall set a date for a meeting of the Owners to consider ratification of the budget not less than fourteen (14), nor more than sixty (60) days after mailing or other delivery of the summary. Unless at that meeting the budget is rejected by the vote or agreement of Owners of Lots to which at least sixty-seven percent (67%) of the votes in the Association are allocated, then the budget is ratified, whether or not a quorum is present. In the event that the proposed budget is rejected, the periodic budget last ratified by the Owners must be continued until such time as the Owners ratify a subsequent budget proposed by the Board of Directors.

5. Association Books and Records. The Association shall make available to Owners, prospective purchasers, Security Interest Holders, and insurers or guarantors of any such Security Interest, current copies of this Declaration, and the Articles of Incorporation, Bylaws, rules and regulations, books, records and financial statements of the Association. "Available" shall mean available for inspection, upon request, during normal weekday business hours or under other reasonable circumstances.

6. Managing Agent. The Association may delegate, by written agreement, any of its duties, powers and functions to any person or number of persons, or firm to act as Managing Agent at an agreed compensation.

ARTICLE IV. COVENANT FOR MAINTENANCE ASSESSMENTS

1. Creation of the Lien and Personal Obligation for Assessments. Each Owner, including Declarant and each Builder, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, covenants and agrees and shall be personally obligated to pay to the Association: annual assessments or charges, special assessments, and other charges, fines, fees, user fees, interest, late charges, and other amounts, all as provided in this Declaration; with such assessments and other amounts to be established and collected as hereinafter provided. All amounts payable by Owners to the Association pursuant to this Declaration, together with interest, late charges, costs, and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the Lot to which each such amount is applicable. The obligation for such payments by each Owner to the Association is an independent covenant with all amounts due, from time to time, payable in full when due without notice or demand (except as otherwise expressly provided in this Declaration), and without set-off or deduction. All Owners of each Lot shall be jointly and severally liable to the Association for the payment of all assessments, fees, user fees, charges and other amounts attributable to their Lot. Each amount, together with interest, late charges, costs, and reasonable attorney's fees, shall also be the personal obligation of each Person who was the Owner of such Lot at the time when the amount became due. The personal obligation for delinquent amounts (including assessments) shall not pass to such Owner's successors in title unless expressly assumed by them. The Association's lien on a Lot for assessments and other amounts shall be superior to any homestead exemption now or hereafter provided by the laws of the State of Colorado or any exemption now or hereafter provided by the laws of the

United States. The acceptance of a deed to land subject to this Declaration shall constitute a waiver of the homestead and any other exemption as against said Association lien.

2. Purpose of Assessments. The assessments levied by the Association shall be used to promote the recreation, health, safety and welfare of the residents of the Lots, and for all of those purposes and activities which may be required of the Association or which the Association may be empowered to pursue pursuant to this Declaration or the Articles of Incorporation or Bylaws of the Association, or by law. At a minimum, the Association is empowered to contract for solid waste collection for the residents of the Community, a power pre-emptive of any individual or group of Lot Owner in the Community. However, assessments levied during the Period of Declarant Control may not be used for the purpose of constructing capital Improvements.
3. Initial Annual Assessment. Until the effective date of an Association budget ratified by the Owners, the initial assessment shall be set by Declarant not less than sixty (60) days following the recording of this Declaration and ratified by the Board of Directors upon their appointment to office.
4. Rate of Assessment. Annual and special assessments shall be fixed at a uniform rate for all Lots. Assessments levied according to this Section 4 are intended to be sufficient to meet the expected needs of the Association. Annual assessments shall include an adequate reserve fund for the maintenance, repair and replacement of those items that must be maintained, repaired or replaced on a periodic basis, and for the payment of insurance deductibles. All Common Expenses shall be assessed against all Lots in accordance with the Allocated Interests set forth in this Declaration. If the Common Expense Liability is reallocated, annual assessments and any installment thereof not yet due shall be recalculated in accordance with the reallocated Common Expense Liability.
5. Date of Commencement of Annual Assessments. The annual assessment shall commence at such time as the Board of Directors may determine in its discretion, but in no event later than the first closing conveying a Lot to an Owner other than Declarant or a Builder. After any annual assessment has been made initially by the Declarant and ratified by the Board of Directors after their appointment; thereafter assessments shall be based on a budget adopted by the Association as provided in this Declaration. A budget shall be so adopted by the Association no less frequently than annually. The annual assessments shall be due and payable upon ratification by the membership, but may be paid in no more than twelve (12) installments over the ensuing year. All assessments shall be payable in advance, or on such other dates, and with such frequency, but not less frequently than annually, as the Board of Directors determines in its discretion from time to time; provided that the first annual assessment passed by the Board of Directors pursuant to a budget shall be adjusted to reflect the time remaining in the first Association fiscal year. Any Owner purchasing a Lot between installment due dates shall pay a pro rata share of the last payment due.
6. Special Assessments. In addition to the annual assessments authorized in this Article, the Board of Directors may levy, in any fiscal year, with the approval of the votes of two-thirds (2/3) of the Association votes cast by Members voting in person or by proxy at a meeting duly called for this purpose, a special assessment for the purpose of defraying in whole or in part the cost of any construction, reconstruction, repair or replacement of a capital Improvement upon any portion of real property for which the Association has repair and/or reconstruction obligations, including fixtures and personal property related thereto, or for repair or reconstruction of any damaged or destroyed Improvements located on said real property, or for the funding of any operating deficit incurred by the Association. A special assessment levied against the Underdrain Lots and on others shall require the

approval of the votes of two-thirds (2/3) of the votes cast by Owners of the Underdrain Lots voting in person or by proxy at a meeting duly called for this purpose. Any such special assessment shall be set against each Lot in accordance with the Allocated Interests set forth in this Declaration. A meeting of the Members called for the purpose of considering the establishment of a special assessment shall be held in conformance with Section 7 of this Article IV. Notwithstanding the foregoing, special assessments levied during the Period of Declarant Control may not be used for the purpose of constructing capital Improvements.

7. Notice and Quorum for Any Special Assessments. Written notice of any meeting called for the purpose of taking any action authorized under Section 6 of this Article shall be sent to all Members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast sixty percent (60%) of all the Association votes shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

8. User Fees for Services to Less Than All Lots. The Association may, at any time and from time to time, provide services to less than all of the Lot(s) in the Community. If such services are not funded by the Association's annual or special assessments or pursuant to Section 9 of this Article, then such services shall be provided, if at all, pursuant to agreement between the Association and the Owner of the Lot for which such service is to be provided, with such agreement to include a statement and terms for payment of the user fees, costs, and expenses that are to be paid by such Owner for such services, and which amounts shall include overhead expenses of the Association. Services which may be provided by the Association pursuant to this Section (and which are not to be provided to all of the Lots) may include, without limitation, the following:

- (a) the construction, care, operation, management, maintenance, upkeep, repair, replacement and renovation of Improvements or property owned by such Owner(s);
- (b) the provision of any services or functions to such Lot(s);
- (c) the enforcement of the provisions of any document or agreement for, on behalf of, and in the name of the applicable Owners;
- (d) the payment of taxes or other amounts for Owners with funds provided by such Owners; and
- (e) the procurement of insurance for Owners.

9. User Fees for Maintenance of Underdrains.

- (a) As provided in Article IX, Section 1 hereof, the Association shall provide maintenance, repair and replacement of the underdrains and all related facilities on those Lots listed on Exhibit C, attached hereto and incorporated herein by this reference (the "Underdrain Lots") from and after the date when each of the Underdrain Lots is annexed to this Declaration. The Owners of the Underdrain Lots shall pay user fees to the Association for such maintenance, repair and replacement, which user fees shall be levied equally against each of the Underdrain Lots, in such

amounts, at such times, and with such frequency as may be determined by the Board of Directors in its sole discretion from time to time. Such user fees shall include all fees, costs and expenses of the Association, and shall be subject to all of the Association's rights with respect to the collection and enforcement of assessments.

(b) The Association is precluded from imposing any financial burden on the membership as a whole in fulfilling its responsibilities of maintenance, repair and replacement of the underdrains serving the Underdrain Lots.

10. Lien for Assessments.

(a) The Association has a statutory lien on a Lot for the assessments and user fees levied against that Lot or fines imposed against its Owner. User fees, fees, charges, late charges, attorney fees, fines and interest charged pursuant to this Declaration are collectible as assessments under this Article. 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) Recording of this Declaration constitutes record notice and perfection of the Association assessment. No further recordation of any claim of lien for assessments is required. However, the Board of Directors or managing agent of the Association may prepare, and record in the county in which the applicable Lot is located, a written notice setting forth the amount of the unpaid indebtedness, the name of the Owner of the Lot, and a description of the Lot. If a lien is filed, the costs and expenses thereof shall be added to the assessments for the Lot against which it is filed and collected as part and parcel thereof. The Association's lien may be foreclosed in like manner as a mortgage on real estate.

(c) A lien for unpaid assessments is extinguished unless proceedings to enforce the lien are instituted within six (6) years after the full amount of assessments becomes due.

11. Priority of Association Lien.

(a) A lien under this Article IV is prior to all other liens and encumbrances on a Lot except:

(i) Liens and encumbrances recorded before the recordation of the Declaration;

(ii) A Security Interest on the Lot which was recorded or perfected before the date on which the assessment sought to be enforced became delinquent has priority over all other security interest on the Lot and the improvements thereon all according to C.R.S. 38-33.3-316(2)(a)(II); and

(iii) Liens for real estate taxes and other governmental assessments or charges against the Lot.

(b) A lien under this Section is also prior to the Security Interests described in the preceding subsection (a)(2) to the extent of an amount equal to the annual assessments based on a periodic budget adopted by the Association as provided above, which would have become due, in the absence of any acceleration, during the six (6) months immediately preceding institution by either the Association or any party holding a lien senior to any part of the Association lien