

RESOLUTION OF THE BOARD OF DIRECTORS OF  
THE CASTLE PINE HOMES ASSOCIATION

The Board, having reviewed the covenants of the Castle Pines Homes Association (“CPHA”) from their inception to the present, and having reviewed the Castle Pines Design Review Guidelines, and Custom Home Design Procedural Criteria from inception to present, does hereby find and determine as follows:

- A. The original CPHA covenants were adopted in 1981. The covenants were then amended and restated in 1981, 1986, 1987 and 1989. The current covenants in force are referred to in this Resolution as the “Covenants”.
- B. In 1988, the CPHA Board adopted the Castle Pines Design Review Guidelines (the “Design Guidelines”), which set forth provisions for the orderly development and improvement of property within Castle Pines Village.
- C. On April 15, 1996, the Design Review Committee (“DRC”) adopted the Custom Home Design Procedural Criteria (the “Procedural Criteria”) as a supplement to the Design Guidelines to further clarify and establish procedural criteria for the development of custom homes within Castle Pines Village.
- D. The Procedural Criteria (Step 6 E) require that homeowners must complete construction of their homes within eighteen (18) months from the date Douglas County issues its initial Building Permit for the project (the “Eighteen Month Rule”). The DRC may grant a homeowner an extension of the Eighteen Month Rule for good cause shown.
- E. The DRC elected, in fairness, to only apply the Procedural Criteria on a prospective basis, to projects commenced on or after April 15, 1996, such that projects commenced prior to that date were deemed to have been grandfathered in under the old rules and criteria.
- F. The Covenants provide in Section 13 (a) as follows:

Restrictions On Use.

Use. No commercial enterprise (except as hereinafter provided), noxious or offensive trade or activity shall be carried on upon any Lot, *nor shall anything be done thereon which may, in the opinion of the Association, be or become an annoyance or nuisance to the neighboring Owners or residents.* For the purpose hereof, leasing or renting of the Dwelling Units shall not constitute a commercial use or enterprise notwithstanding the provisions for hotel or resort-type services in connection with such leasing or renting. Uses other than residential use will be permitted in those areas designated for other forms of uses in the Development Plan. *For purposes hereof, the restrictions on use shall include and be subject to all of the restrictions contained in the Development Guide.* Whenever the provisions

of these Restrictions and the provisions of the Development Guide conflict or are inconsistent, the more restrictive shall control.

- G. It is the Board's intent and purpose to interpret the Covenants, the Design Guidelines and the Procedural Criteria in a fashion which is consistent with, and gives effect to, CPHA's goal of preserving and protecting property values and quality of life in Castle Pines Village by controlling the appearance, condition, and use of the land, building, landscape, and other improvements within the Village.

NOW THEREFORE, in consideration of the Board's thorough and systematic investigation of the above items and information, the Board hereby finds, concludes and ORDERS as follows:

1. The Board hereby finds:

(a) The Covenants, the Design Guidelines and the Procedural Criteria were all duly authorized, properly adopted, and are in full force and effect. The DRC's inclusion of the Eighteen Month Rule in the Procedural Criteria was proper and necessary to preserve the quiet enjoyment of property within Castle Pines Village.

(b) Any construction project which violates the Eighteen Month Rule constitutes a nuisance as defined in Section 13(a) of the Covenants because such a project: (1) unreasonably and substantially interferes with neighboring homeowners' use or enjoyment of their property, (2) causes inconvenience or annoyance to neighboring homeowners or residents, and (3) is an intentional or negligent invasion of the neighboring homeowner or residents' use or enjoyment of property.

(c) Any construction project which violates the Eighteen Month Rule constitutes a violation of the Design Guidelines, the Procedural Criteria, and accordingly, the Covenants.

(d) Covenant violations may be enjoined by court action filed in either County Court or District Court in Douglas County.

2. It has been more than ten (10) years since the Procedural Criteria, including the Eighteen Month Rule, were adopted by the DRC. Fairness no longer requires that any projects be "grandfathered in" or that any previously granted extensions be continued. Accordingly, the Board hereby declares that all pre-April 15, 1996 projects must comply with all of the terms of the Design Guidelines and Procedural Criteria not later than October 1, 2006. All previous exemptions and extensions are hereby terminated effective as of October 1, 2006.

3. The Board hereby requests that the DRC review the status of construction projects in Castle Pines Village and report back to the Board with the names and addresses of any parties currently in violation of the Eighteen Month Rule, including persons who have applied for, and been granted, extensions for good cause shown, and including projects commenced prior to April 15, 1996. Upon receipt of the DRC's report, the Board will take all appropriate actions to enforce the Covenants and enjoin any further violations.

4. The Board hereby re-confirms its commitment to enforce all of the provisions of the Covenants, the Design Guidelines and the Procedural Criteria in a fair and reasonable fashion in order to protect and preserve property values and the quiet enjoyment of property within Castle Pines Village.

Approved unanimously by the Board of Directors this 16<sup>th</sup> day of June, 2006.

**CASTLE PINES BOARD OF DIRECTORS**

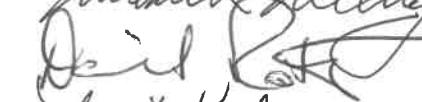
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