

SECOND SUPPLEMENTAL DECLARATION
FOR
MIRASOL

Affecting Neighborhood #3

THIS SECOND SUPPLEMENTAL DECLARATION is made this 8th day of May, 2007, by HOMEQUEST DEVELOPMENT, LLC with an address of 375 West 37th Street, Suite 200, Loveland, CO 80538 (hereinafter referred to as "Declarant").

RECITALS

A. Homequest Development, LLC as "Declarant" executed that certain "Declaration for Mirasol," which Declaration was recorded on May 17, 2006, at Reception No. 0036841 and as corrected by that certain "First Amendment to Declaration," recorded on March 19, 2007 at Reception No. 20070020417 in the records in the office of the Clerk and Recorder of Larimer County, Colorado ("Declaration"). The Declaration created a common interest community within certain real property described therein.

B. "Exhibit E" to the Declaration designates and legally describes three Neighborhoods: "Neighborhood #1," "Neighborhood #2," and "Neighborhood #3". The Neighborhood Common Elements within each Neighborhood at the time the Declaration was recorded are also set forth on Exhibit E to the Declaration.

C. This Second Supplemental Declaration affects Neighborhood #3, legally described on Exhibit A attached hereto and incorporated herein ("Neighborhood #3").

D. Article 7 of the Declaration specifically reserves Development Rights, Special Declarant Rights and Additional Reserved Rights to the Declarant. Specifically, Subsection 7.1.3 reserves to the Declarant, the right to create or construct improvements, additional Ownership Units and Common Elements (including both Community Common Elements and Neighborhood Common Elements) on all or any portion of the Real Estate or the Expansion Property which may be added to the Real Estate.

E. The purpose of this First Supplemental Declaration is to create additional Neighborhood Common Elements and delineate specific Neighborhood Common Expenses.

F. Upon the recording of this Second Supplemental Declaration, Exhibit E will be amended by the provisions in this instrument and will affect the real property described on Exhibit A to this Second Supplemental Declaration.

G. Declarant is the owner of the Real Estate within Neighborhood #3, the real property effected by this Supplemental Declaration.

Declarant hereby declares as follows:

1. Designation of Neighborhoods. Pursuant to the Declaration, certain areas within the Community may be designated as Neighborhoods because of the distinct product type, or because the maintenance, insurance, or landscaping responsibilities of the Association will be particular to that area. Each of the three initial Neighborhoods were designated by legal description on Exhibit E to the Declaration. This Supplemental Declaration makes no change to that initial designation. However, pursuant to the Declarant's reserved right in the Declaration, it may change the Neighborhood designations (specially including the boundaries between Neighborhoods) at any time and from time to time.

2. Number of Residential Lots. Neighborhood #3 consists of twenty-four (24) Ownership Units each shown on the Plat as a "Lot" and included within the Community; each of which is designated on the Plat or zoned to permit the construction of one Dwelling.

3. Neighborhood #3 Common Elements. These Common Elements constitute a portion of the Real Estate designated by any Recorded instrument as "Neighborhood Common Elements," which are for the primary use and benefit of the Owners of certain Units within a particular portion of the Real Estate (i.e., within a particular Neighborhood). Initial Neighborhood Common Elements were designated on Exhibit E to the Declaration. Declarant now creates additional Neighborhood Common Elements, so that Neighborhood #3 Common Elements are as follows:

Neighborhood #3 Neighborhood Common Elements:

- A. Outlot J and Outlot E
Mirasol First Subdivision, according to the plat thereof recorded on February 15, 2006 at Reception # 20060014474
City of Loveland
County of Larimer
State of Colorado
- B. All landscaping (including by way of example only: trees, shrubs, ground cover, xeriscape, grass) located within Neighborhood #3 (and specifically including within the Lots).
- C. The paved alley located within Block 5.

In accordance with the Subsection 1.2.29 of the Declaration, Neighborhood Common Elements shall be considered "Limited Common Elements" pursuant to the Act as the Declarant is not creating a Neighborhood Association at this time.

4. Ownership Units. The total of Ownership Units within Neighborhood #3 is twenty-four (24).

5. Dwellings. The number of single-family residences for which the Residential Lot within the Real Estate is zoned for use within Neighborhood #3 is: 24 Dwellings.

6. Neighborhood Common Expenses. The actual and estimated expenses which the Association incurs or expects to incur for the benefit of Owners within Neighborhood #3 shall include, without limitation:

- A. the expenses of maintaining, operating, insuring, repairing and replacing Neighborhood Common Elements;
- B. the cost of water usage as shown on the meter for Neighborhood #3;
- C. the cost of installation, maintenance and replacement of all landscaping (including by way of example only: trees, shrubs, ground cover, xeriscape, grass) located within Neighborhood #3 (and specifically including all Lots);
- D. the cost of all snow removal from Neighborhood #3 (specifically including all Lots);
- E. the cost of the alteration, maintenance, repair, replacement and improvement of all exterior surfaces and structural components within a Lot, including without limitation: building walls and foundations, roof shingles and paper lining, gutters, downspouts, drainspouts, exterior siding, exterior portions of entry doors, windows, trim around the perimeter of doors and windows, external vents and flues, and screen and glass surfaces;
- F. the cost of obtaining and keeping in full force and effect a "all-risk" casualty insurance policy with extended coverage endorsement for the full insurable value of all of the Improvements within the Neighborhood Common Elements and those portions of Neighborhoods which the Association has agreed to maintain, insure, repair, replace or improve pursuant to this Second Supplemental Declaration;
- G. the cost of adequate reserves for replacement of all portions of Neighborhood #3 described in Paragraph 3 above and in this Paragraph 6;
- H. a reasonable reserve for capital repairs and replacements for the Neighborhood Common Elements;

I. Such additional expenses for services or maintenance or insurance of other property as provided in Sections 5.4, 8.2, 8.3, 8.4, 11.1.2 and elsewhere in the Declaration; and

J. a reasonable administrative charge.

7. Neighborhood Assessments. All Neighborhood Common Expenses shall be levied against the Owners and their Ownership Units within Neighborhood #3 pursuant to Section 8.3 of the Declaration. All Neighborhood Assessments shall be due and payable in accordance with Article 8 of the Declaration. Neighborhood Assessments shall be levied in accordance with Subsection 8.1 below.

8. Allocated Interests.

8.1 Neighborhood Common Expenses. Pursuant to Section 12.3 of the Declaration, Neighborhood Common Expenses shall be allocated among the Lots, based upon the following formula:

a percentage based upon a fraction, the numerator is one and the denominator is the total number of Ownership Units within the Neighborhood.

At the time this Second Supplemental Declaration is recorded, each Lot within Neighborhood #3 shall be allocated 4.167% of the Neighborhood Common Expenses.

8.2 Votes in the Association. Pursuant to Section 12.1 of the Declaration, each Ownership Unit in Neighborhood #3 consists of one Dwelling, and the Votes allocated to that Lot shall be as follows:

one Vote for each Dwelling the Lot is zoned.

At the time this Second Supplemental Declaration is recorded, each Lot within Neighborhood #3 shall have one vote in the Association.

8.3 Community Common Expenses. Community Common Expenses shall be allocated in accordance with Section 12.2 of the Declaration as corrected by the First Amendment.

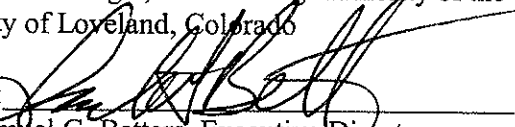
a percentage based upon a fraction, the numerator of which is the number of Dwellings within the Lot and the denominator is the number of Dwellings within the entire Community.

At the time this Second Supplemental Declaration is recorded, each Lot within Neighborhood #3, shall be allocated .9616% of the Community Common Expenses.

9. Definitions. Unless otherwise defined herein, initially capitalized terms defined in the Declaration shall have the same meaning herein.

IN WITNESS WHEREOF, Declarant has caused this Second Supplemental Declaration to be executed as of the day and year first above written.

HOMEQUEST DEVELOPMENT, LLC,
a Colorado limited liability company
by its Manager, the Housing Authority of the
City of Loveland, Colorado

by: 
Samuel G. Betters, Executive Director

STATE OF COLORADO)
) ss.
COUNTY OF LARIMER)

The foregoing instrument was acknowledged before me this 8th day of May, 2007, by Samuel G. Betters, Executive Director of the Housing Authority of the City of Loveland, Colorado, as manager of HomeQuest Development, LLC, a Colorado limited liability company.

Witness my hand and official seal.

My commission expires: 9/13/2008.


Notary Public



EXHIBIT A

Legal Description for Neighborhood #3

Lots 1-12

Block 5

**Mirasol First Subdivision, according to the plat thereof recorded on February 15, 2006
at Reception # 20060014474**

and

Lots 1-12

Block 6

**Mirasol First Subdivision, according to the plat thereof recorded on February 15, 2006
at Reception # 20060014474**

**as amended by that Amended Plat concerning certain lots of Blocks 4 and 6, recorded
March 7, 2007 at Reception #20070017234**

City of Loveland

County of Larimer

State of Colorado

EXHIBIT B

EASEMENTS AND OTHER ITEMS OF RECORD

1. The lien for real property taxes for the year 2007 and subsequent years, not yet due and payable.
2. Right of way 70 feet in width as referenced in deed recorded November 22, 1982 in Book 2194 at page 1352.
3. Oil and Gas Lease recorded February 3, 1984 in Book 2257 at Page 1364 and any and all assignments thereof, or interest therein.
4. Right of way 70 feet in width as referenced in deed recorded November 22, 1982 in Book 2194 at Page 1352.
5. Oil and gas lease recorded February 03, 1984 in Book 2257 at Page 1364 and any and all assignments thereof, or interest therein.
6. Matters as set forth on surveys dated December 16, 2002, by Trout Daoud Surveying, including but not limited to the following: fences not on property lines, 70 foot right of way for farmers ditch, 30 foot right of way for South Madison Avenue, encroachment of shed, overlap in boundary descriptions, gaps in property descriptions.
7. Grant of easement to Paul D. Chandler and Carol J. Chandler, for grazing of cattle, and incidental purposes, by instrument recorded August 31, 2004, under Reception No. 20040086230.
8. Easements, conditions, covenants, restrictions, reservations and notes on the recorded Plat of Loveland Housing Authority/Chandler boundary line adjustment recorded September 22, 2004 at Reception No. 2004093036.
9. Grant of easement to the Housing Authority of the City of Loveland, for utility easement, and incidental purposes, by instrument recorded September 22, 2004, under Reception No. 20040093039.
10. Terms, conditions and provisions of ordinance No. #4974 recorded May 31, 2005 at Reception No. 20050043765.
11. Mirasol first addition annexation and development agreement recorded May 31, 2005 at Reception No. 20050043767.

12. Grant of easement to Housing Authority of the City of Loveland, for a drainage and utility easement, and incidental purposes, by instrument recorded September 01, 2005, under Reception No. 200573994.
13. Terms, conditions and provisions of agreement recorded January 26, 2006 at Reception No. 20060006529.
14. Easements, conditions, covenants, restrictions, reservations and notes on the recorded Plat for Mirasol First Subdivision, recorded February 15, 2006 at Reception No. 20060014474.
15. That certain instrument entitled, "Reciprocal Easements, Covenants and Agreements," dated May 9, 2006 and recorded on May 12, 2006 at Reception No. 20060035701 in the Office of the Clerk and Recorder for Larimer County, Colorado.
16. That certain instrument entitled, "Declaration for Mirasol," dated May 12, 2006 and recorded on May 19, 2006 at Reception No. 0036841 in the office of the Clerk and Recorder for Larimer County, Colorado.
17. That certain instrument entitled, "First Amendment to Declaration," recorded on March 19, 2007 at Reception No. 20070020417.