

**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
ECHO CANYON ESTATES**

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR ECHO CANYON ESTATES ("Declaration") is made this 9th day of MAY, 2006, by Ridemore Enterprises, Inc., a Colorado corporation.

RECITALS

A. Declarant is the owner of all of the real property in the City of Fruita, County of Mesa, State of Colorado, legally described as follows:

ECHO CANYON ESTATES

B. Declarant desires to impose a general plan for the improvement, development and maintenance of the Property, and to adopt and establish covenants, conditions and restrictions upon the Property for the purpose of enhancing, maintaining and protecting the value and desirability of the Property.

C. Declarant deems it desirable to set aside one or more portions of the Property as Common Area for the use and benefit of the owners of Lots within the Property, and to establish a Colorado nonprofit corporation, Echo Canyon Estates Homeowners Association, to which such Common Area from time to time shall be conveyed.

THEREFORE, Declarant covenants, agrees and declares that the Property is a planned community that shall be governed by CCIOA and that shall be held, sold, conveyed, encumbered, leased, used, occupied and improved subject to the following limitations, restrictions, easements, covenants, conditions, reservations, liens and charges described in this Declaration, all of which are declared and agreed to be in furtherance of a general plan for the improvement and development of the Property. All of the limitations, restrictions, easements, covenants, conditions, liens and charges shall run with the land, shall be binding upon and inure to the benefit of all parties having or acquiring any right, title or interest in the Property or any part of it and the successors in interest of such parties, and are imposed upon the Property and every part of it as equitable servitudes which may be enforced by the Declarant, its successors and assigns, each Owner, his or her successors and assigns, or by the Association, its successors and assigns.

**ARTICLE 1
DEFINITIONS**

Section 1.01. "Architectural Control Committee" or "ACC" shall mean and refer to the committee appointed by Declarant or by the Board of Directors, as more fully provided in Article 8.

Section 1.02. "Articles of Incorporation" shall mean the Articles of Incorporation of the Association, as they may be amended from time to time.

Section 1.03. "Assessment" shall mean and refer to any assessment levied against one or more Owner(s) or Lot(s) as permitted by this Declaration or applicable law, including without limitation any of the following:

- (a) "Regular Assessment" shall mean and refer to a charge against each Lot representing that portion of the Common Expenses attributable to such Lot, including all fees, charges, late charges, attorney fees, fines and interest arising from failure to pay when due the principal amount of such assessment.
- (b) "Special Assessment" shall mean and refer to a charge against any Lot for certain costs incurred by the Association for materials or services furnished to the Owner or his or her Lot at the request of or on behalf of such Owner, or as a result of any Owner failing to maintain any portion of his or her Lot in accordance with the provisions of this Declaration, or as a result of the negligence, recklessness, or willful misconduct of any Owner, his or her employees, guests or invitees, or for excessive use or special use of the services or facilities, if any, provided by the Association, or for any other purpose for which this Declaration or applicable law specifies or permits the imposition of a Special Assessment.
- (c) "Capital Assessment" shall mean and refer to a charge against any Lot representing a portion of the Association's cost for the purchase, installation, construction,

expected or unexpected repair or replacement, of any capital improvement (including the necessary fixtures and personal property related to it) that is a Common Expense of the Association, plus reserves for repair or replacement of existing capital items, and acquisition, construction and installation of new capital improvements.

Section 1.04. "Association" shall mean and refer to Echo Canyon Estates Homeowners Association, a nonprofit corporation incorporated under Colorado law.

Section 1.05. "Association Water" shall mean and refer to all water, water stock and water rights appurtenant to, associated with or used in connection with all or any part of the Property, plus any other water or water rights, ditch or ditch rights, reservoir or water storage rights appurtenant to any portion of the Property or used in connection with any portion of the Property and owned or controlled by the Association.

Section 1.06. "Board" or "Board of Directors" shall mean the Board of Directors of the Association.

Section 1.07. "Bylaws" shall mean the Bylaws of the Association as they may be amended from time to time.

Section 1.08. "CCIOA" means the Colorado Common Interest Ownership Act presently codified at C.R.S. § 38-33.3-101, *et seq.*, as it may subsequently be amended from time to time.

Section 1.09. "City" means the City of Fruita, Colorado.

Section 1.10. "Common Area" shall mean any and all real property, and the improvements and fixtures on it owned, leased or controlled by the Association for the common use and enjoyment of the Members, including but not limited to any irrigation water retention area, pedestrian path, street, or lighting fixture owned or controlled by the Association, as well as signage on any Common Area or for the general benefit of the Subdivision or Owners, whether or not located on the real property owned or leased by the Association. The Common Area shall also include all areas and interests so shown or designated on the recorded plat of the Property or the Map.

Section 1.11. "Common Expenses" shall mean and include expenditures made, and liabilities incurred, by or on behalf of the Association.

Section 1.12. "Conveyance" shall mean and refer to transfer of a fee simple title by deed, installment land purchase contract or otherwise of any part of the Property.

Section 1.13. "Declarant" shall mean and refer to Ridemore Enterprises, Inc., a Colorado corporation, its successors and assigns designated in writing to be the successor of Declarant, subject to any limitation on transfer of Special Declarant Rights contained in this Declaration, CCIOA or other applicable law.

Section 1.14. "GVIC" means the Grand Valley Irrigation Company.

Section 1.15. "Irrigation Facilities" shall mean and refer to all improvements, equipment, facilities, and other real and personal property owned, operated or maintained by the Association for the purpose of delivering water to the Lots and Common Area for irrigation purposes, and shall include, but not be limited to, all pumps, pipes, pipelines, risers, connectors, controls, siphons, filters, valves, and related parts and materials located in, under, or upon easements within the Subdivision, or elsewhere outside of the Subdivision, of owned, used or maintained by the Association for the benefit of the Subdivision.

Section 1.16. "Landscape Plan" shall mean the recorded master landscape plan for the Subdivision, which may be changed in the future as permitted by the City of Fruita or by law.

Section 1.17. "Lot" shall mean and refer to each numbered lot of the Property described on the Map. Boundaries of a Lot shall be as shown and defined on the Map.

Section 1.18. "Map" means the map or plat of the Property attached to this Declaration pursuant to the requirements of CCIOA.

Section 1.19. "Member" shall mean and refer to every person or entity who holds a membership in the Association.

Section 1.20. "Owner" shall mean and refer to Declarant and to any other person or entity holding a fee simple ownership interest in any Lot which is a part of the Property, including contract purchasers and lessees with enforceable options to purchase, but excluding mortgagees (unless and until a mortgagee acquires record fee ownership) and those having such interest merely as security for the performance of an obligation.

Section 1.21. "Property" shall mean and refer to that certain real property in Mesa County, Colorado, described in Recital Paragraph A and as further shown and described on the Map.

Section 1.22. "Residence" means the single family dwelling improvements (including garage, whether attached or detached, but excluding any outbuildings) located on a Lot.

Section 1.23. "Special Declarant Rights" shall mean and refer to the development and other rights expressly reserved for the benefit of Declarant in accordance with the terms and conditions of this Declaration.

Section 1.24. "Subdivision" shall mean all of the Property, and improvements thereon, subject to this Declaration or any amendment to this Declaration.

ARTICLE 2

THE ASSOCIATION

Section 2.01. Membership. Every Owner of one or more Lots in the Property shall be entitled and required to be a Member of the Association, subject to the voting rights provisions of this Article 2. No person or entity other than an Owner of one or more Lots in the Property may be a Member of the Association. No Owner shall be entitled to sever his or her ownership interest in a Lot from membership in the Association; provided, that this shall not be construed as precluding the Owner of a Lot from creating or severing a co-tenancy, joint tenancy or any other form of co-ownership with any other person or persons.

Section 2.02. Allocation of Votes. Each Lot shall be allocated one vote in the Association, subject to Section 2.08. If only one of the multiple Owners of a Lot is present at a meeting of the Association, such Owner is entitled to cast the vote allocated to that Lot. If more than one of the multiple Owners are present, the votes allocated to that Lot may be cast only in accordance with the agreement of a majority in interest of such Owners. There is majority agreement if any one of the multiple Owners casts the vote allocated to that Lot without protest being made promptly to the person presiding over the meeting by any of the other Owners of the Lot. However, each Owner of the Lot may vote or register protest to the casting of votes by the other Owners of the Lot through a duly executed proxy meeting the requirements set forth in the Bylaws.

Section 2.03. No Cumulative Voting. In the election of directors of the Association, cumulative voting shall not be allowed.

Section 2.04. Membership Appurtenant. By accepting a deed to a Lot or other instrument the acceptance of which would render the holder an Owner, Membership in the Association shall be appurtenant to and inseparable from a Lot. Membership in the Association may not be transferred except in connection with the transfer of ownership of a Lot and shall be automatically transferred by Conveyance of a Lot without additional action or documentation.

Section 2.05. Directors of the Association. The affairs of the Association shall be managed initially by a Board of Directors consisting of three (3) directors. When Declarant relinquishes control of the Board to the Owners pursuant to Section 2.08, the Board shall be comprised of not fewer than three (3) directors, with the number of directors specified in the Bylaws.

Section 2.06. Director Education. So long as required by law, the Board may authorize, and account for as a Common Expense, reimbursement of directors for their actual and necessary expenses incurred in attending educational meetings and seminars on responsible governance of homeowners associations. The course content of such educational meetings and seminars shall be specific to Colorado, and shall make reference to applicable sections of CCIOA.

Section 2.07. Owner Education. So long as required by law, the Association shall provide, or cause to be provided, education to Owners at no cost on at least an annual basis as to the general operations of the Association and the rights and responsibilities of Owners, the Association, and the Board of Directors under Colorado law. The criteria for compliance with this Section 2.07 shall be determined by the Board.

Section 2.08. Management of the Association.

- (a) Notwithstanding anything stated elsewhere in this Declaration, until the earliest of: (i) twenty (20) years after the date of recording of this Declaration (the period of Declarant's control) in the offices of the Mesa County, Colorado Clerk and Recorder; (ii) sixty (60) days after Conveyance of 75% of the Lots to Owners other than Declarant; or, (iii) two (2) years after the most recent Conveyance of a Lot by Declarant in the ordinary course of business, Declarant may appoint and remove all Association officers and all members of the Board of Directors of the Association, subject to the limitations stated in this Section 2.08.
- (b) Not later than sixty (60) days after Conveyance of 25% of the Lots which may be created by the terms of this Declaration to Owners other than Declarant, at least one member, and not fewer than 25% of the members, of the Board of Directors must be elected by the Owners of Lots other than Declarant.
- (c) Not later than sixty (60) days after Conveyance of 50% of the Lots which may be created by the terms of this Declaration to Owners other than Declarant, not fewer than 33-1/3% of the members of the Board of Directors must be elected by Owners other than Declarant.
- (d) Upon the termination of the period of Declarant control specified in subsection 2.08(a), the Owners shall elect a Board of Directors in accordance with Section 2.05 who must be Owners other than Declarant or designated representatives of Owners other than Declarant. The Board of Directors so elected and officers shall take office upon termination of the period of Declarant control specified above.
- (e) Notwithstanding anything to the contrary stated elsewhere in this Section 2.08, by a vote of 67% of all persons present and entitled to vote at any meeting of the Owners at which a quorum is present, any member of the Board of Directors may be removed with or without cause, other than a member appointed by Declarant.
- (f) Declarant may voluntarily surrender the right to appoint and remove officers of the Association and members of the Board before termination of the period of Declarant's control; but in that event Declarant may require, for the duration of the period of Declarant's control, that specified actions of the Association or the Board (as described in a recorded instrument executed by Declarant) be approved by Declarant before they become effective.
- (g) Within sixty (60) days after Owners other than Declarant elect a majority of the Board, Declarant shall deliver to the Association all property of the Owners and the Association held or controlled by Declarant, including, without limitation, those items specified in C.R.S. § 38-33.3-303(9); provided, however, that the Irrigation Facilities, Association Water and all shares of GVIC stock shall be transferred to the Association in accordance with Section 9.01.

Section 2.09. Quorum. Quorum requirements are specified in the Bylaws.

Section 2.10. Officers of the Association. The Officers of the Association are specified in the Bylaws.

Section 2.11. Authority. The Association shall have all rights, powers, and authority specified or permitted by this Declaration, the Articles of Incorporation, the Bylaws, CCIOA, and any other applicable law.

Section 2.12. Actions Against Owners. The Association may take judicial action against any Owner to enforce compliance with any provisions of this Declaration, obtain mandatory or injunctive relief, or obtain damages for noncompliance, and may exercise any other right or remedy for enforcement of this Declaration permitted by law. All of such rights and remedies of the Association shall be cumulative and nonexclusive.

Section 2.13. Conveyance or Encumbrance. No Common Area may be encumbered, dedicated or conveyed in all or in part without the express written consent of the City, in which case no such encumbrance, dedication or transfer shall be effective unless there is recorded in the real property records of Mesa County, Colorado: (i) an instrument in any number of counterparts, which shall together constitute a single agreement, signed and properly acknowledged, with the date of all of such acknowledgment extending over a time period of no more than six (6) months, by Members entitled to cast 67% of the votes

in the Association, approving such encumbrance, dedication or transfer; and (ii) the signed and notarized affidavit of an officer or director of the Association that written notice of the proposed action was sent to every Member no less than thirty (30) days nor more than sixty (60) days in advance of the earliest date of the acknowledgment of such approved instrument by any of the Members.

Section 2.14. Management Agreement and Other Contracts.

- (a) The Association may utilize professional management in performing its duties. Any agreement for professional management of the Association’s business or any contract providing for the services of Declarant shall have a maximum term of three (3) years, and shall provide for termination by either party to it, with or without cause and without payment of a termination fee, upon at least thirty (30) days prior written notice.
- (b) Any contracts, licenses or leases entered into by the Association while Declarant controls the Association shall provide for termination by either party to it, with or without cause and without payment of a termination fee, at any time after termination of Declarant’s control of the Association, upon ninety (90) days prior written notice.

Section 2.15. Provision of Documents. Any Owner who sells his or her Lot shall provide the buyer with those documents required under C.R.S. § 38-33.3-223. Further, within thirty (30) days after closing of the sale of any Lot, the Association shall provide the new Owner with a copy of this Declaration, the Map and the Landscape Plan, as well as a confirmation of receipt of these documents in a form adopted by the Association that must be returned to the Association by the new Owner within thirty (30) days. Failure by the new Owner to return the executed confirmation in accordance with this Section 2.15 shall result in a \$100.00 Assessment being levied against such Owner and his or her Lot, enforceable in accordance with Article 4, for each month the new Owner fails to comply.

**ARTICLE 3
PROPERTY RIGHTS IN LOTS AND COMMON AREA**

Section 3.01. Title to the Common Area. Prior to the sale of the first Lot in the Subdivision, Declarant shall convey fee simple title to the Common Area to the Association with only such warranty of title as may be required by law for such transfer.

Section 3.02. Members’ Easements of Enjoyment. Every Member shall have a non-exclusive right and easement in and to the Common Area, including, but not limited to, an easement for ingress and egress over and through the Common Area. Each such easement shall be appurtenant to and shall pass with the title to every Lot, subject to the terms and conditions of this Declaration, including without limitation the following provisions:

- (a) The right of the Association to adopt uniform rules and regulations pertaining to the use and enjoyment of the Common Area;
- (b) Except as provided in Section 9.01, the right of the Association to borrow money and encumber (by mortgage, deed of trust or otherwise) the Common Area or any part of it in accordance with Section 2.13 and any other requirements imposed by law;
- (c) The right of the Association to suspend a Member’s voting rights, Common Area use, and/or any benefits of membership in the Association, including the use of Association Water, for any period during which any Assessment against such Members’s Lot(s) remains unpaid and delinquent, and/or while a Member is in violation of this Declaration or any rules or regulations adopted by the Association; provided that any suspension of such voting rights, Common Area use, or benefits of membership in the Association, except for failure to pay Assessments, shall be made only by the Association or a duly appointed committee of the Association after notice and hearing given and held in accordance with the Bylaws of the Association;
- (d) The right of the Association to dedicate or transfer all or any part of the Common Area pursuant to Section 2.13;

- (e) The right of Declarant or its designees to enter upon the Common Area for purposes of construction and development of the Subdivision and for purposes of making repairs and remedying construction defects; provided, such entry shall not unreasonably interfere with the use and enjoyment of any Lot upon which a Residence has been constructed, unless authorized by the Owner; and
- (f) The right of the Association to close or limit the use of the Common Area while maintaining, repairing and making replacements in the Common Area, or as otherwise reasonably required.

Section 3.03. Delegation of Use. Any Member may delegate his or her right of enjoyment to the Common Area and Association Water to his or her family members, licensees and invitees, or tenants or contract purchasers who are in possession of such Member's Lot.

Section 3.04. Waiver of Use. No Member may exempt himself or herself from personal liability for Assessments duly levied by the Association, or the liens and charges created by CCIOA or this Declaration, by waiver of the use and enjoyment of the Common Area or the facilities on it, or by abandonment of his or her Lot.

Section 3.05. General Restrictions.

- (a) All Owners of any Lot(s), by their acceptance of their respective deeds or other instruments causing them to become Owners, covenant and agree that the Common Area shall remain undivided, and no Owner shall bring any action for partition (which right is expressly waived), it being agreed that this restriction is necessary to preserve the rights of Owners with respect to the operation and management of the Property.
- (b) No Owner shall engage in any activity which will temporarily or permanently deny free access to any part of the Common Area to all Members, nor shall any Owner place any structure or fence (except those installed by Declarant) upon the Common Area.

ARTICLE 4
COVENANT FOR ASSESSMENTS

Section 4.01. Creation of the Lien and Personal Obligation of Assessments. The undersigned, for each Lot within the Property, covenants (and each Owner of any Lot by acceptance of a deed or other Conveyance for that Lot, whether or not it shall be so expressed in that instrument, is deemed to covenant and agree) to pay to the Association: (a) all Assessments and charges levied against that Lot; (b) all fees, charges, late charges, attorney fees, fines, collection costs, interest and other sums charged pursuant to this Declaration or as allowed by C.R.S. § 38-33.3-316(1) or any other provision of CCIOA (as it may be subsequently amended) or by any other applicable law. The Association shall have the right, independent of CCIOA, to impose reasonable charges for late payment of Assessments, recover reasonable attorney fees and other legal costs for collection of Assessments and other actions to enforce the powers of the Association, regardless of whether or not suit was initiated, and, after notice and an opportunity to be heard, levy reasonable fines for violations of this Declaration, the Bylaws, or the rules and regulations of the Association.

Any charge set forth in this Section 4.01, from the time such charge becomes due, shall be a charge on and covenant running with the land, and shall be a continuing lien on the Lot against which each such item is assessed. 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. A valid acceleration of installment Assessment obligations may be made by the Board at any time any Assessment or Assessment installment is at least thirty (30) days overdue.

Each such charge, together with interest, costs, and reasonable attorney fees, shall also be the joint and several personal obligation of each person and entity who was the Owner of the Lot at the time when the item became due; provided that, this personal obligation shall not pass to an Owner's successors-in-interest unless expressly assumed by them. No Owner may be exempt from liability for Assessments by waiver of use or enjoyment of the Common Area, Association Water, or other assets or benefits of the Association, or by abandonment of any Lot.

The Association's lien on a Lot for Assessments shall be superior to any homestead exemption now or later 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 a Lot subject to this Declaration shall constitute a waiver of the homestead and any other such exemption as against such Assessment lien.

Section 4.02. Purpose of Assessments. The Assessments levied by the Association shall be used exclusively for: Common Expenses; to promote the health, safety, or welfare of the residents of the Property and their household members and guests; for the benefit of the Common Area or Association Water; or for any other purpose of the Association, as those purposes (as amended from time to time) are specified in this Declaration, the Bylaws or the Articles of Incorporation; or as otherwise authorized or permitted by CCIOA or other applicable law.

Section 4.03. Initial Assessment.

- (a) The initial Assessment of any particular type shall be fixed in an amount set by, and made upon the resolution of, the Board of Directors.
- (b) After an Assessment of any type has been made by the Association, Assessments of the same type (other than Special Assessments and Capital Assessments, which may be made at any time and from time to time) shall be made no less frequently than annually, based on a budget adopted by the Association as described in this Declaration.
- (c) Until the Board of Directors makes the initial Assessment, all expenses of the Association shall be paid by Declarant.

Section 4.04. Date of Commencement of Assessments; Due Dates. The initial Regular Assessment shall be adjusted according to the number of months remaining in the calendar year for which that Assessment is made, if less than a full calendar year. Thereafter, the Board shall fix the amount of such annual Regular Assessments against each Lot at least thirty (30) days in advance of each annual Regular Assessment period. Written notice of the annual Regular Assessment shall be sent to every Owner subject to that Assessment. The due date(s) shall be established by the Board of Directors. The Board shall determine whether to permit any Assessment to be paid in installments and the due dates and terms and conditions of such installment payments. This determination shall be made with sole and absolute discretion of the Board unless otherwise required by CCIOA or other applicable law. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether all Assessments on a specified Lot have been paid. Special Assessments and Capital Improvement Assessments may be made and declared to be due by the Board at any time, except as limited by this Declaration, CCIOA or other applicable law.

Section 4.05. Expense Allocation. Except as otherwise stated in this Article 4 or as otherwise provided by CCIOA or other applicable law, each Lot shall be allocated a fraction of the Common Expenses of the Association in which the numerator is one and the denominator is the number of platted Lots then in the Subdivision. Despite anything to the contrary stated in this Section 4.05, if permitted or required by this Declaration, CCIOA or other applicable law, any Common Expense or portion of any Common Expense or other cost or expense to the Association benefitting or caused by fewer than all Lots shall be assessed exclusively against the Lots benefitted by or causing the Common Expense or other cost or expense.

Section 4.06. Owner's Negligence. In the event that the need for maintenance, repair, replacement, reconstruction or reconfiguration of Common Area, or any other Common Expense, is caused by the willful or negligent act or omission of any Owner, or by the willful or negligent act or omission of any family or household member, guest or invitee of such Owner, such expense and all related fees, costs and expenses of or to the Association shall be the personal obligation of such Owner and may be made part of any Assessment against such Owner and that Owner's Lot(s). Negligence or the willful act or omission of any Owner or any family or household member, guest or invitee of such Owner, and the amount of the Owner's liability therefor, shall be determined by the Board of Directors at an informal hearing after notice to the Owner, provided that any such determination which assigns liability to any Owner pursuant to the terms of this Section 4.06 may be appealed by such Owner to a court of law.

Section 4.07. Priority of Lien. The lien for Assessments, which includes without limitation all those items specified in Section 4.01, shall have the priority specified in CCIOA, C.R.S. § 38-33.3-316(2), or other applicable law.

ARTICLE 5
BUDGET AND RECORDS

Section 5.01. Books and Records. Association policies and regulations regarding records, retention of records, and Member access to records are specified in the Bylaws.

Section 5.02. Annual Budget. The Board of Directors shall cause an operating budget, balance sheet, and cash flow statement for the Association to be prepared no less frequently than annually.

Section 5.03. Delivery of Budget. Within ninety (90) days after adoption of any proposed budget, the Board of Directors shall mail by ordinary first-class mail or otherwise deliver a summary of the budget to all Owners and shall set a date for a meeting of the Owners to consider ratification of the budget which shall be within a reasonable time after mailing or other delivery of the summary.

Section 5.04. Ratification of Budget. Unless at the meeting Owners representing a majority of all Lots veto the budget, the budget is ratified, whether or not a quorum is present.

Section 5.05. Rejection of Budget. In the event that the proposed budget is vetoed, the 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.

Section 5.06. Reserve Fund. As part of each annual budget, the Board of Directors shall include an amount which, in its reasonable business judgment, will at least establish and maintain an adequate reserve fund for the repair or replacement of any personal property, fixtures, and improvements required to be operated or maintained by the Association based upon age, remaining life, replacement cost, and any other relevant factors. Any reserve funds may be deposited in such interest bearing account(s) as the Board of Directors deems appropriate.

Section 5.07. Audit and Review. The books and records of the Association shall be subject to an audit, using generally accepted auditing standards, or a review, using statements on standards for accounting and review services, at least once every two (2) years by a person selected by the Board of Directors. Such person need not be a certified public accountant except in the case of an audit.

Section 5.08. Fiscal Year. The fiscal year of the Association shall initially be the calendar year, but the Association may adopt a different fiscal year, for Assessments or otherwise, if permitted by law.

ARTICLE 6
NONPAYMENT OF ASSESSMENTS

Section 6.01 Delinquency. Any Assessment provided for in this Declaration that is not paid when due is delinquent. If any such Assessment is not paid within thirty (30) days after the due date without additional notice or demand, the Assessment shall bear interest from the due date at a rate determined by the Board, not to exceed the maximum rate of interest then permitted by CCIOA or other applicable law. The Association may, at its option, exercise any right or remedy available to the Association under applicable law, including without limitation bringing an action at law against the Owner personally obligated to pay the same, or foreclosing the lien provided in Section 4.01 against the Lot(s) as to which the Assessment has not been paid; and in any case there shall be added to the amount of such Assessment interest and all costs which may be incurred by the Association in its collection of the Assessment, including for example reasonable attorney fees. Each Owner vests in the Association or its assigns the right and power to bring all actions or proceedings at law or in equity, including without limitation foreclosure proceedings, against such Owner for the collection of such delinquent Assessments.

Section 6.02. Nature of Obligation and Lien.

- (a) 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 without notice (except as otherwise expressly provided in this Declaration) or demand, and without setoff or deduction. The Board or managing agent of the Association may prepare a written notice setting forth the amount of such unpaid indebtedness and the name of the Owner of the Lot and description of the Lot. Such a notice shall be signed by one member of the Board or by the managing agent of the Association and may be recorded in the real property records of Mesa County, Colorado. The costs and expenses for filing any notice of lien shall be added to the Assessment for the Lot against which it is filed and collected as part and parcel thereof. Each Assessment, together with interest, late charges, costs and reasonable

attorney fees, shall also be the personal obligation of each person who was the Owner of such Lot at the time when the Assessment became due. The personal obligation for delinquent Assessments shall not pass by Conveyance of a Lot.

- (b) The statutory lien for Assessments is prior to all other liens and encumbrances on a Lot except: (i) liens and encumbrances recorded before the recordation of this Declaration; and (ii) liens for real estate taxes and other governmental assessments or charges against the Lot. Notwithstanding the foregoing, the statutory lien for Assessments is also prior to the lien of a first mortgage to the extent of an amount equal to the Assessments based on a periodic budget adopted by the Association 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 created under Section 4.01 of an action or a nonjudicial foreclosure either to enforce or to extinguish the lien.
- (c) The recording of this Declaration constitutes record notice and perfection of the statutory lien. No further recording of any claim of lien or assessment is required; however, a notice of lien may be recorded at the Association's option, in which event costs and attorney fees incurred in connection with the preparation and filing of such notice shall be assessed against the Owner's Lot as a default assessment.

Section 6.03. Foreclosure Sale. Any foreclosure sale related to an Assessment lien is to be conducted in accordance with those provisions of the laws and rules of the courts of the State of Colorado applicable to the foreclosure of mortgages, or in any other manner then permitted or provided by applicable law. The Association, through its duly authorized agents, shall have the power to bid on the Lot at the foreclosure sale, and to acquire and hold, lease, mortgage and convey the same in the name of the Association.

Section 6.04. Curing of Default. Upon the timely curing of any Assessment delinquency, the Association is authorized to file or record a certificate setting forth the satisfaction of such claim and release of such lien upon payment by the defaulting Owner of a fee determined by the Association to cover the costs of preparing and filing or recording such release and other expenses incurred.

Section 6.05. Cumulative Remedies. The Assessment lien and the rights of foreclosure and sale under it shall be in addition to, and not in substitution of, all other rights and remedies which the Association and its assigns may have under this Declaration and then applicable law, including without limitation a suit to recover a money judgment for unpaid Assessments, as provided above, all of which rights and remedies shall be cumulative.

ARTICLE 7

CONSTRUCTION AND DESIGN GUIDELINES; USE RESTRICTIONS

Section 7.01. Lot Use and Residences. Lots shall be used only for residential purposes. No building shall be erected, or otherwise altered, placed or permitted to remain on any Lot except in accordance with the terms and conditions of this Declaration. The erection of more than one Residence per Lot is prohibited.

Section 7.02. Building Location. The ACC must approve the location of any building upon a Lot before any excavation may begin. No building shall be located on any Lot nearer to the front lot line, rear lot line, or interior lot line than permitted by applicable codes, ordinances or conditions of approval for the Subdivision. Eaves, steps and uncovered porches shall not be considered a part of the building; provided, however, that this provision shall not be construed to permit any portion of the building on a Lot to encroach onto another Lot.

Section 7.03. New Construction and Temporary Structures. All construction within the Subdivision shall be new construction. No trailer, basement, tent, shack, garage, barn, outbuilding, or temporary structure shall be used as a Residence on any Lot, except as provided in Section 7.12.

Section 7.04. Prefabricated Structures. All Residences, garages and outbuildings constructed on the Property shall be of high quality design, construction, workmanship and materials; in particular, no structure of a type known as "prebuilt," "precut," "modular," "manufactured" or "mobile home" is permitted, regardless of its quality. This Section 7.04 shall not apply to the temporary sales and construction office used by Declarant during the development, construction, and sale of Lots in the Subdivision.

Section 7.05. Dwelling Size: Engineered Foundations. No Residence shall be permitted on any Lot if the ground floor area of the main structure, exclusive of open porches, is less than 1,500 square feet, by outside measurement; provided, however, that if the Residence has a second story, the ground floor area, exclusive of open porches, shall be not less than 1,000 square feet, by outside measurement, with a total square footage on the first and second floors of not less than 1,800 square feet, by outside measurement. All Residences shall be built on engineered foundations.

Section 7.06. Building Plans, Materials and Colors. All plans, specifications, color selections, and samples of exterior stucco and/or masonry materials, along with roof material samples, for any Residence, building, outbuilding, addition or improvement must be submitted to the ACC for review and approval. At least 50% of the front exterior finish of all Residences shall be masonry consisting of stucco, brick, rock or natural stone. Exterior color selections shall blend into the surrounding landscape and terrain. Exterior materials may include siding, except for aluminum and vinyl siding, which are not permitted. Bright or highly visible colors will be discouraged while natural, earth-tone colors will be encouraged. Notwithstanding the restrictions in Section 8.05, the ACC may grant a variance for any provision in this Section 7.06 for any reason.

Section 7.07. Roofs. Roofs shall be constructed only of 40-year asphalt shingles. Permitted colors shall include only moderate hues approved by the ACC in its discretion. Flat roofs are not permitted.

Section 7.08. Windows. Windows shall be of a design and color complementary to the exterior of the Residence. Window frames of mill finished aluminum are not permitted.

Section 7.09. Outbuildings. A shed or similar outbuilding shall be permitted of design, construction and materials comparable to that of the Residence on the same Lot.

Section 7.10. Landscaping. Landscaping shall be completed in accordance with the Landscape Plan. All front yard landscaping and any other landscaping visible from any street shall complement the residential character of the Subdivision. At least one tree shall be planted in the front yard of each Lot. Only trees listed on the City's approved species list (if such a list exists, a copy of which may be available to any Owner upon request) may be planted. A landscaping proposal must be submitted to the ACC for approval within two (2) months after the purchase of a new or non-landscaped Residence; provided, however, that all landscaping shall be completed and ready for a walkthrough inspection by the ACC within six (6) months following issuance of the certificate of occupancy for the Residence, unless an extension is granted by both the City Community Development Department Director and the ACC because of weather conditions or the time of year.

Section 7.11. Driveways. Driveways shall be concrete unless otherwise approved by the ACC.

Section 7.12. Temporary Sales and Construction Office. A temporary sales and construction office maintained by Declarant may be located within the Subdivision during the development, construction and/or sale of Lots and the Property. Temporary parking in front of and adjacent to the office will be allowed as long as the office is maintained in the Subdivision. Notwithstanding anything to the contrary in this Declaration, Declarant may maintain the office until thirty (30) days after the completion of the last Residence on the last Lot within the Subdivision, at which time Declarant will have sixty (60) days to remove the office and leave the site flat and clean so as to appear as a vacant building lot. Temporary sales signs, flags, etc. may be placed in the Subdivision during the development, construction and sale of Lots as long as the office is maintained in the Subdivision or there are development, construction or sales activities taking place. During the period of development, construction and sales, Declarant may also designate certain Lots to be used for sales offices, construction offices, storage yards and buildings.

Section 7.13. Vehicle Parking, Storage and Repair. A maximum of two (2) passenger vehicles may be parked on the driveway of any Lot. Except as provided below, no trailer, motorcycle, truck of any nature in excess of 3/4 ton, recreational vehicles, boats, snowmobiles (collectively "Recreational Vehicles" under this Section 7.13), or any accessories to any Recreational Vehicles, shall be parked, stored, repaired, or maintained on any Lot or Common Area, except: (i) temporarily while loading or unloading; or (ii) for the purpose of routine maintenance including, by way of example but not limitation, oil changes, waxing, and minor engine work. All Recreational Vehicles that are not kept in a garage must be parked in the side or rear yard of a Residence and must be screened from public view by a tan vinyl fence, landscaping or other means, at least six (6) feet in height, approved by the ACC, and not farther forward than the front building line of a Residence.

Section 7.14. Restrictions on Storage Areas. Equipment, garbage cans, service yards, wood piles, brick piles, and storage areas shall be adequately screened by plantings or construction approved by the ACC to conceal the same from view from neighboring Lots, streets and Common Area.

Section 7.15. Yards. No rubbish, debris or other such accumulations of any kind shall be placed or permitted to accumulate or remain on any Lot. All ornamentation in yards, such as, by way of example but not limitation, figurines, plastic flowers, colored lights, windmills, or bird baths or feeders, shall either be screened from public view or approved by the ACC. No clotheslines, dog runs or drying yards shall be located on any Lot so they are visible from a street. This Section 7.15 shall not apply to seasonal holiday decorations which are promptly removed after the holiday or to the display of the flag of the United States of America.

Section 7.16. Fences, Planters and Hedges.

- (a) Except as expressly permitted by this Declaration or the ACC, no wall, fence, planter or hedge in excess of three (3) feet above ground level shall be allowed within any front yard setback, and all such fencing shall be open-type. Except as otherwise provided in this Section 7.16, all fences in the Subdivision shall be split rail, wooden picket, wrought iron or vinyl, with the exact height and style approved by the ACC prior to construction. The ACC may, from time to time, adopt written fencing standards, details and colors which differ from the standards described in this Section 7.16. A copy of such standards, details and colors shall be provided to any Owner upon request.
- (b) Fences bordering the open space Common Areas on Lots 23 through 31, 42, and 44 through 49 (as depicted on the Map), shall be limited to four (4) feet in height and may only be constructed of split rail wood, subject to the approval of the ACC. Owners may attach metal, wire-type fencing approved by the ACC for the purpose of enclosing animals.
- (c) Declarant shall cause to be constructed on the northern boundary of the Subdivision along the property lines of Lots 1 through 9 (as depicted on the Map) a six (6) foot high wooden privacy fence. The Owners of such Lots may stain the interior of the fence on their respective Lot, but the Association shall be responsible for all exterior maintenance, including the replacement of damaged posts, slats and rails, except in cases of Owner negligence under Section 4.06.
- (d) Declarant shall cause to be constructed on the eastern boundary of the Subdivision along the property lines of Lots 1 and 51 through 62 (as depicted on the Map) evenly spaced stucco pillars in-filled with fencing of the size and style selected by Declarant and approved by the City. The Association shall be responsible for maintenance of the Pillars and all exterior maintenance of the fence, including the replacement of damaged posts, slats and rails (if applicable), except in cases of Owner negligence under Section 4.06. The Owners of the above Lots may stain the interior of the fence on their respective Lot if the in-fill fencing is constructed of wood.

Section 7.17. Restrictions Relating to Drainage. Nothing shall be done or permitted on any Lot that would block, divert or channelize the natural flow of drainage water across any Lot from adjacent Lots, as established by the original Subdivision grading, without specific approval from the ACC.

Section 7.18. Signs. No sign, graphic, or advertising device of any kind shall be displayed on any Lot except: (i) one sign advertising the property for sale or rent; (ii) signs used by the building contractor or lender for advertising during construction and/or sales of Lots in the Subdivision; and (iii) political signs in support of candidates or ballot issues limited to the ninety (90) day period including and immediately preceding the election date on which the candidates or issues will be voted upon. Any permitted sign shall be no more than four (4) square feet. Signs used by Declarant for any purpose are not subject to the restrictions in this Section 7.18 or any other restrictions.

Section 7.19. Animals. No animals, livestock, reptiles, poultry or insects, of any kind, shall be raised, bred, kept or boarded in or on the Property; provided, however, that the Owners of each Lot may keep fish, birds, dogs and cats which are bona fide household pets, as long as such pets are not kept for any commercial purpose and are not kept in such number or in such manner as to create a danger or nuisance, by excessive noise or otherwise, to any resident(s) of the Subdivision. An Owner's right to keep household pet(s) shall be coupled with the responsibility to pay any costs to the Association for any damages caused by such Owner's pet(s) to Common Area. All animals shall be maintained on the Owner's property or on a leash. Owners shall be responsible for the cleanup of all waste from their pet(s). Habitually barking and/or vicious dogs are prohibited at the sole discretion of the Association.

Section 7.20. Antennas, Towers, Dishes and Solar Panels. No antenna, satellite or similar device for radio, television or other electronic transmission or reception shall be erected, installed or permitted to remain on any Lot, except that television and radio antennas and satellite dishes not in excess of twenty-four (24) inches in diameter may be roof mounted on a rear roof elevation not visible from the street faced by the front elevation of the Residence, and so that the highest point of the antenna or satellite dish is below the ridge line of the roof. No solar panels or other apparatus may be erected upon the roof of any structure within the Subdivision without the prior written consent of the ACC.

Section 7.21. Air Conditioning/HVAC Units. No permanent window mounted air conditioning or HVAC (refrigeration, evaporative or other) units are allowed. All HVAC or air conditioning units shall be ground mounted on a concrete pad or roof mounted on a rear roof elevation not visible from the street faced by the front elevation of the Residence, and so that the highest point of the unit is below the ridge line of the roof.

Section 7.22. Site Lines on Corner Lots. No object or thing shall be placed or planted on any corner Lot that obstructs site lines at elevations between two (2) feet and six (6) feet above the top of the street curb within a triangular area formed by the junction of the street and the curb lines and the line connecting them at a point twenty-five (25) feet from the junction of such streets, curb line, or extension thereof.

Section 7.23. Residential Use. No Lot may be used for commercial purposes, except for home occupations. For purposes of this Section 7.23, "home occupation" means an occupation conducted in accordance with City ordinances for home occupation and which does not entail the employment of third persons on the premises. This does not include the delivery of goods or services to customers upon a Lot, nor to the leasing of any Lot as described in Section 7.24. Any other commercial use shall be considered a nuisance within the meaning of Section 7.25. Declarant shall not be subject to the provisions of this Section 7.23.

Section 7.24. Leases. The term "lease," as used in this Declaration, shall include any agreement for the leasing or rental of a Lot or any portion of it, and shall specifically include, without limitation, a month-to-month rental. Any Owner shall have the right to lease his or her Lot under the following conditions:

- (a) All leases shall be in writing;
- (b) All leases and the lessee's occupancy of the Lot shall be subject in all respects to the provisions of this Declaration, and the Articles of Incorporation, Bylaws and rules and regulations of the Association, and the lessee's failure to comply with any of the above-mentioned documents, in any respect, shall be a default under the lease; and
- (c) No lease shall be for fewer than thirty (30) days.

The provisions of (b) and (c) above shall be contained in each lease, but shall also be deemed to be implied terms of each such lease, whether or not actually contained in the lease.

Section 7.25. Nuisance and Hazardous Activities. No obnoxious or offensive activity shall be conducted on any Lot, nor shall any activity be permitted which becomes an annoyance or nuisance within the Subdivision. No light shall be permitted from any Lot which is unreasonably bright or causes unreasonable glare when viewed from the street, adjacent Lot or property, or Common Area. No sound shall be emitted from any Lot which is unreasonably loud or annoying and no odor shall be permitted from any Lot which is noxious or unreasonably offensive to others, as determined by the Board in its sole discretion. No activities shall be conducted on the Property or within the improvements constructed on or within the Property which are or might be unreasonably hazardous to any person or property. No firearms, explosives, air rifles, crossbows or similar devices shall be discharged on the Property. In no event shall activities of Declarant that are reasonably necessary for the development and construction of the Property be considered a nuisance or hazard under this Section 7.25.

Section 7.26. Lot Maintenance. Each Lot and the improvements thereon shall be properly maintained by the Owner of such Lot. In the event any Owner fails to maintain their Lot(s) in accordance with this Declaration, the Association may hire out such maintenance as is necessary to bring such Lot(s) into compliance with this Declaration, and may assess the Owner of such Lot(s) for those costs, as provided in this Declaration.

Section 7.27. Utilities and Easements. Underground electrical, natural gas, telephone, cable, and television shall be available to all Lots. The utility companies furnishing these services shall have the easements shown on the recorded plats of the Subdivision. No permanent structure shall be erected on any such easement. Neither the Declarant, the utility company, or any entity using these easements shall be held liable for any damage done by any of them or their assigns, agents or employees to shrubbery, trees, flowers or improvements of an Owner located on any land subject to an easement. No overhead services shall be allowed to service any Lot within the Subdivision.

Section 7.28. Re-subdivision of Lots. The re-subdivision of any Lot within the Subdivision is prohibited, except for out-lots or Lots designated for future filings by Declarant, or as may otherwise be provided in this Declaration.

ARTICLE 8

ARCHITECTURAL CONTROL COMMITTEE

Section 8.01. Architectural Control Approval. No building, fence, wall, sign or other structure or improvement shall be commenced, erected or maintained upon the Property (including Common Area), nor shall any exterior addition to or change or alteration (including without limitation painting, landscaping, irrigation systems, fences, trash receptacles) be made until plans and specifications showing the nature, kind, shape, height, materials, location and other relevant information of the same have been submitted to and approved in writing by the ACC as being in harmony with external design and location in relation to surrounding structures, topography and other matters specified in this Article 8; except, Declarant and any successor Declarant shall not be required to attain ACC approval, so long as Declarant in fact complies with the construction and design guidelines of Article 7.

Section 8.02. Procedures. The ACC shall approve or disapprove all requests for approval within thirty (30) days after the complete submission of copies of all plans, specifications and other materials which the ACC may require in conjunction with the application. If the ACC fails to approve or disapprove an application in writing within thirty (30) days after completion of submission of a plan to it, the application will be deemed to have been approved. The ACC shall exercise its reasonable judgment to the end that all attachments, improvements, construction, landscaping and alterations to structures, other improvements and property, within the Property, conform to and harmonize with the existing surroundings, Residences, landscaping and structures; provided, however, that all such improvements must comply with the Map and the Landscape Plan. In its review of any plans, specifications or other materials and information submitted to it, the ACC may require that the applicant(s) pay the ACC a processing fee for the actual expenses incurred by the ACC in the review and approval process. Such amounts, if any, may be levied as part of the Regular Assessment against the Lot for which the request for ACC approval was made and, as such, shall be subject to the Association's lien for assessments and subject to all other rights of the Association for the collection thereof, as more fully provided in this Declaration. Notwithstanding the foregoing, only the Association shall have the right to materially alter or modify the original fencing, landscaping or grading installed by Declarant within any Common Area; provided, however, that the foregoing prohibition shall not prevent the repair and maintenance of the same.

Section 8.03. Vote. A majority vote of the ACC is required to approve a request for architectural approval pursuant to this Article 8.

Section 8.04. Records. The ACC shall maintain written records of all applications submitted to it and all actions taken by it thereon, and such records shall be available to Members for inspection at reasonable hours of the business day.

Section 8.05. Variance. The ACC may grant reasonable variances or adjustments from any condition or restriction imposed by Article 7, in order to overcome practical difficulties or prevent unnecessary hardships arising by reason of the application of the conditions and restrictions contained in Article 7. Variances or adjustments shall be granted only in case they shall not be materially detrimental or injurious to the other Lots or the Subdivision or the general intent and purpose of this Declaration. The grant or denial of a variance request shall not affect in any way any of the terms and provisions of this Declaration covered by the variance and shall not serve as a basis for subsequent variances with respect to any other request. The grant of any variance shall not affect in any way the Association's or Owner's obligation to comply with all City ordinances and other applicable governmental laws and regulations.

Section 8.06. Approval or Consent not a Waiver. The approval or consent of the ACC to any application for architectural approval shall not be deemed to constitute a waiver of any right to withhold or deny approval or consent by the ACC as to any other application submitted for approval or consent hereunder.

Section 8.07. Time of Construction. Approved projects must be completed within six (6) months after issuance of a building permit or within six (6) months after approval by the ACC if no building permit is required. If the work is not completed within the prescribed time, the ACC may rescind its approval and re-submission will be required. The ACC may grant an extension for good cause. This Section 8.07 shall not apply to Declarant.

Section 8.08. Composition of the ACC. The ACC shall consist of three (3) or more persons appointed by the Board of Directors of the Association; provided, however, that until the earlier to occur of sixty (60) days after the conveyance of 75% of the Lots that may be created to Owners other than Declarant, two (2) years after the last conveyance of a Lot by Declarant in the ordinary course of business, or two (2) years after any right to add new Lots was last exercised, Declarant shall appoint the ACC. The power of the Declarant to "appoint," as provided in this Section 8.08, shall include without limitation the power to: initially constitute the membership of the ACC, appoint member(s) to the ACC upon the occurrence of any vacancy, and for whatever reason to remove any member of the ACC, with or without cause, at any time, and to appoint a successor; and each such appointment may be made for such term(s) of office, subject to the power of removal stated in this Section 8.08, as may be set from time to time in the discretion of the Declarant.

Section 8.09. No Liability. None of Declarant, the Association, or the ACC or its members shall be liable in damages to anyone submitting plans or specifications for approval under this Declaration arising out of or in connection with any action, failure to act, approval, disapproval or failure to approve or disapprove any matter within its jurisdiction under this Declaration. Any Owner submitting or causing to be submitted any plans or specifications agrees and covenants on behalf of such Owner and such Owner's heirs, successors, legal representatives and assigns that they will not bring any such action or suit at law or in equity against Declarant, the Association, the ACC, or any of the members of those entities. Notwithstanding any other provisions in this Section 8.09, decisions concerning the approval or denial of an Owner's application for architectural or landscaping changes shall not be made arbitrarily or capriciously.

Section 8.10. Notice of Noncompliance or Noncompletion. Notwithstanding anything to the contrary contained in this Declaration, after the expiration of one year from the date of completion of construction of any improvements within the Property, such improvements shall, relative to purchasers and encumbrances in good faith and for value, be deemed to be in compliance with all the provisions in this Article 8, unless actual notice of such noncompliance and noncompletion, executed by the ACC or its designated representatives, shall appear of record in the real property records of Mesa County, Colorado, or unless during that time period legal proceedings shall have been instituted to enforce compliance or completion.

Section 8.11. Rules and Regulations. The ACC may, from time to time in its sole discretion, adopt, amend and repeal rules and regulations interpreting and implementing the provisions of Article 7.

Section 8.12. Appointment and Designation. The ACC may, from time to time, by the vote or written consent of a majority of its members, delegate some or all of its rights or responsibilities under this Declaration to one or more duly licensed architects or other qualified persons who shall have full authority to act on behalf of the ACC in all matters delegated.

Section 8.13. Review Fee and Address. Any plans and specifications shall be submitted in writing for approval together with a reasonable processing fee determined by the Board. The address of the ACC shall be the principal place of business of the Association or such other place as the ACC may from time to time designate to the Board of Directors. The address shall be the place for the submittal of any plans or specifications and the place where the current rules and regulations, if any, of the ACC shall be kept.

Section 8.14. Inspection. During initial construction, remodeling, repair or other work on a Lot or to a Residence requiring ACC approval, any member or agent of the ACC may from time to time at any reasonable hour or hours and upon reasonable prior notice enter and inspect any Lot or Residence within the Subdivision to determine whether the Residence or Lot's improvement complies with the provisions of this Declaration.

Section 8.15. General Provisions. The members of the ACC shall not be entitled to any compensation for services performed under this Article 8. The powers and duties of the ACC shall cease and terminate upon the termination of this Declaration.

ARTICLE 9

ASSOCIATION WATER

Section 9.01. Management of Association Water. Due to concerns regarding water conservation, the Association shall have the exclusive right to control the Association Water and Irrigation Facilities within the Subdivision. The Association shall own eighteen (18) shares of GVIC stock. Use of the Association Water and Irrigation Facilities shall be controlled by the Association under rules and regulations adopted by the Association, including conservation measures and measures to reduce peak demand. The Association Water and Irrigation Facilities shall be transferred by Declarant to the Association by bill of sale upon completion of construction and inspection and approval of the system by the City Engineer. The eighteen (18) shares of GVIC stock shall be transferred from Declarant to the Association prior to the conveyance of any Lot to an Owner other than Declarant, and shall not be encumbered, dedicated or conveyed in all or in part without the express written consent of the City. The Association shall pay all GVIC fees and assessments when due as necessary to prevent the loss of such stock. This Section 9.01 may not be amended or deleted without the express written consent of the City.

Section 9.02. Delivery Restrictions. If an Owner violates any provision of this Declaration or any rule or regulation promulgated under it related to Association Water or the Irrigation Facilities, the Association may restrict or terminate the delivery of Association Water to such Owner's Lot, in addition to any other rights the Association may have under this Declaration or at law. The Association also may restrict or terminate the delivery of Association Water to an Owner's Lot in the event of any emergency involving Association Water or the Irrigation Facilities.

Section 9.03. Easements for Ingress and Egress. Each Owner grants to the Association reasonable ingress and egress over, under, and across all easements shown on the Map or any recorded plat of any portion of the Subdivision for the purposes of constructing, operating, repairing, maintaining, replacing, reconfiguring and re-constructing Irrigation Facilities. No Owner shall construct, erect, or maintain any improvement, structure, landscaping or item that shall interfere with the Association's rights or obligations concerning Irrigation Facilities. The Association shall have the authority to remove or alter any structure, improvement, landscaping or item that interferes with the Association's rights or obligations concerning Irrigation Facilities, the costs of such removal may be assessed to the appropriate Owner.

Section 9.04. Irrigation Assessments. Any billings to the Association by any person or entity associated with Association Water or Irrigation Facilities shall be a Common Expense.

Section 9.05. Hazardous Drainage. Release of contaminants or hazardous materials, as defined in CERCLA, RCRA, FIFRA, the Toxic Substances Control Act, and any other applicable federal and state environmental laws, on or into the Property is prohibited.

Section 9.06. Maintenance and Water Assessments. Declarant and its successors and assigns shall maintain the Irrigation Facilities and pay all assessments for Association Water until transfer to the Association; provided, however, that the Association shall reimburse Declarant for all payments of such assessments paid by Declarant under this Section 9.06. Upon transfer to the Association, the Association shall be responsible for all such assessments and shall maintain the Irrigation Facilities, including the screen on the headgate diverting irrigation water to the Subdivision, as required by GVIC. The Association shall repair and maintain appurtenant drainage and detention facilities, if any, to City standards.

ARTICLE 10 **INSURANCE**

Section 10.01. Insurance. The Association shall obtain and maintain insurance as required by CIOA, currently codified at C.R.S. § 38-33.3-313., as amended, and this Declaration.

Section 10.02. Type of Insurance. Commencing not later than the time of the first Conveyance of a Lot to an Owner other than Declarant, the Association shall obtain a master insurance policy insuring against damage to the Common Area. The master insurance policy insuring the Common Area shall be for broad form covered causes of loss, shall include the Owners as additional named insureds, and shall include (or the Association shall obtain separately) commercial general liability insurance with single limit coverage of not less than \$1,000,000.00 with \$500,000.00 medical payments coverage. In addition, if reasonably available, the Association shall maintain directors and officers liability insurance. The Association, as attorney-in-fact, shall have the authority conferred upon it by this Declaration to deal with insured items in the event casualty to them is an insured loss to the Association under its master insurance policy.

Section 10.03. Assessment of Members. To the extent the Association settles claims for damages to real property, it shall have the authority to assess negligent members causing such loss or benefitting from such repair or restoration all deductibles paid by the Association. In the event that multiple properties are damaged by a loss, the Association in its reasonable discretion may assess each member a pro rata share of any deductible paid by the Association.

Section 10.04. Waiver of Subrogation. The Association and Owners each waive any and all rights of recovery against the other, their officers, members, agents and employees, occurring on or arising out of the use and occupancy of the Property to the extent such loss or damage is covered or indemnified by proceeds received from insurance carried by the other party, or for which such party is otherwise reimbursed. Each of the parties, upon obtaining the insurance required under this Declaration, shall notify the insurance carrier that the foregoing waiver of subrogation is contained in this covenant, and, to the extent available, shall require the insurance carrier to include an appropriate Waiver of Subrogation Provision in the policy.

Section 10.05. Fidelity Bond Insurance. If any Owner or Association employee controls or disburses Association funds, the Association must obtain and maintain, to the extent reasonably available, a fidelity bond insurance in an aggregate amount equal to not less than two (2) months of current assessments, plus reserve calculated from the then-current budget of the Association.

Section 10.06. Independent Contractors. Any person employed as an independent contractor by the Association for the purposes of managing the Association must obtain and maintain a fidelity bond in the same amount required in Section 10.05, unless the Association names such a person as an insured employee in a contract of fidelity insurance described in Section 10.05. The Association may carry or require of an independent contractor employed to manage the Association fidelity bond coverage in an amount greater than that specified in this Section 10.06.

Section 10.07. Fidelity Bond Premiums. Premiums for bonds required of the Association under this provision are Common Expenses of the Association.

Section 10.08. Additional Insurance. The Association may carry any other insurance it considers appropriate to protect the Association or the members, including insurance on property it is not obligated to insure.

ARTICLE 11

DAMAGE OR DESTRUCTION OF COMMON AREA

Section 11.01. Appointment of Association as Attorney-in-Fact. This Declaration constitutes each Owner's appointment of the Association as his or her attorney-in-fact to authorize and administer repairs and reconstruction, receive and apply insurance funds, and to ensure compliance with this Declaration upon the damage, destruction, or obsolescence of the Common Area. Any grantee's acceptance of a deed or other instrument rendering that person an Owner shall constitute the irrevocable appointment of the Association as the grantee's attorney-in-fact, to act with all the powers as provided in this Section 11.01. Repair and reconstruction, as used in this Section 11.01, means restoration to substantially the same condition in which it existed prior to the damage. Obsolescence shall be determined by the Association in its sole and absolute discretion. Except as otherwise provided in this Declaration, any insurance proceeds collected shall be paid to the Association for the purpose of repair, restoration, or replacement.

Section 11.02. Rights of Association as Attorney-in-Fact. As attorney-in-fact, the Association, by its President and Secretary, shall have full and complete authority, right and power to make, execute, and deliver any contract, deed, or any other instrument with respect to the interest of an Owner which is necessary and appropriate to exercise the powers granted in this Declaration.

Section 11.03. Application of Insurance Proceeds. In the event of damage or destruction to any improvement, landscaping or Irrigation Facilities of the Association due to an insured loss, the Association shall apply the insurance proceeds to the reconstruction and repair of the damaged improvement. If the insurance proceeds are insufficient, the Association may levy a Capital Assessment in the aggregate amount of such deficiency and shall proceed to make such repairs or reconstruction, unless:

- (a) The planned community is terminated;
- (b) Repair or replacement would be illegal under any state or local statute or ordinance governing health or safety;
- (c) 67% of the Owners vote to not repair or rebuild; or
- (d) Prior to the Conveyance of any Lot to a person other than Declarant, the holder of a deed of trust or mortgage on the damaged portion of the Common Area rightfully demands all or a substantial part of the insurance proceeds.

Distributions of insurance proceeds shall be made to the Association unless made jointly payable to the Owners and first mortgagees of their respective Lots, if any. The Capital Assessment described in this

Section 11.03 shall be a debt of each Owner and a lien on his or her Lot and the improvements on it, and may be enforced and collected in the same manner as any Assessment lien provided for in this Declaration.

ARTICLE 12
GENERAL PROVISIONS

Section 12.01. Easements. Easements for the installation and maintenance of utilities and irrigation, detention and other water facilities are reserved as shown on the Map and the recorded plat(s) of the Subdivision. Within these easements no improvement, structure, planting or other material (excluding fences capable of being readily removed for the purposes of the easement) shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of such utilities or facilities, or which may change the direction of flow of drainage channels in the easements. Declarant and the Association shall have the right (but assumes no obligation) to enter upon the Property to correct any flow of water and to establish and re-establish drainage channels.

Section 12.02. Conflict of Provisions. In case of any conflict between this Declaration, the Articles of Incorporation or Bylaws of the Association, this Declaration shall control. In case of any conflict between the Articles of Incorporation and the Bylaws of the Association, the Articles of Incorporation shall control.

Section 12.03. Term. The provisions of this Declaration shall each constitute covenants, running with the land applicable to all of the Property and Lots, binding Declarant and all persons and entities claiming by, through, or under it for a period of twenty (20) years from the date of recording of this Declaration in the real property records of Mesa County, Colorado, which shall be automatically extended for successive periods of twenty (20) years each, without action by or notice to any person or entity unless amended or terminated as provided in Section 12.04.

Section 12.04. Termination and Amendment.

- (a) Subject to the provisions of C.R.S. § 38-33.3-217(1), (5), (6) and (7), all or any portion of this Declaration may be supplemented, changed or canceled in whole or in part at any time by the vote or agreement of the Owners of 67% of the Lots that may be created. Such agreement may be in any number of counterparts. Such amendment shall be effective when duly recorded in the real property records of Mesa County, Colorado.
- (b) Declarant reserves and is granted the right and power to record technical amendments to this Declaration, the Articles of Incorporation or the Bylaws of the Association at any time prior to the termination of Declarant's control of the Association, for the purposes of correcting spelling, grammar, dates, typographical and clerical errors, or as may otherwise be necessary to clarify the meaning of any provisions of any such document.

Section 12.05. Rights of Declarant Incident to Construction. An easement is retained by and granted to Declarant, its successors and assigns, for access, ingress and egress over, in, upon, under, and across any easements shown on the Map, including but not limited to the right to store materials on such areas and to make such other use of such areas as may be reasonably necessary or incidental to Declarant's or its designees' construction on the Property, including without limitation construction of improvements indicated on the Map; provided, however, that no such rights or easements shall be exercised by Declarant in such a manner as to unreasonably interfere with the occupancy, use, enjoyment, or access by any Owner, his or her family members, guests, or invitees, to or of that Owner's Lot. Declarant, for itself and its successors and assigns, retains a right to store construction materials on any Lot owned by Declarant and to make such other use of it as may be reasonably necessary or incidental for the purpose of the completion or improvement of the Property, the performance of Declarant's obligations under this Declaration, and the sale of the Lots. Any Special Declarant Rights created or reserved in this Declaration for the benefit of Declarant may be transferred to any person or entity by an instrument describing the rights transferred, and shall be recorded in the real property records of Mesa County, Colorado. The rights of Declarant reserved in this Section 12.05 shall expire fifteen (15) years after the recording of this Declaration.

Section 12.06. Maximum Number of Lots. Declarant reserves the right to create a maximum of sixty-two (62) Lots in the Subdivision, in addition to the Common Area.

Section 12.07. CCIOA Controls. Any provision of this Declaration in conflict with the provisions of CCIOA shall be void. Any managing agent, employee, independent contractor, or other person acting on behalf of the Association shall be subject to CCIOA to the same extent as the Association itself would be under the same circumstances.

Section 12.08. Severability. Invalidation of any of the covenants, restrictions or other provisions contained in this Declaration shall in no way affect or limit any other provisions which shall remain in full force and effect. To the extent feasible, any non-complying provision and the remainder of this Declaration shall be reformed to comply with applicable law and to preserve the intent of this Declaration, including the invalidated provision.

Section 12.09. Waiver. The failure of Declarant, the Association, or any Owner to enforce any right under this Declaration upon any occasion shall not be deemed a waiver of such right on any subsequent occasion(s). The waiver, either express or implied, by Declarant, the Association, or any Owner of any of the rights, terms or conditions in this Declaration shall not be deemed as or constitute a waiver of any other rights, terms or conditions in this Declaration. Any waiver, in order to be valid and effective, must be in writing.

Section 12.10. Notice. Any notice or demand required or permitted by this Declaration shall be in writing and shall be sent by United States first class mail, postage prepaid, to the address of the Owner of the Lot(s) to receive notice at the address provided by the Owner for that purpose to the secretary of the Association. If the Owner fails to provide an address to the secretary, notice shall be sent to the address of the Owner specified in the deed recorded in the real property records of Mesa County, Colorado by which that Owner took title and to the street address of that Lot, if any.

Section 12.11. Section Headings. The article and section titles and headings used in this Declaration are for identification purposes only and shall not be utilized to interpret or construe the provisions of this Declaration, which shall remain in full force and effect.

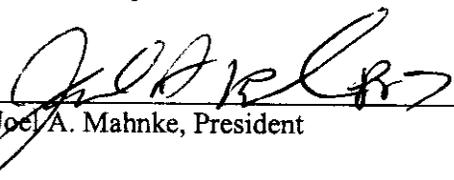
Section 12.12. Binding Effect. The provisions of this Declaration shall be binding upon and for the benefit of Declarant, each Owner, and each and all of their heirs, personal representatives, successors in interest, and assigns.

Section 12.13. No Rights Given to the Public. Nothing contained in this Declaration shall be deemed to be a gift or dedication of any portion of the Property to the general public or for any public use or purpose.

Section 12.14. Applicability of Governmental Regulations. The covenants, conditions and restrictions contained in this Declaration are separate and distinct from any zoning, building or other law ordinance, rule or regulation of the City or of any governmental authority having jurisdiction over the Property which now or in the future may contain different requirements from or in addition to those contained in this Declaration or which may prohibit uses permitted in it or permit uses prohibited in it. In the event of any conflict between the provisions of this Declaration and the provisions of any such law, ordinance, rule or regulation, the Owner must first comply with all governmental laws, ordinances, rules or regulations and then, to the extent possible, the Owner must comply with these covenants, conditions and restrictions unless such compliance would result in a violation of such law, ordinance, rule or regulation, in which case, upon a finding that compliance with this Declaration would result in such a violation, the ACC shall waive any such covenants, conditions or restrictions to the extent it results in such a violation, and in connection with such waiver, the ACC may impose such conditional covenants, conditions and restrictions as may be necessary to carry out the intent of this Declaration.

Section 12.15. Transfer of Declarant Rights and Obligations. Except to the extent expressly prohibited by applicable law, any or all rights or obligations (or both) of Declarant may be transferred by Declarant, including without limitation those rights described in Sections 2.08, 8.01 and 8.08.

RIDEMORE ENTERPRISES, INC.
a Colorado corporation

By 
Joel A. Mahnke, President

STATE OF COLORADO)
) ss.
COUNTY OF MESA)

Subscribed and sworn to before me this 8th day of May, 2006, by Joel A. Mahnke as President of Ridemore Enterprises, Inc., a Colorado corporation.

WITNESS my hand and official seal.

My commission expires: 8/29/04

Kathy M. Hart
Notary Public

