

DECLARATION
OF COVENANTS, CONDITIONS AND RESTRICTIONS
OF FALLS VILLAGE SUBDIVISION

THIS DECLARATION, made on the date hereinafter set forth by the undersigned parties, hereinafter referred to as "Declarant."

WHEREAS, Declarant is the owner of certain property in the County of Mesa, State of Colorado, which is more particularly described as:

See attached Exhibit "A" and by this reference incorporated herein.

NOW, THEREFORE, Declarant hereby declares that all of the Properties described above shall be held, sold and conveyed subject to the following easements, restrictions, covenants and conditions which are for the purpose of protecting the value and desirability of, and which shall run with, the real property and be binding on all parties having any right, title or interest in the described Properties or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I

DEFINITIONS

Section 1. "Association" shall mean and refer to Falls Village Homeowners Association, Inc., its successors and assigns.

Section 2. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 3. "Properties" shall mean and refer to that certain real property hereinbefore described, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 4. "Common Area" shall mean all real property (including the improvements thereto) owned by the Association.

Section 5. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties with the exception of the Common Area.

Section 6. "Declarant" shall mean and refer to the undersigned parties, their successors and assigns if such successors or assigns should acquire more than one Lot from the Declarant for the purpose of development.

Section 7. "Architectural Control Committee" shall mean and refer to the Architectural Control Committee (ACC) set forth at Article VI of this Declaration.

ARTICLE II

MEMBERSHIP AND VOTING RIGHTS

Section 1. Every Owner of a Lot which is subject to assessment shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.

Section 2. The Association shall have one class of voting membership, being all Owners of Lots within Falls Village Subdivision who shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any Lot.

ARTICLE III

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot owned within the Properties, hereby covenants and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges, and (2) special assessments for capital improvement, such assessments to be established and collected as hereinafter provided. The annual and special assessments, together with interest, costs and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to provide and maintain irrigation water and an irrigation water delivery system to the Properties.

Section 3. Maximum Annual Assessment. Until January 1 of the year immediately following the conveyance of 75% of the lots to nondeclarant Owners the maximum annual assessment shall not exceed One Hundred Dollars (\$100.00) per Lot per month. Only those lots with units constructed on them shall be subject to association fees.

(a) From and after January 1 of the year immediately following the conveyance of 75% of the lots to nondeclarant Owners the maximum annual assessment may be increased each year not more than 25% above the maximum assessment for the previous year without a vote of the membership.

(b) From and after January 1 of the year immediately following the conveyance of 75% of the lots to nondeclarant Owners the maximum annual assessment may be increased above 5% by a vote of two-thirds (2/3) of the members who are voting in person or by proxy, at a meeting duly called for this purpose.

(c) The Board of Directors may fix the annual assessment at an amount not in excess of the maximum.

Section 4. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of the irrigation water delivery system, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of the members who are voting in person or by proxy at a meeting duly called for this purpose.

Section 5. Notice and Quorum for Any Action Authorized Under Sections 3 and 4. Written notice of any meeting called for the purposes of taking any action authorized under Section 3 or 4 shall be sent to all members not less than 30 days nor more than 60 days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast sixty percent (60%) of all the votes of the membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than 60 days following the preceding meeting.

Section 6. Uniform Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate for all Lots and may be collected on a monthly basis.

Section 7. Date of Commencement of Annual Assessments: Due Date. The annual assessments provided for herein shall commence as to all Lots on the first day of the month following the conveyance of a Lot to a nondeclarant Owner. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the

annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of assessments on a Lot is binding upon the Association as of the date of its issuance.

Section 8. Effect of Nonpayment of Assessments: Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of 18 percent per annum. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the property. No owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of the irrigation water delivery system or abandonment of his Lot.

Section 9. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payment which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

Section 10. Exemption from Colorado Common Interest Ownership Act. Notwithstanding any other provision contained herein, Declarant hereby affirmatively states that at no time shall the annual assessment imposed herein on each Lot, exclusive of optional user fees and insurance premiums paid by the Association, if any, exceed three hundred dollars, or such higher amount as may be hereafter permitted under the Act (as hereafter defined) to retain this exemption. Therefore, the Properties are subject to §§38-33.3-105 through 107, C.R.S., but are not subject to the remainder of the provisions of the Colorado Common Interest Ownership Act, as set forth in §38-33.3-101, et seq., C.R.S. (the "Act").

ARTICLE IV

USE RESTRICTIONS

Section 1. Temporary Structures. No trailer, unimproved basement, tent, shack, garage, barn or other outbuildings erected on any land covered by these covenants shall at any time be used as a residence, temporarily or permanently, nor shall any structure of a temporary character be used as a residence.

Section 2. Prefabricated Structures. All dwellings, garages and outbuildings constructed upon the land covered by these covenants shall be of top quality design, construction, workmanship and materials; in particular, no structure will be of the types known as "pre-built", "pre-cut", "modular", "manufactured", or "pre-fabricated", regardless of its quality as determined by other standards.

Section 3. Antenna and similar devices. No antenna, satellite dish, or similar devices for radio, television or any other electronic transmission or reception shall be placed upon or around the exterior of any property within said subdivision.

Section 4. Grounds Maintenance. The land covered by these covenants, and the improvements thereon, shall be maintained by the owner in good condition and neat appearance, and no portion thereof shall be used or maintained as a dumping ground for trash, junk or rubbish. Trash, garbage and other waste shall not be kept on any lot except in containers designed for storage and disposal of the same, which containers shall be kept in a clean and sanitary condition at all times. In the event any owner shall fail to maintain their lot or lots, the Association shall have the power to hire clean-up as necessary and to bill the lot owner, and file mechanics liens for said work in the event of nonpayment.

Section 5. Nuisances. Notwithstanding any uses permitted by applicable zoning ordinances to the contrary, no trade, industry, shop of professions requiring "STOCK IN TRADE", nor any noxious or offensive activity which may become an annoyance or nuisance to the neighborhood shall be carried on upon any land covered by these covenants. Home offices are permitted as are businesses considered "traveling salespersons", i.e.: insurance, mail order and franchises such as Avon, etc., as long as clientele do not make frequent visits, and no signs of any kind are displayed on the premises and the street address is not used in public advertisements.

Section 6. Signs. Signs by private lot owners will be no larger than four (4) square feet and are not allowed on a permanent basis or to advertise a business. No political signs are permitted. Signs on Common Areas are governed by the ACC. Builders may also exhibit signs during construction promoting the lot, realtors or the financial institution handling the project or resale of homes in the project. The size must not exceed thirty-two (32) square feet.

Section 7. Animals. No animals shall be allowed other than domestic pets, but not more than any three (3) pets in cumulative total shall be kept on the premises and only then if they are kept solely as household pets for private use and not for commercial purposes. No such animal may be kept which is a nuisance or annoyance to other owners' property. Household pets shall be

contained on their owners property or on a leash and not permitted to run loose. At the request of any owner, the Board of Directors of the Association shall determine whether a particular animal shall be considered a household or yard pet, a nuisance, or whether the number of any such animals on any lot is in compliance. Habitually barking dogs and vicious breeds are prohibited at the sole discretion of the Association.

Section 8. Drilling. No oil drilling, oil development, refining, quarrying or mining operations of any kind shall be permitted nor shall oil wells, tanks, tunnels, mineral excavations or shafts be permitted upon or in any lot. No derrick or other structure designed for use in boring for oil or natural gas shall be erected, maintained or permitted upon any lot.

Section 9. Fences, landscaping. No trees, shrubs or hedge plants shall be planted until a plot plan setting forth in detail landscaping design and location and varieties of plants, has been approved the ACC. No fences shall exceed six (6) feet in height, and all fences are to be architecturally compatible and uniform with the dwellings. All fence plans must be approved by the ACC with plans sufficient to show the location, height, materials, and color to be used in the erection of the fence.

Section 10. Keeping of Motor Vehicles. No motor vehicle or recreation vehicle designed for travel over public roads shall be kept upon any real property within said subdivision unless such vehicle shall bear evidence of a license for operation upon public roads of the State of Colorado for the then current year and is kept inside a garage or within a visually screened area as may be approved by the ACC.

Section 11. Recreational Vehicles. No vehicles, boats, campers, trailers, snowmobiles, motorcycles or other such recreational vehicles, devices or equipment, or vehicles used for business (other than normal passenger type vehicles) shall be stored or permitted to remain on the premises unless garaged or placed in an approved outbuilding or screened storage facility.

ARTICLE V

ARCHITECTURAL CONTROL COMMITTEE

Section 1. Appointment of Architectural Control Committee. The Architectural Control Committee (ACC) shall consist of three (3) persons to be appointed by the majority of the Board. The initial ACC is chaired by Robert Leon Dorssey, 690 29 1/2 Road, Grand Junction, CO 81504.

Section 2. Submission of Plans. Duplicate copies of plans and specifications relating to an improvement, including, but not limited to residences, fences, garages, and outbuildings, shall be

submitted to the ACC for review and final approval. Plans and specifications shall contain, without limitation, the plot plans showing layout, including setbacks, flow and manner of surface drainage, finish and natural grade elevations, floor plans showing overall dimensions, roof plans showing pitch, roof materials, color, exterior elevations showing doors, windows and exterior materials and colors, and a perspective sketch if requested, and other details necessary to explain any feature or component of the improvement.

Section 3. Matters Considered. The ACC shall consider the aesthetic and functional design of any improvement as to the quality of workmanship and materials, harmony of exterior design with existing improvements, location with respect to topography and finished grade elevation, and the preservation and enhancement of the value and the visual appearance of existing improvements.

Section 4. Approval. The ACC shall approve or disapprove all written plans within thirty (30) days after submission. In the event the ACC fails to take any action within such thirty (30) day period, the proposed improvement shall be deemed approved. The majority of vote of the ACC shall be required for the approval or disapproval of any proposed improvement.

Section 5. Limitation on Liability. The ACC shall not be liable in damage to any person submitting requests for approval or to any Owner within the Property by reason of any action, failure to act, approval, disapproval, or failure to approve or disapprove with regard to such request. The actions of the ACC shall be deemed conclusively binding upon the Owners.

ARTICLE VI

GENERAL PROVISIONS

Section 1. No Further Subdividing. No Lot may be further subdivided, nor may any easement or other interest therein less than the whole be conveyed by the Owner thereof; provided, however, that nothing herein shall be deemed to prevent or require the approval of the Board for the transfer or sale of any Lot to more than one person to be held by them as tenants in common or joint tenants.

Section 2. Parking Rights. Ownership of each Lot shall entitle the Owner or Owners thereof to the use of two (2) automobile parking spaces within the perimeter of each Lot.

Section 3. Insurance.

(a) Insurance coverage on built-in improvements, including carpet, oven, range, refrigerator, wallpaper, disposal, plumbing fixtures, sinks, bathtubs and other items of personalty shall be

included in the calculations for the replacement cost coverage on the building, and protected in the master insurance policy purchased by the Board of Directors on behalf of the Association.

(b) Waiver of Subrogation. The Association and Lot Owner each hereby 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 premises or the building 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 shall, upon obtaining the insurance required under this Declaration, 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.

(c) Lot Owners shall carry insurance for their benefit and at their expense providing insurance coverage on personal property and public liability. Personal property would be defined as all articles and contents of a personal nature that are not build in or made a physical part of the building structure. The liability of the carriers issuing insurance obtained by the Association shall not be affected or diminished by reason of any additional insurance carried by any Lot Owner.

Section 4. Exterior Maintenance and Repair. No improvement upon any property within Falls Village Subdivision shall be permitted to fall into disrepair, and each Improvement shall at all times be kept in good condition and repair.

In the event an Owner of any Lot in the Properties shall fail to maintain the premises and the improvements situated thereon in a manner satisfactory to the Board of Directors, the Association, after approval by two-thirds (2/3) vote of the Board of Directors shall have the right, through its agents and employees, to enter upon said parcel and to repair, maintain, and restore the Lot and the exterior of the buildings and any other improvements erected thereon. The cost of such exterior maintenance shall be added to and become a part of the assessment to which such Lot is subject.

Section 5. Payment of Utilities. Each Owner shall be responsible for the payment of all utilities, including gas, electricity, telephone, trash removal, water and sewer which are provided to each Owner's Lot. Said utilities shall be flat rate or metered, as appropriate, and bills for each shall be sent to each Lot Owner, or tenant thereof, by the utility companies providing said services, where feasible.

Section 6. Easements.

(a) Reciprocal Easements. The Declarant hereby reserves for itself and the Association, their successors and assigns, a right of way and easement for exterior maintenance and repair of all improvements, and the installation and continued operation, maintenance, repair, alteration, inspection and replacement of utility lines, including but not limited to water lines, sewer lines, gas lines, telephone lines, television cable antenna lines and such other utility lines and incidental equipment thereon, over, under and across any Common Area and that portion of any Lot situate between any Improvement and the street adjacent thereto. Declarant or Association shall, except in cases of emergency, furnish to all affected Owners twenty-four (24) hours notice before exercising the rights granted by this Article. Perpetual reciprocal easements for the aforementioned purposes shall exist both for the benefit and burden of all the Owners.

(b) Easements for Encroachments. If any portion of an Improvement encroaches upon any Common Area, or upon an adjoining Improvement, a valid easement for the encroachment and for the maintenance of same, so long as it stands, shall and does exist. If any portion of any Common Area encroaches upon an Improvement, a valid easement for the encroachment and for the maintenance of same, so long as it stands, shall and does exist. Such encroachments and easements shall not be considered or determined to be encumbrances either on any Common Area or the Improvement.

(c) Reservation of Easements. Declarant reserves for itself and the purchaser of the existing Falls Village Subdivision property the use of the easements set forth herein which are intended to and shall be for the benefit of all Owners, and no reference thereto need be made in any deed, instrument of conveyance or any other instrument.

* (d) Exterior Maintenance Area. In order to maintain a (uniform appearance) and a high standard of maintenance within Falls Village Subdivision, the Association shall maintain the Exterior Maintenance Area, as more fully set forth below: *

i. The Association shall maintain the fencing and the landscaping of the Lot in front of the residence, including, but not limited to lawns, trees and shrubs. The Association shall have the right to perform all exterior painting required for the maintenance and upkeep of the improvements constructed on the Lots. The Association shall have the sole discretion to determine the time and manner in which such maintenance shall be performed as well as the color and type of materials to be used. The maintenance provided hereunder shall be performed at such time and in such a manner as the Association shall determine.

ii. The Association reserves the right to grant the maintenance responsibility of certain areas on each Lot to the Lot Owner, and the Lot Owner is obligated to accept said maintenance responsibility, provided said assignment is done in a uniform and nondiscriminatory manner. Furthermore, the Association shall have the right to promulgate reasonable rules and regulations regarding the maintenance by the Owner.

To Put INTO ACTION OR FORCE

iii. The Association or Board of Directors may employ or contract for the services of an individual or maintenance company to perform certain delegated powers, functions or duties of the Association to maintain the Exterior Maintenance Area. The employed individual or maintenance company shall have the authority to make expenditures upon prior approval and direction of the Board. The Board shall not be liable for any omission or improper exercise by the employed individual or management company of any duty, power or function so delegated by written instrument executed by or on behalf of the Board.

SECTION 4

iv. The Owner shall be responsible for maintaining all portions of the Owner's Lot other than the Exterior Maintenance Area; provided, however, the Owner shall also be responsible for the maintenance of any balcony, patio or deck area of his residence. No Owner shall make any addition or other alteration to any portion of the Exterior Maintenance Area without the express consent of the Association. The Association shall be entitled to reimbursement for cost of repair from any Owner who causes, or whose tenant, employee or guest causes damage to the Exterior Maintenance Area by a deliberate act or negligence.

*

v. [In the event that a Lot and the improvements thereupon are not properly maintained and repaired, and if the maintenance responsibility for the unmaintained portion of the Lot lies with the Owner of the Lot] or in the event that the improvements on the Lot are damaged or destroyed by an event of casualty and the Owner does not take reasonable measures to diligently pursue the repair and reconstruction of the damaged or destroyed improvements to substantially the same condition in which they existed prior to the damage or destruction, then the Association, after notice to the Owner and with the approval of the Board of Directors, shall have the right to enter upon the Lot to perform such work as is reasonably required to restore the Lot and the buildings and other improvements thereon to a condition of good order and repair. All costs incurred by the Association in connection with the restoration shall be reimbursed to the Association by the Owner of the Lot, upon demand. All nonreimbursed costs shall be a lien upon the Lot until reimbursement is made. The lien may be enforced in the same manner as a lien for an unpaid assessment levied in accordance with this Declaration.

*

Section 7. Party Walls.

(a) General Rules of Law to Apply. Each wall which is built as a part of the original construction of the homes upon the Properties and placed on the dividing line between the Lots shall constitute a party wall and, to the extent not inconsistent with the provisions of the Article, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

(b) Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a party wall or any utilities located in the party wall shall be shared by the Owners who make use of the wall or such utilities in proportion to such use.

(c) Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, any Owner who has used the wall may restore it, and if the other Owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use without prejudice however, to the right of any such Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

* (d) Weatherproofing. Notwithstanding any other provision of this Article, an Owner who by his negligent or willful act causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

(e) Right to Contribution Runs with Land. The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

(f) Arbitration. In the event of any dispute arising concerning a party wall, or under the provisions of this Article, each party shall choose one arbitrator, and such parties shall choose one additional arbitrator, and the decision shall be by a majority of all the arbitrators.

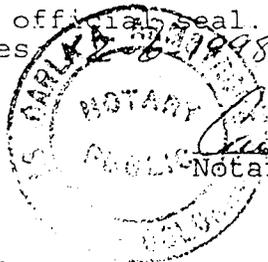
Section 8. Enforcement. The Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 9. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

STATE OF COLORADO)
COUNTY OF Plata) ss.

The foregoing instrument was acknowledged before me this 13th
day of January, 1994 by Tony Sarver.

WITNESS my hand and official seal.
My commission expires 12-6-98


Carla A. Armstrong
Notary Public

STATE OF COLORADO)
COUNTY OF La Plata) ss.

The foregoing instrument was acknowledged before me this 13th
day of January, 1994 by Barbara Sarver.

WITNESS my hand and official seal.
My commission expires 12-6-98

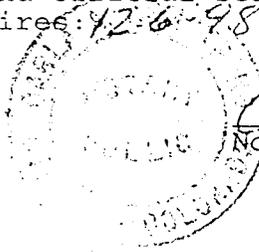

Carla A. Armstrong
Notary Public

EXHIBIT "A"

Lots 1 through 14 inclusive, Block Two of Falls Village, a replat of Lot 9, Block Two, The Falls Filing No. Two, and Lots 11 and 15, Block Two of the Falls Filing No. Three.

Mesa County, Colorado

STATE OF COLORADO

DEPARTMENT OF
STATE

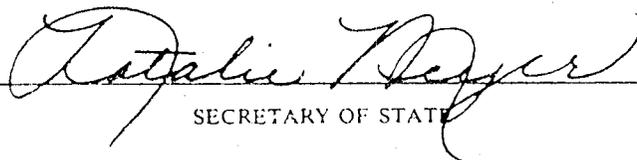
CERTIFICATE

I, *NATALIE MEYER*, Secretary of State of the State of
Colorado hereby certify that ACCORDING TO THE RECORDS OF
THIS OFFICE,

FALLS VILLAGE HOMEOWNERS ASSOCIATION, INC.
(COLORADO CORPORATION)

BECAME INCORPORATED UPON FILING ARTICLES OF INCORPORATION
DATED SEPTEMBER 26, 1994.

Dated: OCTOBER 13, 1994


SECRETARY OF STATE