

**DECLARATION
OF COVENANTS, CONDITIONS AND RESTRICTIONS
OF ORCHARD VALLEY WEST SUBDIVISION**

This DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS OF ORCHARD VALLEY WEST SUBDIVISION ("Declaration"), made on the date hereinafter set forth by CARNES CONSTRUCTION & DEVELOPMENT, INC. 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 Orchard Valley West Homeowners Association, 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 Carnes, LLC, its successors and assigns if such successors or assigns should acquire more than one undeveloped 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

PROPERTY RIGHTS

Section 1. Irrigation Water Delivery System. Every Owner shall have a right to access and use the irrigation water delivery system located in the utility and irrigation easement located along the boundary of each Lot, subject to the following provisions:

a. The right of the Association to charge reasonable fees for the use and maintenance of the irrigation water delivery system; and the right of the Association to promulgate rules, regulations and schedules related to the use of the irrigation water system, and,

b. The right of the Association to suspend the voting rights and right to use of the irrigation water delivery system by an Owner for any period during which any assessment against his Lot remains unpaid; and for a period not to exceed 60 days for any infraction of its published rules and regulations.

Section 2. Delegation of Use. Any Owner may delegate, in accordance with the bylaws, his right of use to the members of his family, his tenants, or contract purchasers who reside on the property.

Section 3. Ownership of Irrigation Equipment. The Association shall own and be responsible for the maintenance of the irrigation pump, irrigation water lines, pump houses, and associated equipment and fixtures. The Owner shall own and be responsible for the maintenance of all irrigation lines and sprinklers located within the boundaries of the Owner's lot from the valve off the main irrigation line.

Section 4. Open Space. The Association shall own and maintain all private open space as designated on the plat or plats for Orchard Valley West Subdivision.

Section 5. Owners Easement of Enjoyment. Every Owner shall have a right and easement of enjoyment in and to all of the Open Space which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

a. The right of the Association to adopt reasonable rules and regulations for the use of the Open Space.

b. The right of the Association to suspend the voting rights and right to use of the open space by an owner for any period during which any assessment against his Lot

remains unpaid; and for a period not to exceed 60 days for any infraction of its published rules and regulations.

c. The right of the Association to dedicate or transfer all or any part of the Open Space to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members.

ARTICLE III

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 Orchard Valley West 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 IV

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, subdivision signage and open space, insurance and other administrative expenses of the Association.

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 be One Hundred Dollars (\$100.00) per Lot.

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 25% by a vote of a majority 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 a majority 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 four hundred dollars, as adjusted annually by the amount of increase to the Consumer Price Index 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 V

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 residential dwellings 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 larger than three (3) feet in diameter or higher than the roof peak 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. Trash containers shall be kept from view from the street except on trash collection days. 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. Political signs are permitted during the period up to three (3) months prior to an election. 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. All landscaping of each lot which will be visible from the street shall be completed within one hundred twenty (120) days from the date on which the dwelling is

occupied, provided, however, for good cause, the Architectural Control Committee may allow a lot owner a one-time extension for an additional one hundred twenty (120) days in which to comply. No solid fencing shall be allowed closer to the street than the building improvements (except corner lots), nor shall any front yard fencing exceed three (3) feet in height. For example, split rail fencing would be acceptable, but a solid wood fence would not be acceptable.

Section 10. Easements. Easements for the installation and maintenance of utilities, drainage and detention facilities (shown on plat as open space), and landscaping are reserved as shown on the recorded plat of the subdivision. Within these easements no structures, planting or other materials shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities or which may change the direction of flow or obstruct the flow of water in and through drainage channels and easements. The easements located on each lot and all improvements in them shall be maintained continuously by the owner of the lot, except for those improvements for which the Association, a public authority, or one or more utility companies is responsible. Open space shall be the responsibility of the Association.

Section 11. Reciprocal Access. Each owner of a lot agrees for himself and his successors in interest that he will permit reasonable access from time to time during reasonable hours by the adjacent owner and the agents and/or employees of the adjacent owner when such access is necessary (essential) for the inspection, maintenance, repair, or replacement of the adjacent owner's residence, or any part thereof, provided, however, that, except in cases of emergency, the adjacent owner shall furnish the affected owner twenty-four (24) hours notice before exercising the rights granted in this paragraph. Any such entry made by an adjacent owner pursuant to this paragraph shall be made with as little inconvenience as practicable and any damage caused thereby shall be promptly repaired by the adjacent homeowner.

Section 12. 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. Storing automobiles, trucks, campers, recreational vehicles, motor homes, boats, snowmobiles, motorcycles or vehicles of any other description in the street, driveway, or yard in front of the principal building setback lines is prohibited. Such vehicles may be stored behind such setback lines.

Section 13. Grand Valley Canal Pollution Control. Only minor car repair, minor car maintenance, and simple car washing is allowed upon the properties, and then, only if in full compliance with all provisions of this Section.

"Minor car repair" and "minor car maintenance" shall be deemed to include such repair or maintenance which normally should be, and which in fact is, completed within less than a 24-hour period and which does not otherwise violate any provision of this Declaration of Covenants, Conditions and Restrictions. Any repair or maintenance, regardless of its nature, which is not complete within 24 hours is automatically deemed to be not minor in nature and, therefore, in violation hereof.

All oils, grease and coolants must be disposed of in an appropriately marked container for disposal by the appropriate agency.

All chemicals and detergents from vehicle washing, will be contained in an underground vault or otherwise on the property, for disposal by an appropriate agency.

Section 14. Maintenance of Site. The Association or Declarant upon the failure of the Owner or tenant of any site to maintain his site and improvements, including the payment of any taxes assessed thereon, in a reasonable satisfactory manner as determined by the Association, or upon use by the Owner or tenant in a manner inconsistent with these covenants, may enter upon the site and repair, maintain, rehabilitate, and restore the premises and/or improvements or abate the improper use or pay the taxes thereon and any costs shall be charged against the Owner or tenant of said site and collected in the manner set forth in Article IV hereof.

Section 15. Minimum Square Footage Requirements. Single-level homes shall have a minimum 1,450 square feet of living space; multi-level homes shall have a minimum 1,600 square feet of living space. All homes shall have a minimum of a 2-car garage.

ARTICLE VI

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 C. Chris Carnes, 1172 23½ Road, Grand Junction, CO 81505.

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. The ACC may recommend specific standards for adoption by the Association.

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 VII

GENERAL PROVISIONS

Section 1. 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 2. 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.

Section 3. Amendment. The covenants and restrictions of this Declaration shall run with and bind the land, for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended during the first twenty (20) year period by an instrument signed by not less than ninety percent (90%) of the Lot Owners, and thereafter by an instrument signed by not less than seventy-five percent (75%) of the Lot Owners. Any amendment must be recorded.

Section 4. Street Lighting. All lots are subject to and bound by Public Service Company tariffs which are now and may in future be filed with the Public Utilities Commission of the State of Colorado relating to street lighting in the subdivision, together with rates, rules and regulations therein provided and subject to all future amendments and changes thereto. The owner or owners shall pay as billed a portion of the costs of public street lighting in the subdivision according to Public Service Company rates, rules and regulations, including future amendments and changes on file with the Public Utilities Commission of the State of Colorado.

Section 5. Annexation. Declaration may at any time, pursuant to the provisions of this Section, annex to any real property that is presently owned by or which may be acquired in the future by Declarant and which is contiguous to Properties hereinabove described. The Annexation of any such property shall become effective when, and only when, the last of each of the following events occur:

- a. A subdivision map shall have been filed with respect to the real property to be annexed,

Lots 1 through 18, Block One
Lots 1 through 20, Block Two
Lots 1 through 30, Block Three
Lots 1 through 12, Block Four
Lots 1 through 22, Block Five
Lots 1 through 35, Block Six

Orchard Valley West Subdivision
Mesa County, Colorado