RECEPTION#: 968263,Date: 1/4/2024 1:47 PM,
Pages: 1 of 65 , DECCOV RECORDING $333.00
Montrose County, CO. Tressa Guynes, Clerk and Recorder

AMENDED AND RESTATED DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS FOR FALLS AT VALLEY RANCH

THIS AMENDED AND RESTATED DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS FOR FALLS AT VALLEY RANCH (this "***Declaration***") is made and declared this 15th day of March, 2023 ("***Effective Date***"), by Valley Ranch Montrose, LLC, a Colorado limited liability company ("***Declarant***").

RECITALS

A. Declarant formed a common interest community (the "***Community***") pursuant to that certain Declaration of Covenants, Conditions and Restrictions for Falls at Valley Ranch dated as of November 15, 2021 and recorded with the County Clerk and Recorder of Montrose County, Colorado ("***Clerk and Recorder***") at Reception No. 943700 on November 16, 2021 (the "***Original Declaration***") and that certain Final Plat recorded with the County Clerk and Recorder at Reception No. 960115 on March 15, 2023 (the "***Plat***").

B. The Original Declaration, while executed by Declarant, erroneously referred to the Declarant as The Falls at Valley Ranch Homeowners Association, a Colorado limited liability company, Falls at Valley Ranch, LLC, a limited liability corporation, and Falls at Valley Ranch Homeowners Association, a Colorado limited lability company, in certain areas.

C. Declarant formed the Falls at Valley Ranch Water Users Association, LLC by filing Articles of Organization with the Colorado Secretary of State on March 28, 2023 (the "***Water Association***") to own and maintain property dedicated by the Plat to a homeowners' association. In connection with the formation of the Association, as defined below, Declarant dissolved the Water Association on June 1, 2023 by filing a Statement of Dissolution with the Colorado Secretary of State.

D. At the time of recordation of the Plat, Declarant was the owner of all of the real property set forth on the Plat in the County of Montrose, Colorado (the "***County***") and subject to the Original Declaration c, more particularly described on Exhibit A attached and made part of this Declaration by this reference (the "***Property***" or "***Community Area***").

E. Declarant subsequently conveyed certain portions of the Property. Declarant conveyed Lot 4 to James D. Cary pursuant to a special warranty deed dated March 17, 2023 and recorded on March 20, 2023 in the Public Records at Reception No. 960176 ("***Cary***"), and Declarant conveyed Lot 3 to Dave W. Coker and Barbara Coker pursuant to a quit claim deed dated March 29, 2023 and recorded March 29, 2023 in the Public Records at Reception No. 960492 (the "***Cokers***").

F. Declarant currently owns five of the seven Lots (as defined below) in the Community, or approximately seventy-one percent (71%) of all Lots.

G. Section 9.19 of the Original Declaration permits Declarant to amend the Original Declaration by an instrument signed and notarized by the Declarant, and recorded with the County Clerk and Recorder, until Declarant has sold sixty-seven percent (67%) of the Lots.

H. The Original Declaration designated the Property as a small, planned community subject only to C.R.S. § 38-33.3-105 to § 38-33.3-107 of the Colorado Common Interest Ownership Act, C.R.S. § 38-33.3-101, et. seq. (the "***Act***") in Section 1.1.

I. However, the Declarant reserved certain development rights in the Original Declaration, including, but not limited to, the right to add and subject additional property to the Original Declaration in Section 9.8, and established the initial annual assessment at $1,800.00 per Lot in Section 5.2.

J. Therefore, the Common Interest Community does not meet the requirements of a small, planned community pursuant to C.R.S. § 38-33.3-116(2).

K. Declarant therefore desires to amend and restate the Original Declaration in its entirety for the Community to be known as Falls at Valley Ranch.

L. Cary and the Cokers consent and agree to amend and restate the Original Declaration on the terms and conditions set forth herein.

Declarant hereby makes the following grants, submissions, and declarations:

In order to enhance the attractiveness and value of the Community and maintain its value and desirability, for the purposes set forth herein, Declarant declares that the Community Area described on Exhibit A, and Additional Property that may become subject to and included in the Community Area, shall be held, transferred, sold, conveyed, leased, and occupied subject to the covenants, conditions, and restrictions hereinafter set forth, all of which shall run with the land.

ARTICLE 1
IMPOSITION OF COVENANTS

Section 1.1 Community Area. Declarant intends that the Community Area be developed as a planned community of residential uses.

Section 1.2 Purposes of Declaration. Property which is subject to this Declaration in the manner hereinafter provided shall be referred to as the Community Area. This Declaration is executed: (a) in furtherance of a common and general plan for the Community Area; (b) to protect and enhance the quality, value, aesthetics, desirability, and attractiveness of the Community Area; (c) to provide for an Association as a vehicle to hold, maintain, care for, and manage the Common Areas and those portions of the Lots described herein; (d) to define the duties, powers, and rights of the Association; (e) to define certain duties, powers, and rights of Owners; (f) to provide for the maintenance of the Community Area, including the Lots and Common Areas; and (g) to take other

appropriate actions to enhance the quality of the Community consistent with the terms of this Declaration.

Section 1.3 Declaration; Recorded Title Exceptions. Declarant, for itself, its successors, and assigns, hereby declares that all of the Community Area, including the Lots and the Common Areas, and all other property which becomes subject to this Declaration in the manner hereinafter provided, and each part thereof, shall, from the date the same becomes subject to this Declaration, be owned, held, transferred, conveyed, sold, leased, rented, hypothecated, encumbered, used, occupied, maintained, altered, and improved subject to the covenants, conditions, restrictions, limitations, reservations, exceptions, equitable servitudes, and other provisions set forth in this Declaration, for the duration hereof, all of which are declared to be part of, pursuant to, and in furtherance of a common and general plan of development, improvement, enhancement, and protection of the Community Area. The provisions of this Declaration are intended to and shall run with the land and, until their expiration in accordance with the terms hereof, shall inure to the benefit of each of the Lots and shall bind, be a charge upon, and inure to the mutual benefit of: (a) all of the Lots and the Common Areas, and the other property in the Community Area and each part or parcel thereof; (b) Declarant and its successors and assigns; (c) the Association and its successors and assigns; and (d) all Persons having or acquiring any right, title, or interest in the Community Area or any part or parcel thereof or any Improvement thereon and their heirs, personal representatives, successors, and assigns. The recorded easements and title exceptions to which the Community Area is subject are all matters of record including, but not limited to, those listed on Exhibit C attached hereto and incorporated by this reference.

Section 1.4 Applicability of Act. The Community is a planned community under the Act. The maximum number of total Lots that may be located within the Community Area (as it may be expanded from time to time, if ever) will not exceed one hundred (100) (the "***Lots That May Be Created***"). Declarant reserves the right to create up to the total number of Lots That May Be Created.

Section 1.5 Name. The name of the Community is "Falls at Valley Ranch."

ARTICLE 2
DEFINITIONS

Unless otherwise expressly provided herein, the following words and phrases when used in this Declaration shall have the meanings hereinafter specified.

Section 2.1 "***Additional Property***" shall mean "Outlot A" as depicted on the Plat.

Section 2.2 "***Administrative Functions***" shall mean all functions of the Association that are provided for, or are necessary and proper, under this Declaration and shall include, without limitation, providing management and administration of the Association; providing for the maintenance and care of the Common Areas, those portions of the Lots described herein and the enforcement of the Declaration; providing architectural and design review services under Article 8 hereof; incurring reasonable attorneys' fees and accountants' fees; obtaining errors and omissions insurance for officers, directors, and agents of the Association, and obtaining any other insurance required or permitted to be obtained by the Association herein; obtaining fidelity bonds

for any Person handling funds of the Association; paying taxes levied against the Common Areas; incurring filing fees, recording costs, and bookkeeping fees; obtaining and maintaining offices and office furniture and equipment; and performing other reasonable and ordinary administration tasks associated with operating the Association.

Section 2.3 "***Allocated Interests***" shall mean the share of Common Expenses and votes allocated to each Lot. The Allocated Interest for each Lot shall be a fraction, the numerator of which is one (1) and the denominator of which is the total number of Lots then within the Community Area.

Section 2.4 "***Annual Assessment***" shall mean the Assessment levied annually on all Lots subject to assessment under Section 7.3 below to fund Common Expenses for the general benefit of all Lots, as more particularly described in Article 7 below.

Section 2.5 "***Applicant***" shall have the meaning provided in Section 8.5 below.

Section 2.6 "***Articles of Incorporation***" shall mean the Articles of Incorporation of the Association, which have been or will be filed in the office of the Secretary of State of the State of Colorado, as the same may be amended from time to time.

Section 2.7 "***Assessment***" shall mean an Annual Assessment, Special Assessment, Specific Assessment, or Water Assessment.

Section 2.8 "***Association***" shall mean the Falls at Valley Ranch Homeowners' Association, Inc., a Colorado nonprofit corporation, and its successors and assigns, with an initial mailing address of 501 E. Main Street, Montrose, CO 81401, as also doing business as Valley Ranch HOA, Falls at Valley Ranch HOA, Falls at Valley Ranch Homeowners Association, LLC, and The Falls at Valley Ranch Homeowners Association.

Section 2.9 "***Board***" shall mean the body responsible for administration of the Association, selected as provided for herein and in the Bylaws.

Section 2.10 "***Bylaws***" shall mean the Bylaws of the Association which have been or will be adopted by the Board of the Association, as the same may be amended from time to time.

Section 2.11 "***Committee Representative***" shall have the meaning provided in Section 8.18 below.

Section 2.12 "***Common Area***" shall mean any portion of the Community Area owned or maintained by the Association for the common use and enjoyment of the Owners (including those which may also be used by others), including, but not limited to easements for the use and benefit of the Owners. Common Areas do not include the Lots, except to the extent of easements reserved thereon for the benefit of the Association and except to the extent, if any, owned by the Association and used by the Association as Common Areas. The real property that comprises the Common Area at the time of recordation of this Declaration, if any, is described on Exhibit A. Additional Common Area may be annexed by Declarant to this Declaration as provided in Article 10 below.

Section 2.13 "***Common Expenses***" shall mean the actual and estimated expenses incurred or anticipated to be incurred by the Association for the general benefit of all Lots, including any reserve the Board may find necessary and appropriate pursuant to the Governing Documents. Common Expenses shall not include any expenses incurred during the Declarant Control Period for initial development, original construction, installation of infrastructure, original capital improvements, or other original construction costs unless approved by the Members of the Association representing a majority thereof, excluding the Declarant.

Section 2.14 "***Common Improvements***" shall have the meaning provided in Section 3.46 below.

Section 2.15 "***Community***" shall mean the Falls at Valley Ranch.

Section 2.16 "***Community Area***" shall mean all of the real property described on Exhibit A, and all Additional Property hereafter annexed to, and not withdrawn from, the Community Area in accordance with the Act.

Section 2.17 "***Community-Wide Standard***" shall mean the standard of conduct, maintenance, or other activity generally prevailing throughout the Community Area. Such standard may be more specifically determined by the Board and the Design Review Committee.

Section 2.18 "***Declarant***" shall mean Valley Ranch Montrose, LLC, a Colorado limited liability company, and any other Person Declarant designates as its successor as Declarant (as to all or some of the rights reserved to Declarant herein) in an instrument Recorded in accordance with the Act.

Section 2.19 "***Declarant Control Period***" shall mean the period of time commencing on the date of Recordation of this Declaration and expiring on the earliest of (a) sixty (60) days after conveyance of seventy-five percent (75%) of the Lots That May Be Created to Owners other than Declarant, (b) two (2) years after the last conveyance of a Lot by Declarant in the ordinary course of business to Owners other than Declarant, or (c) two (2) years after any right to annex a Lot to this Declaration was last exercised.

Section 2.20 "***Design Guidelines***" shall mean the architectural guidelines and procedures adopted by the Design Review Committee pursuant to Article 8 and applicable to all Lots within the Community Area.

Section 2.21 "***Design Procedures***" shall have the meaning provided in Section 8.7.2 below.

Section 2.22 "***Design Review Committee***" shall mean the Committee provided for in Article 8 of this Declaration.

Section 2.23 "***Dwelling***" shall mean an Improvement constructed on a Lot for use as a residence.

Section 2.24 "***Established Drainage Pattern***" shall have the meaning provided in Section 3.35 below.

Section 2.25 "***First Mortgage***" shall mean any Mortgage the priority of which is not subject to any monetary lien or encumbrance except liens for taxes or other liens that are given priority by statute.

Section 2.26 "***First Mortgagee***" shall have the meaning provided in Section 7.13 below.

Section 2.27 "***Governing Documents***" shall mean this Declaration, the Articles of Incorporation, the Bylaws, and any Rules and Regulations of the Association.

Section 2.28 "***Improvement***" shall mean all structures and any appurtenances thereto of every type or kind, including, but not limited to, Dwellings, buildings, outbuildings, swimming pools, patio covers, awnings, garages, carports, roads, driveways, parking areas, fences, screening walls, retaining walls, stairs, decks, fixtures, painting of any exterior surfaces of any visible structure, additions, walkways, outdoor sculptures or artwork, "tot lots," sprinkler pipes, landscaping, hedges, windbreaks, plantings, planted trees and shrubs, poles, signs, exterior tanks, solar equipment, and exterior air conditioning and water softener fixtures.

Section 2.29 "***Improvement(s) to Property***" shall have the meaning provided in Section 8.2 below.

Section 2.30 "***Initial Assessment***" shall have the meaning provided in Section 7.3 below.

Section 2.31 "***Lease***" shall mean any agreement for the leasing or rental of a Lot, or a Dwelling on a Lot, or any portion thereof, and shall specifically include, without limitation, a month-to-month or other short term rental or other rentals and subleases, whether or not the parties thereto comply with the terms of Section 3.45 below.

Section 2.32 "***Limited Common Area***" shall mean any portion of the Community so designated by Declarant in a Supplemental Declaration or the Association as being for the exclusive use and benefit of only certain Lots, and not of any other Lots (or Units, if any) within the Community. The cost of maintenance and repair of Limited Common Areas shall be assessed against the Lots so benefitted thereby, as provided in Section 7.4 below.

Section 2.33 "***Lot***" shall mean a Lot depicted on the Plat or on any subsequently recorded plat or replat which is subject to this Declaration.

Section 2.34 "***Maintenance Funds***" shall mean the accounts into which the Board shall deposit monies paid to the Association and from which disbursements shall be made in the performance of the functions of the Association.

Section 2.35 "***Member***" or "***Membership***" shall mean the Person or, if more than one, all Persons, who collectively constitute the Owner of a Lot.

Section 2.36 "***Mortgage***" shall mean any mortgage, deed of trust, security deed, lease intended for security, or other such instrument, given voluntarily by any Owner of a Lot (or Unit, if any) and encumbering the Lot (or Unit, if any) to secure performance of a promissory note or other obligation.

Section 2.37 "***Mortgagee***" shall mean the holder of a promissory note or other obligation secured by a Mortgage.

Section 2.38 "***Notice of Completion***" shall have the meaning provided in Section 8.11 below.

Section 2.39 "***Notice of Default***" shall have the meaning provided in Section 7.13 below.

Section 2.40 "***Notice of Noncompliance***" shall have the meaning provided in Section 8.13 below.

Section 2.41 "***Occupancy Date***" shall mean, for each Lot, the later of the date upon which a certificate of occupancy is issued to permit the occupancy of Improvements constructed on such Lot, or the date upon which such Improvements are actually first occupied for residential purposes.

Section 2.42 "***Owner***" shall mean the Person, including, without limitation, Declarant, or, if more than one, all Persons, who collectively hold fee simple title of Record to a Lot, including sellers under executory contracts of sale and excluding buyers thereunder.

Section 2.43 "***Person***" shall mean a natural person, a corporation, a partnership, or any other entity.

Section 2.44 "***Plat***" shall mean the Final Plat recorded in the Records at Reception No. 960115 on March 15, 2023, and any amendment to such plat recorded after the date of this Declaration affecting the Community Area.

Section 2.45 "***Record***" or "***Recorded***" or "***Recording***" shall mean the filing for record of any document in the real estate records of the office of the Clerk and Recorder for the County.

Section 2.46 "***Related User***" shall mean any Person who: (a) resides with an Owner within the Lot, (b) is a guest or invitee of an Owner, or (c) is an occupant, tenant or contract purchaser of a Lot, and any family member, guest, invitee, or cohabitant of any such person.

Section 2.47 "***Rules and Regulations***" shall mean any instruments, however denominated, including policies and procedures, which are adopted by the Association for the regulation and management of the Community Area, including any amendment to those instruments.

Section 2.48 "***Special Assessment***" shall mean assessments levied in accordance with Section 7.8 below.

Section 2.49 "***Special Declarant Rights Period***" shall have the meaning provided in Section 9.4 below.

Section 2.50 "***Special Declarant Rights***" shall have the meaning provided in Section 9.1 below.

Section 2.51 "***Specific Assessment***" shall mean assessments levied in accordance with Section 7.9 below.

Section 2.52 "***Supplemental Declaration***" shall mean a declaration executed by the Declarant, which establishes additional provisions governing and encumbering a portion of the Community Area. Any Supplemental Declaration shall comply with the requirements of Article 10.

Section 2.53 "***User Fees***" shall have the meaning provided in Section 7.19 below.

Section 2.54 "***Water Assessment***" shall have the meaning provided in Section 7.10 below.

ARTICLE 3
RESTRICTIONS AND EASEMENTS APPLICABLE TO COMMUNITY AREA

All real property within the Community Area shall be held, used, and enjoyed subject to the following easements, limitations, and restrictions. **Notwithstanding the provisions of this Article 3 Declarant shall be exempt from the provisions of this Article 3 to the extent that it impedes, in Declarant's sole discretion, its development, design, construction, marketing, sales or leasing activities.**

Section 3.1 Maintenance of Community Area. No property within the Community Area shall be permitted to fall into disrepair, and all property within the Community Area, including, but not limited to, the Lots, Dwellings, fences, Improvements, and landscaping, shall be kept and maintained in a clean, attractive, and sightly condition and in good repair. Maintenance, repair, and upkeep of each Lot and the Dwelling and other Improvements on such Lot shall be the responsibility of the Owner of the Lot except as otherwise set forth herein or in any Supplemental Declaration. Maintenance, as used in this Declaration, shall include, without limitation, repair, and replacement as needed, as well as such other duties, as the Board may determine necessary or appropriate to satisfy the Community-Wide Standard. All maintenance shall be performed in a manner consistent with the Community-Wide Standard and all applicable covenants.

Section 3.2 Maintenance of Lots. Each Owner shall provide all maintenance for such Owner's Lot and Dwelling, which maintenance will include keeping clean the sidewalk and street segments adjacent to their Lot and keeping the sidewalk cleared of snow and ice.

Section 3.3 Maintenance of Common Areas. Common Areas will be established for the use and enjoyment of the owners and may be designated as park(s) and open space on any recorded plat(s) of the Property or any portion thereof. Maintenance, including mowing of turf, weed removal, and irrigation of open spaces; repair; and upkeep of Common Areas shall be the responsibility of the Association, including the cost of water for irrigation. The Design Review Committee shall be responsible for recommending to the Board the manner and maintenance for the Common Area and to oversee and assure that maintenance is sufficient to keep the Common Area neat, attractive, and usable at all times. The Association is required to solicit bids and to award a contract or contracts to an established professional maintenance company to provide ongoing maintenance services. Walk paths can be created within the open space, and the use of

bicycles or motorized vehicles would be prohibited on said walk paths or within the open space. The Association will have the responsibility and obligation to maintain any electric lighting, landscaping. and sprinkler water contained in the Common Area. The Association shall maintain landscaping on the Common Area in accordance with such irrigation standards or schedules as determined by the Association in its sole discretion.

Section 3.5 Sale Activities and Special Declarant Rights Period. Additionally, during the Special Declarant Rights Period, Declarant may (subject to owning such Lot or obtaining the permission of the Owner of such Lot for such use) use any of the Lots and/or Common Areas for purposes of selling or marketing the Lots or Dwellings constructed or to be constructed on the Lots (including, without limitation, maintaining sales offices and model homes on the Lots and/or Common Areas), for the purpose of housing construction trailers for use in connection with the construction of Improvements (including Dwellings) on the Lots and/or Common Areas.

Section 3.6 Property Uses. All Lots shall be used for private residential purposes. No building erected or maintained on a Lot within the Community Area shall be used or occupied for any purpose other than private residential purposes. Except for Special Declarant Rights, no Lot may be subdivided.

Section 3.7 Dwellings. All dwellings must be stick built and constructed of workmanlike quality using new, high-quality materials. No HUD or Local Uniform Building Code (UBC) factory-built homes or other non-stickbuilt homes not constructed on the Lot will be allowed. Each Lot within the Community may only be used for one single private dwelling designed for the occupancy of and by one family.

Section 3.8 Size and Layout. Dwellings must be at least two thousand five hundred (2,500) square feet but not more than six thousand five hundred (6,500) square feet, excluding garages, porches and patios. No Dwelling shall contain more than two (2) stories above ground. Where topography dictates a walk out lower-level plan, the dwelling's lower level must contain at least one thousand (1,000) square feet of livable space, and the dwelling's aboveground portion must contain at least two thousand (2,000) square feet. All setbacks must comply with the minimum City of Montrose requirements.

Section 3.9 Roofs and Gutters. No dwelling may have a single ridge roof design. Roof designs may be either hip or gable or a combination thereof. All roofs must be designed to provide architectural relief from an unbroken ridge line as viewed from the street. All Dwellings on any Lot must have a minimum roof pitch of 3:12, and eave overhangs must be a minimum of 24 inches. Due to the common occurrence of expansive soils throughout Colorado, each Dwelling must have rain gutters and down spouts to carry the rainwater runoff away from the foundation.

Section 3.10 Driveways. All garage or driveway aprons must be at least 25 feet wide and constructed of concrete, asphalt, or paving stones. Each Dwelling must have a finished driveway that connects with the sidewalk. Any driveway must be constructed of road base or other material approved by the City of Montrose and continually be maintained for dust suppression with City-approved materials.

Section 3.11 Garages. All garages must have space for at least two (2) but not more than four (4) vehicles. Garages must be attached to a Dwelling at the roofline, except that the Design Review Committee may, in its sole discretion, approve a maximum of one thousand seven hundred and fifty (1,750) square feet of detached garage, workshop, or barn provided the approval is sought and received before construction of the structure begins.

Section 3.12 Outbuildings. Each Owner may construct one (1) storage or utility outbuilding per Lot. Outbuildings must use similar materials and finishes, which must be approved by the Design Review Committee in advance, to those of the Dwelling. Unless otherwise approved by the Design Review Committee, outbuildings may not be more than one (1) story, nor have a footprint larger than twelve (12) feet by eighteen (18) feet, nor exceed fourteen (14) feet in height from the mean ground level to the top of the highest roof ridge line on the Lot. No outbuilding may exceed ten (10%) percent of the footprint occupied by the Dwelling or the total square footage of the Dwelling. Outbuildings must comply with the Design Guidelines and County regulations, including, but not limited to, zoning regulations.

Section 3.13 Design of Detached Buildings. Any detached building, including without limitation garages and outbuildings, must be finished with material approved in advance by the Design Review Committee that coordinates with the style and color of the main Dwelling. No detached building or structure may have less than a minimum of a 3:12 roof pitch or more than a 5:12 pitch roof.

Section 3.14 Construction. Except for rights reserved to Declarant herein, no building previously used at another location nor any building or structure originally constructed as a mobile dwelling or structure may be moved onto a Lot and/or Common Area, except as expressly hereinafter provided for temporary buildings. The exterior of any improvement on any Lot must be completed within a maximum period of twelve (12) months after commencement of construction, excepting however, any delays caused by reason of inclement weather, strikes, acts of God, or other causes beyond the control of the builder. No mud, dirt, gravel, stone, or other foreign material shall be allowed to accumulate upon the sidewalk or street adjacent to any Lot during excavation of a foundation or subsequent construction of improvements or landscaping on any Lot. Each Owner shall review this provision with any contractor or builder and develop a plan to maintain compliance.

Section 3.15 View Corridors. Dwellings, outbuildings, trees, shrubs, and other landscaping shall be constructed and installed as to not unreasonably obstruct the view from any other Lot, as determined by the Design Review Committee. No Owner shall erect any structure or plant any tree or shrub which will obstruct, limit, or interfere with the mountain, valley, or other scenic view of any Lot or Common Area, without the prior written consent of the Design Review Committee. Once any tree reaches a mature height above 45 feet in the Common Area, the Association has the right, but no obligation, to have the tree removed, at the Owner's expense, if it is deemed to interfere with corridors with mountain or valley views of adjacent Lots.

Section 3.16 Other Structures. Other structures such as garden sheds, small greenhouses, and dog kennels may be permitted as determined by the Design Review Committee, provided that no structures of a temporary character, such as a tent, shack, basement, trailer, garage, shed, or

other outbuilding may be used as a residence on any part of any Lot, neither temporarily nor permanently.

Section 3.18 Fences and Hedges. Subject to Section 8.1 below, no fences, hedges, or gates, including, without limitation, those intended for privacy, screening, and security purposes, may be constructed along or adjacent to the boundary or lot line of any Lot, or on any other portion of any Lot by any Owner, other than those originally constructed by Declarant, if any, without the prior approval by the Design Review Committee. As used herein, the term "fence" includes fences, gates, and hedges. Decorative or masonry walls and containment fences are preferred, and fences must be maintained in a neat, orderly, and attractive manner. No fence may exceed six feet in height, and fences on corner Lots may not be closer to the sidewalk than three (3) feet. Each Owner of a Lot shall be responsible for maintaining, repairing, and replacing, in a reasonably attractive manner, any fence located on such Owner's Lot, unless such fence is to be maintained by the Association, as hereinafter provided. Fences may not lean. Any approved wire fencing must be kept tightly stretched, and all steel and wooden posts for any type of fence must be kept vertical, straight, and perpendicular to the ground. No solid fence may be located closer to the front, street-facing side of the Lot than the rear wall of any Dwelling, and no hedge or fence may extend beyond the front corners of the residence. Any fence located on a lot line between two Lots shall be maintained jointly by the Owners thereof if the fence was installed by the Declarant. Any fence located on a lot line between two Lots that was installed by an Owner(s) pursuant to this Section shall be maintained by the Owner(s) who installed the fence. Each Owner is hereby granted an easement across adjacent Lots for the purpose of maintaining, repairing, and replacing any fence installed by such Owner.

Section 3.19 No Noxious or Offensive Activity. No noxious, obnoxious, or offensive activity shall be carried on upon any property within the Community, including any Lot and all Community Areas, nor shall anything be done or placed thereon which is a nuisance or causes an unreasonable embarrassment, disturbance, or annoyance to the neighborhood or to an adjoining Lot or the residents thereof. This section specifically applies, without limitation, to noise and light pollution. Noise and outdoor lighting originating from or on any Lot will be kept at a minimum at all times.

Section 3.20 No Commercial Activity. No business or commercial uses may be made of any Lot or portion thereof for manufacturing, heavy industry, or the fabrication of products by any sort of machines, provided, however, permission to operate a home business may be granted by the Board upon request and upon an express finding that such home business activity will not interfere with the peace and quiet of the neighborhood. An "At Home" business that generates pedestrian or vehicular traffic to that residence or violates applicable zoning is specifically prohibited. No Dwelling, Lot, or portion thereof shall be used as a base of operations for businesses that store inventories or goods outside of the Dwelling or outbuildings. These include, but are not limited to, building contractors storing scaffolding, ladders, lumber, sheet rock, etc., and other goods which would create visual intrusion on the neighborhood.

Section 3.21 Annoying Sounds or Odors. No sound or odor shall be emitted from any property within the Community Area which is noxious or unreasonably offensive to others. Without limiting the generality of the foregoing, no exterior horns, whistles, bells, or other sound devices, other than security devices used exclusively for security purposes or speakers set at a

volume as to not disturb other Owners,, shall be located or used on any property except with the prior written approval of the Design Review Committee, and no loud or obnoxious sounds shall be emitted from any Lot or part of the Community Area at any time.

Section 3.22 No Hazardous Activities. No activity shall be conducted on and no Improvement shall be constructed on any property within the Community Area which is or might be unsafe or hazardous to any Person or property. Without limiting the generality of the foregoing, no firearms shall be discharged upon any property within the Community Area, and no open fires shall be lighted or permitted on any property within the Community Area except in a contained barbecue unit while attended and in use for cooking purposes or within an interior or exterior fireplace designed to prevent the dispersal of embers. No Lot or portion of the Community may be used for any exploration or extraction of oil, gas, or other minerals, including, but not limited to, drilling, boring, or developing of water, geothermal resources, hydrocarbons, minerals, rocks, stones, gravel, or underground water.

Section 3.23 No Unsightliness. All structures, buildings and improvements erected on Lots within the Community, must at all times and in the sole discretion of the Design Review Committee, be kept at all times attractive, well maintained and in good repair. Any building or improvement on a Lot that has been damaged by fire or other casualty causing the same to be unsightly shall be repaired or removed within one (1) year from the date of such casualty. All unsightly conditions; structures; facilities; equipment, including, but not limited to, snow removal equipment and garden or maintenance equipment; and objects shall be enclosed within a structure or appropriately screened from view, except when in actual use. No unsightliness or waste shall be permitted on or in any part of the Community. Without limiting the generality of the foregoing, no Owner may keep or store anything (except in designated storage areas) on or in any of the Common Elements; nor shall any Owner hang, erect, affix, or place anything upon any of the Common Elements; and nothing shall be placed on or in windows or doors of homes, which would or might create unsightly appearances.

Section 3.24 Weeds. Each Owner shall keep those portions of the landscaping on such Owner's Lot for which the Owner is responsible for maintaining (pursuant to this Declaration or a Supplemental Declaration) free from brush or other growth, trash, or other items which are unsightly or cause undue danger of fire, and shall be kept mowed during growing seasons so that no weeds, brush, grasses, or growth on any Lot exceed six (6) inches in height at any time.

Section 3.25 Individual Lot Landscaping. Landscaping must be installed and completed within twelve (12) months of occupancy of the residence. Each Owner first occupying a Dwelling between March 1 and September 30 of any calendar year must seed or sod or landscape that portion of the Owner's Lot which is visible from the street within 45 days of occupancy. Each Owner first occupying a Dwelling between October 1 and February 28 of any calendar year must seed or sod or landscape that portion of the Owner's Lot which is visible from the street at the first seasonal opportunity. A landscaping design must be approved by the Design Review Committee before occupancy. Landscaping shall consist of any combination of attractive grass, trees, rock, ground cover, drought-tolerant vegetation landscapes, or cultivated vegetation and in accordance with § 37-60-126(11)(a), C.R.S, as amended, and may include water-saving installations such as turf grass and xeriscaping, provided that planting of trees, shrubbery, rocks, gravel, and grass is encouraged and the use of inorganic material is discouraged. These requirements are for both

aesthetic purposes and as an aid to weed and dust control. Except as may otherwise be specified herein or in a Supplemental Declaration, the Owner of a Lot shall be responsible for the maintenance of any other landscaping on its Lot, which landscaping shall be subject to approval by the Design Review Committee. No Owner of any Lot may change the grade and/or Established Drainage Pattern of a Lot, except as approved by the Design Review Committee. Water shall not be allowed to flow toward any foundation of any Dwelling on any Lot. The landscaping of each Lot, having once been installed, shall be maintained in a neat, attractive, sightly, and well-kept condition, which shall include lawns mowed, hedges trimmed, adequate watering, replacement of dead, diseased, or unsightly materials, removal of weeds and debris, and appropriate pruning of plant materials.

Section 3.26 Restrictions on Garbage and Trash. No Lot shall be used as a dumping ground for rubbish. No garbage, rubbish, or trash shall be allowed to accumulate on any Lot. No refuse, garbage, trash, lumber, grass, shrub, or tree clippings, plant waste, compost, metal, bulk materials, scrap, refuse, or debris of any kind shall be kept, stored, or allowed to accumulate on any Lot except within properly covered, fly tight, rodent and scavenger proof containers stored in an approved, enclosed structure or appropriately screened from view. Such containers must be emptied on a regular basis to avoid overflow and unreasonable odors or conditions resulting therefrom and may be temporarily placed outside at such times and in appropriate locations as may be necessary to permit garbage or trash pick-up. Garbage and waste must be disposed of in accordance with good sanitary practices as established by the City of Montrose. The Association shall have the right to designate a single trash collection company, which company shall have the exclusive right to collect trash within the Community Area. If such a company is so designated, no Owner may separately contract for regularly scheduled trash pick-up without the prior written approval of the Board. The cost of trash collection by the Association-selected entity shall be included in the Annual Assessment. Small trash burn pits shall be allowed in contained areas to the extent permitted by the City of Montrose; provided, however, that any burning shall not result in noxious odors or hazardous waste otherwise prohibited by this Declaration.

Section 3.27 Animals. No animals, including, without limitation, livestock and poultry of any kind, shall be raised, bred, or kept on a Lot for any business or commercial purposes. Each Owner shall have the right to keep two (2) household pets in accordance with any Rules and Regulations promulgated by the Board, which shall be coupled with the responsibility to pay for any damage caused by such pets, as well as any costs incurred by the Association as a result of such pets. Any such damages and costs shall be subject to all of the Association's rights with respect to the collection and enforcement of Assessments as provided in this Declaration. Horses, swine, poultry, sheep or other livestock or exotic animals are not permitted. When confined to a Lot, all dogs must be kept in a fenced area maintained in a clean and sanitary condition so as not to constitute a nuisance or annoyance to any other Owners. Dogs must be on leashes and under control of the person or persons walking them at all times when not confined to an Owner's Lot. Each Owner keeping one or more dogs will be held responsible for cleaning up after their dog(s) and must promptly remove any droppings from any Lot, Common Area, or space within the Community. No pet of any kind will be permitted if it is determined by the Board to make an unreasonable amount of noise or odor, to be offensive or hazardous, or to be a nuisance. All household pets must be controlled by their owner, who will be responsible for collecting and properly disposing of any animal waste.

Section 3.28 No Temporary Structures. Except for rights reserved to Declarant herein, no tent, shack, storage shed, satellite dish, temporary structure, or temporary building shall be placed upon any property within the Community Area except with the prior written consent of the Design Review Committee obtained in each instance, subject to such conditions or restrictions as may be required by the Design Review Committee, which may include requirements as to screening and/or location.

Section 3.29 Antenna, Utilities, and Transmitters. The Board may adopt Rules and Regulations, consistent with applicable state or federal laws and regulations, regarding the installation of satellite dishes, exterior aerials, antennas of any kind, and any wind-electric generator. No exterior antennas, aerials, or other apparatus for the reception or transmission of television, radio, or other signals of any kind may be placed or allowed or maintained on any Lot except, however, one satellite dish may be mounted near the eave or placed on the rear only of any Lot or improvement thereon. Notwithstanding any provision in the Governing Documents to the contrary, the Association may not effectively prohibit renewable energy generation devices or the installation or use of any energy efficient measures, provided that the Association may adopt reasonable aesthetic Rules and Regulations concerning dimensions, placement, or external appearance of such devices or measures. Above ground utilities or radio, television or cable receivers, antennae, satellite dishes larger than 24 inches in diameter or transmitter are prohibited. No electric or gas meters may be located at the front of a Dwelling; however, water meters may be attached to the front of a Dwelling. Exhaust vents or exhaust stacks must be located on the side of the Dwelling that is away from the main road, if possible, and placed as low on the roof line as possible in order to comply with the City of Montrose Building Code. Exhaust vents and exhaust stacks must be painted a color that blends with the roof.

Section 3.30 Exterior Lighting. No security or large yard lights will be allowed to run from 11:00 p.m. to 6:00 a.m. Mercury and sodium vapor fixtures are prohibited. Free standing or pole lights may not exceed eight (8) feet in height above ground. No more than six (6) free standing or pole lights may be affixed to each Lot, with no more than 75 watts on each fixture. All exterior lighting must be designed for a dark sky lighting.

Section 3.31 Water Wells or Septic Sewage Disposal. No Lot shall be used for individual water wells. Septic tanks and leach fields shall be the source of the individual sewage disposal system.

Section 3.32 Signage; Flags. No sign, poster, billboard, advertising device, or display of any kind shall be erected or maintained anywhere within the Community Area so as to be evident to public view, except as may be approved in writing by the Design Review Committee, except for decorative home identification signs and as may otherwise be permitted by the Act and subject to Rules and Regulations. No commercial signs, advertisements, billboards or advertising structures of any kind or character may be erected or maintained upon any Lot; provided, however, one sign of not more than four square feet for the sole purpose of advertising the sale, lease or rental of the Lot and improvements thereon may be erected. Notwithstanding anything contained herein to the contrary, the Declarant may, at its sole discretion, erect and maintain signs for sales and information purposes as it deems appropriate during the period of time Declarant has any Lots remaining for sale. The Association will not prohibit or regulate the display of flags on the basis of their subject matter, message, or content, except that the Association may prohibit flags bearing

commercial messages. The Association may adopt reasonable, content neutral rules to regulate the number, location, and size of flags and flagpoles but will not prohibit the installation of a flag or flagpole that is permitted under § 38-33.3-106.5, C.R.S. Flagpoles may not be located in the front yard nor may they be taller than the roof line of the Owner's home.

Section 3.33 Irrigation Water. The Association shall own, manage, and distribute irrigation water to the Lots, in accordance with the availability of water and rules and regulations adopted by the Board from time to time. The Association shall own and manage the irrigation system and shall be responsible for repair and replacement of such system, except to the extent any damage is directly or indirectly caused by an Owner, in which case the Owner shall be responsible for such damage. Each Lot shall be assessed for fees and expenses of the Association related to such water through the Water Assessment (as defined below). Notwithstanding the foregoing, each Owner shall be responsible for the irrigation system on its own Lot.

Section 3.34 Maintenance of Drainage; Established Drainage Patterns. Except for rights reserved to Declarant herein, there shall be no interference with the Established Drainage Pattern over any property within the Community Area, except as approved in writing by the Design Review Committee. Approval shall not be granted unless provision is made for adequate alternate drainage evidenced by a certified report from a civil engineer. The "***Established Drainage Pattern***" shall mean the drainage pattern which exists at the time of the overall grading of any Lot and includes the positive slope away from the Dwelling built on the Lot in accordance with the status thereof as of the date of the completion of the Dwelling on the Lot as reflected on the finished grading plan and as-built civil engineering plan for such Lot and the drainage certificate, if any, provided to the Owner of each Lot reflecting the existing positive slope away from the Dwelling upon completion thereof. The Established Drainage Pattern may include the drainage patterns: (a) from Common Areas over any Lot; (b) from any Lot over the Common Areas; (c) from any property owned by the City or County or other Persons over any Lot; (d) from any Lot over property owned by the City or County or other Persons, (e) from any Lot over another Lot, or (f) on any Lot. The Owner of each Lot shall not disturb such Established Drainage Pattern on its Lot. If the Owner of any Lot or any Related User disturbs the Established Drainage Pattern for that Owner's Lot, the Association may enter onto the Lot and restore the positive slope and make a Specific Assessment against the Lot and the Owner(s) thereof for the Association's cost in doing so, including the cost of restoration of adjoining property as a result of the disturbance of the Established Drainage Pattern by the Owner of a Lot or any Related User. Any alterations to the Established Drainage Pattern for any properties within the Community Area will result in the full release of Declarant as to any and all liabilities or obligations with respect to the Established Drainage Pattern for any property within the Community Area or the grading of such property. The Association and all Owners hereby indemnify and hold harmless Declarant from any and all claims, liabilities, expenses, damages, charges, or costs arising out of or relating to the Established Drainage Pattern and or the grading for any property within the Community Area for which any alteration is made to the Established Drainage Pattern.

Section 3.35 Compliance with Insurance Requirements. Except as may be approved in writing by the Board, nothing shall be done or kept within the Community Area which may result in a material increase in the rates of insurance or would result in the cancellation of any insurance maintained by the Association. No Owner shall cause or permit a situation or condition to exist

on that Owner's Lot which causes or might reasonably cause the insurance rates for neighboring Lots to be increased beyond those that would be applicable absent such situation or condition.

Section 3.36 Restoration in the Event of Damage or Destruction. In the event of damage or destruction of any Improvement on any Lot, subject to the Association's obligation, if any, to restore any such damage or destruction as set forth herein, the Owner(s) thereof shall cause the damaged or destroyed Improvement to be replaced or restored to its original condition or to such other condition as may be approved in writing by the Design Review Committee, or the Owner shall cause the damaged or destroyed Improvement to be demolished and, until a new Improvement approved by the Design Review Committee is constructed, cause the Lot to be suitably landscaped, subject to the approval of the Design Review Committee, so as to present a pleasing and attractive appearance in accordance with the Community-Wide Standards.

Section 3.37 Outside Storage; Clotheslines. No building materials shall be stored on any Lot except temporarily during continuous construction of an Improvement. All equipment, garbage cans, and lawn and garden implements, when not in use, and all storage piles must be kept in an enclosed area screened by adequate planting or approved fencing concealing them from view of neighboring Lots and streets. No clotheslines of any design may be visible from the street that fronts a Lot.

Section 3.38 Vehicle Repairs. Only minor maintenance or repairs of an Owner's vehicle, such as changing spark plugs or oil, will be allowed on any Lot. No major maintenance, servicing, repair, dismantling, painting, or repainting of any type of vehicle, boat, trailer, machine, or device may be carried on, except within a completely enclosed structure which screens the sight and sound from the street and from adjoining property. In no event may an inoperable vehicle or a vehicle placed on jacks or stands be allowed outside of an enclosed area for a period in excess of 48 hours.

Section 3.39 Storage of Gasoline and Explosives, Etc. No Lot shall be used for storage of explosives, gasoline, or other volatile and/or incendiary materials or devices. Gasoline or fuel, or other chemicals or solvents such as paint thinner, motor oil, and cleaning chemicals may be maintained on an incidental basis on a Lot in an aggregate amount not to exceed five (5) gallons. No elevated tanks or appurtenances of any kind shall be erected, placed, or permitted on any part of the Community Area.

Section 3.40 Trailers, Campers, and Other Vehicles. Passenger automobiles and pick-up trucks not exceeding the one (1) ton category and owned by the Owner or occupant of the Lot must be parked within the garage situated on the Lot or on the driveway of the Lot. Only guest parking shall be permitted upon the platted streets and roads of the Community, and parking of any motor vehicles and any of the vehicles and types of equipment listed in this section on private streets or parking areas or public streets within the Community Area may be regulated or restricted by the Association, unless Section 38-33.3-106.5(1)(d), C.R.S., the County, or any other governmental body with jurisdiction over the Community Area prohibits such regulation or restriction. Except as expressly permitted by the Act regarding the parking of emergency vehicles, any boats, campers (on or off supporting vehicles), trailers, tractors, trucks (other than a three-quarter ton or smaller pickup truck not used for commercial purposes and not bearing any advertising), towed trailer units, snowmobiles, disabled, junked, or abandoned vehicles, motor homes, mobile homes, campers, recreational vehicles, or any other vehicles, the primary purpose of which is recreational,

sporting, or commercial use, shall be parked or stored wholly within an approved garage or screened storage facility on a Lot or such that it cannot be viewed from the street or any other Lot. Such vehicles or trucks may only be parked or stored on a street if owned by a guest or invitee of an Owner visiting on a temporary basis, not to exceed 48 hours in any five-day period, unless permission is obtained from the Association. Only "street legal" vehicles may be operated within the subdivision and on the roads thereof; provided, however, that other vehicles may be operated for purposes of loading and unloading. Construction vehicles may be parked during periods of construction on any property within the Community Area so long as they are not stored within the Community Area and are not parked within the Community Area except temporarily as may be required for purposes of loading and unloading. A vehicle shall be considered abandoned if it remains non-operative for a period of fourteen (14) days. In such instance, the Association shall deliver a written notice describing such vehicle to the owner of the vehicle (if such owner can be reasonably ascertained). If the vehicle is not removed within a reasonable time after delivery or placing of such notice, then the Association may have the vehicle towed away at the violator's expense. Further, the Association has the right to enter any Owner's Lot to remove and store, at Owner's expense, any vehicles in violation of this Section 3.40. If, within thirty (30) days after such removal and storage, such Owner fails to collect such vehicle from storage, with payment in full of all outstanding costs for removal and storage, the Association shall have the right to dispose of such vehicle by such manner as determined by the Association, in the Association's sole discretion. An Owner shall be entitled to thirty (30) days' written notice prior to such action by the Association.

Section 3.41 Air Conditioning and Heating Equipment. Any heating, air conditioning, or refrigeration equipment shall only be placed or maintained on a Lot in accordance with the requirements of the Design Review Committee. Roof mounted air conditioning units and swamp coolers are not allowed. Window coolers, window air conditioning units, and window fans are not allowed.

Section 3.42 Association Easements.

3.42.1 General. Easements to perform maintenance and enforcement duties and as necessary to exercise the powers pursuant to this Declaration are hereby granted to the Association and its officers, agents, employees, and assigns, upon, across, over, in, and under the Community Area, together with the right to make such use of the Community Area as may be necessary and appropriate in carrying out such maintenance and enforcement duties.

3.42.2 Reference to Easements Not Required. All conveyances of Lots hereafter made, whether by Declarant or other Person, shall be construed to grant and reserve the easements contained in this Declaration, whether or not specific reference to such easements or to the Declaration appears in the instrument of such conveyance.

Section 3.43 Utility Easements.

3.43.1 General. Easements for the installation, transmission, repair, and replacement of gas and electric utility lines, and irrigation, sewer, perimeter drain, water lines and phone, cable, and technology lines to each Lot, are hereby reserved through, over, across, and under the Common Area and any Lot or any portion thereof as may be necessary to provide gas,

electric, sewer, water utility and phone, cable, and technology service to any Lot or Common Area. Said easements may be underground, above ground, or through the Improvements constructed on the Common Area or any Lot, as determined by Declarant.

3.43.2 Declarant's Easement Rights. Declarant hereby grants and conveys to the Association and reserves unto itself, its heirs, successors, and assigns, from and after the date of recordation of this Declaration, a non-exclusive easement through, on, over, and across the Community Area, including any fence situated thereon, for the purpose of providing access for ingress and egress to any utility company or municipal provider for the repair and/or maintenance of any utility service. The foregoing easements shall include, without limitation, the right of ingress and egress, the right to erect and maintain the necessary pipes, valves, wires, poles, and other equipment, and the right to enter into agreements relating to such utility service and easements. Declarant shall have the right, during the Special Declarant Rights Period, to grant a specific easement specified above to any Person in connection with the utilities covered by the general easement referenced herein.

Section 3.44 Leasing. All Leases and the lessees' occupancy of the leased premises shall be subject in all respects to the provisions of Governing Documents, including any applicable Supplemental Declaration. All Leases shall comply with applicable local regulations including, but not limited to, those related to short-term rentals.

Section 3.45 Application of Restrictions; Legal Compliance. All provisions of the Governing Documents shall apply to all occupants, tenants, guests, and invitees of any Lot. Any Lease on any Lot shall provide that the lessee and all occupants of the leased Lot shall be bound by the terms of the Governing Documents. Immediately upon execution of any Lease, the Owner of such leased Lot must provide the Association with a copy of such Lease along with the name and address for the tenant under such Lease and the contact address for such Owner. In addition to the limitations described herein, all construction upon and use of any Lot shall be in compliance with all zoning regulations and other laws, ordinances, and regulations of the City of Montrose, County of Montrose, State of Colorado, and any other governmental authority having jurisdiction

Section 3.46 Easements for Encroachments; Common Improvements. If any structure built on the Community Area, including, but not limited to, stormwater facilities, detention pond structures and similar improvements (the "***Common Improvements***") encroaches upon the Common Area or any Lot as a result of the construction, reconstruction, repair, shifting, settlement, or movement of any portion of the Common Improvements, or any encroachments resulting from repair, or reconstruction after damage or destruction of the Common Improvements, an easement for the encroachment and the repair and maintenance thereof shall exist in favor of the owner of the Common Improvements, the Owner, or the Association (as applicable) so long as the encroachment exists. Such encroachments and easements shall not impair or otherwise adversely affect the marketability of title to the Common Improvements, Common Area, or the Lots.

Section 3.47 Additional Requirements in Supplemental Declarations. Notwithstanding the foregoing provisions of this Article 3, a Supplemental Declaration may adopt additional or different landscaping and maintenance requirements for Lots subject to such Supplemental Declaration, and Dwellings constructed thereon, and may provide for maintenance of Lots.

Section 3.48 Easements Befitting Annexable Property. Until such time as all Annexable Property is annexed into the Community, if ever, the Annexable Property shall have an easement over the Common Areas for (a) vehicular and pedestrian ingress and egress to and from the Annexable Property, (b) the use of stormwater detention and drainage facilities and (c) the installation, operation, and maintenance of other utilities serving the Annexable Property. The owner of the Annexable Property is benefitted by the easements described in this Section 3.48, which easements shall remain in place in perpetuity, regardless of whether the Special Declarant Right to annex the Annexable Property into the Community expires. In addition, the foregoing easement rights may not be amended or changed in any way without the written consent of the owner of the Annexable Property.

Section 3.49 Declarant's Use. Notwithstanding anything to the contrary contained in this Declaration, it shall be expressly permissible and proper for Declarant, its employees, agents, and contractors to perform such reasonable activities and to maintain upon portions of the Lots owned by Declarant such facilities as Declarant deems reasonably necessary or incidental to the development, construction, and sale of Lots, and development and construction of improvements, specifically including, without limiting the generality of the foregoing, maintaining management offices, signs, model units, construction offices, trailers, and sales offices, in such numbers, of such sizes, and at such locations as Declarant determines in its reasonable discretion from time to time. Any real estate used as a sales office, management office, or a model shall be considered a Lot.

ARTICLE 4
ASSOCIATION FUNCTION, MEMBERSHIP AND VOTING RIGHTS

Section 4.1 Function of Association. The Association has been or will be formed as a Colorado corporation under the Colorado Revised Nonprofit Corporation Act. The Association shall be the entity responsible for management, maintenance, operation, and control of the Common Area and the Community Area. As more specifically set forth hereinafter, the Association shall have a Board which, except as provided herein and in the Governing Documents, shall be elected by the Members. The Association shall be the primary entity responsible for enforcement of this Declaration and such reasonable Rules and Regulations regulating use of the Community Area as the Board may adopt. The Association shall also be responsible for administering and enforcing the architectural standards and controls set forth in this Declaration and in the Design Guidelines. The Association shall perform its functions in accordance with this Declaration, the Bylaws, the Articles of Incorporation, and Colorado law.

Section 4.2 Board of Directors. The affairs of the Association shall be managed by the Board of Directors. The number (but not less three (3)), term, and qualifications of the Directors shall be fixed in the Articles of Incorporation and Bylaws. The Board may, by resolution, delegate portions of its authority to officers of the Association, but such delegation of authority shall not relieve the Board of the ultimate responsibility for management of the affairs of the Association. Action by or on behalf of the Association may be taken by the Board or any duly authorized executive committee, officer, agent, or employee without a vote of Members, except as otherwise specifically provided in this Declaration.

Section 4.3 Membership. Every Owner shall be a Member of the Association. There shall be one Membership in the Association for each Lot. The Person(s) who constitute the Owner of a Lot shall automatically be the holder of the Membership appurtenant to that Lot, and the Membership appurtenant thereto shall automatically pass with fee simple title to the Lot. Declarant shall hold a Membership in the Association for each Lot owned by Declarant. Membership in the Association shall not be assignable separate and apart from fee simple title to a Lot except that an Owner may assign some or all of his rights as an Owner and as a Member of the Association to a tenant, or a Mortgagee and may arrange for a tenant or a Mortgagee to perform some or all of such Owner's obligations as provided in this Declaration, but no Owner shall be permitted to relieve himself of the responsibility for fulfillment of the obligations of an Owner under this Declaration. The rights acquired by any such tenant or Mortgagee shall be extinguished automatically upon termination of such tenant's Lease or Mortgage.

Section 4.4 Voting. Each Member shall have the right to cast the votes for the Lots owned by such Member except that, in the event any Lot is owned by more than one (1) Member, any Member who is Owner of that Lot and is present to vote at any meeting may cast the votes for such Lot, if more than one (1) Member who is an Owner of that Lot is present at a meeting, the vote for such Lot shall be cast as such Members shall agree or, in the absence of agreement, each Member who is Owner of such Lot shall be entitled to cast the portion of the vote for such Lot equal to such Owner's fractional ownership interest in such Lot. For purposes of this section, if a Lot is owned by more than one (1) Owner and the deed conveying the Owners' interest does not specify otherwise, each Owner shall be deemed to own a fractional interest in such Lot equal to a fraction where the numerator is one (1) and the denominator is the number of Owners with an ownership interest in such Lot.

Section 4.5 Number of Votes. Each Lot shall have one (1) vote.

Section 4.6 Meetings of Members. The Bylaws shall provide for the manner, time, place, conduct, and voting procedures for meetings of Members.

ARTICLE 5
DUTIES AND POWERS OF ASSOCIATION

Section 5.1 General Duties and Powers of Association. The Association will be formed to further the common interests of the Members. The Association, acting through the Board or Persons to whom the Board has from time to time temporarily delegated such powers in any given instance, shall have the duties and powers hereinafter set forth and, in general, subject to the limitations set forth in this Declaration, the power to do anything that may be necessary or desirable to further the common interests of the Members, to maintain, improve, and enhance the common interests of the Members, to maintain, improve, and enhance Common Areas and to improve and enhance the attractiveness, aesthetics, and desirability of the Community Area.

Section 5.2 Duty to Accept Property and Facilities Transferred by Declarant. The Association shall accept title to all Common Areas and other real property from time to time transferred to the Association, including any Improvements thereon, personal property transferred

to the Association by Declarant, and equipment related thereto, together with the responsibility to perform any and all Administrative Functions and maintenance associated therewith; provided that such functions are not inconsistent with the terms of this Declaration. Property interests from time to time transferred to the Association by Declarant may include, without limitation, fee simple title, easements, leasehold interests, contractual rights, or licenses to use. Any property or interest in property from time to time transferred to the Association by Declarant shall, except to the extent otherwise specifically approved by resolution of the Board, be transferred to the Association free and clear of all monetary liens (other than the lien of taxes and assessments not yet due and payable) but shall be subject to the terms of this Declaration.

Section 5.3 Power and Duty to Manage and Care for Common Areas. The Association shall have the power and duty, except as otherwise set forth herein, to manage, operate, care for, maintain, and repair all Common Areas; to keep the same in a good, attractive, and desirable condition for the use and enjoyment of the Members consistent with this Declaration and the Community-Wide Standard; and to satisfy its obligations with respect to Common Areas under the Plat or any document executed in connection with obtaining the County's approval of the Plat.

Section 5.4 Power to Pay Taxes. The Association shall have the power to pay all taxes and assessments levied upon the Common Areas and all taxes and assessments payable by the Association. The Association shall have the right to contest any such taxes or assessments by appropriate legal proceedings.

Section 5.5 Power to Maintain Casualty Insurance on Common Area. The Association shall keep all insurable Improvements on the Common Area insured against loss or damage by fire for the replacement cost thereof with such terms as the Board shall from time to time determine and shall have the power to obtain and keep in full force and effect such other casualty insurance on the Association Properties in such amounts used with such terms as the Board shall from time to time determine. The Association shall maintain all such insurance required by the Act.

Section 5.6 Power to Maintain Liability Insurance. The Association shall have the power to obtain and keep in full force and effect general liability insurance against claims and liabilities arising in connection with the ownership, existence, use, or management of the Common Areas with such limits and terms as the Board shall from time to time determine. The Association shall maintain all such insurance required by the Act. All coverages shall be continuously maintained to cover all liability, claims, demands, and other obligations of the Association pursuant to this Declaration. In the case of any claims-made policy, the necessary retroactive dates and extended reporting periods shall be procured by the Association to maintain such continuous coverage.

Section 5.7 General Provisions Respecting Insurance. Insurance obtained by the Association may contain such deductible provisions as the Board may determine and as shall be consistent with the Act. The Association may carry any other type of insurance it considers appropriate in amounts it deems appropriate to insure the interests of the Association, including but not limited to liability insurance on behalf of any member of the Board or the Design Review Committee, or any officer or employee of the Association. To the extent the Association settles claims for damages to real property, it shall have the authority to assess negligent Owners causing such loss or benefiting from such repair or restoration for all deductibles paid by the Association.

During the Declarant Control Period, at Declarant's request, insurance obtained by the Association shall, to the extent reasonably possible and provided Declarant reimburses the Association for any additional premium payable on account thereof, name Declarant as an additional insured and shall contain a waiver of rights of subrogation as against Declarant. Insurance may be provided under blanket policies covering the Common Areas and property of Declarant.

Section 5.8 Fidelity Bonds. The Association may obtain and keep in force a fidelity bond or bonds for any Person handling funds of the Association. The Board may request any Person employed as an independent contractor by the Association for the purpose of managing the Association Properties to obtain and maintain fidelity insurance in an amount determined by the Board.

Section 5.9 Other Insurance and Bonds. The Association shall obtain such other insurance as may be required by law, including workmen's compensation insurance, and shall have the power to obtain such other insurance and such fidelity, indemnity, or other bonds as the Association shall deem necessary or desirable. All directors' and officers' liability coverage maintained by the Association shall not have an exclusion for Declarant-appointed Board members.

Section 5.10 Duty to Prepare Budgets and Review or Audit. The Association shall prepare budgets and reviews or audits for the Association as provided in Section 7.5 below.

Section 5.11 Power to Levy and Collect Assessments and Fees. The Association may levy and collect Assessments and User Fees as provided in this Declaration.

Section 5.12 Association Books and Records. The Association's books and records shall be maintained in accordance with the Bylaws and the Act.

Section 5.13 Duties With Respect to Design Review Committee Approvals. The Association shall perform functions to assist the Design Review Committee as elsewhere provided in this Declaration.

Section 5.14 Power to Acquire Property and Construct Improvements. The Association may acquire property or interests in property for the common benefit of Owners including Improvements and personal property. The Association may construct Improvements on property and may demolish existing Improvements.

Section 5.15 Power to Adopt Rules and Regulations. The Association may adopt Rules and Regulations as may be deemed necessary or desirable with respect to the interpretation and implementation of this Declaration, the operation of the Association, the use and enjoyment of Common Areas, and the use of any other property within the Community Area, including Lots. Each Member shall comply with such Rules and Regulations and shall see that Persons claiming through such Member comply with such Rules and Regulations. Such Rules and Regulations shall have the same force and effect as if they were set forth in and were part of this Declaration. In the event of conflict between the Rules and Regulations and the provisions of this Declaration, the provisions of this Declaration shall prevail.

Section 5.16 Power to Enforce Declaration and Rules and Regulations. The Association shall have the power to enforce the provisions of this Declaration and the Rules and Regulations and shall take such action as the Board deems necessary or desirable to cause such compliance by each Member and each Related User. Without limiting the generality of the foregoing, the Association shall have the power to enforce the provisions of this Declaration and the Rules and Regulations by any one (1) or more of the following means: (a) by entry upon any property within the Community Area, without liability to the Owner thereof, for the purpose of enforcement or causing compliance with this Declaration or the Rules and Regulations, including, in connection with the violation of any parking regulations, towing or causing to be towed illegally or improperly parked vehicles within the Community Area, (b) by commencing and maintaining actions and suits to restrain and enjoin any breach or threatened breach of the provisions of this Declaration or the Rules and Regulations, by mandatory injunction or otherwise, (c) by commencing and maintaining actions and suits to recover damages for breach of any of the provisions of this Declaration or the Rules and Regulations, (d) by suspension of the voting rights of a Member during and for up to sixty (60) days following the cure of any breach by such Member or a Related User of this Declaration or the Rules and Regulations, (e) by levying and collecting a Specific Assessment against any Member for breach of this Declaration or the Rules and Regulations by such Member or Related User, and (f) by uniformly applied fines and penalties, established in advance in the Rules and Regulations of the Association, assessed against any Member or Related User for breach of this Declaration or the Rules and Regulations by such Member or Related User.

Section 5.17 Power to Grant Easements. The Association shall have the power to grant access, utility, drainage, water facility, and other such easements in, on, over, or under Common Areas.

Section 5.18 Power to Convey and Dedicate Property to Government Agencies. The Association shall have the power to grant, convey, dedicate, or transfer any Common Areas or facilities to any public, governmental, or quasi-governmental agency or authority for such purposes and subject to such terms and conditions as the Association shall deem appropriate. Any such transfer during the Special Declarant Rights Period, shall, in addition to the approval of Members owning at least sixty seven percent (67%) of the Lots (exclusive of the Lots owned by the Declarant) determined as provided in Section 4.4 above, require the approval of Declarant.

Section 5.19 Power to Borrow Money and Mortgage Property. The Association shall have the power to borrow money and, with the approval of Members owning at least sixty-seven percent (67%) of the Lots (exclusive of the Lots owned by Declarant), determined as provided in Section Section 4.4 above, to encumber Common Area as security for such borrowing, subject to provisions elsewhere contained in this Declaration with respect to required approvals and consents to such action.

Section 5.20 Power to Merge or Consolidate. The Association shall have the power to merge or consolidate with another association with the approval of Members owning at least sixty-seven percent (67%) of the Lots (exclusive of the Lots owned by Declarant), determined as provided in Section 4.4 above, and, if during the Special Declarant Rights Period, the approval of Declarant. Upon a merger or consolidation of the Association with another association, its

properties, rights, and obligations may, by operation of law, be transferred to another surviving or consolidated association or, alternatively, the properties, rights, and obligations of another association may, by operation of law, be added to the properties, rights, and obligations of the Association as a surviving corporation pursuant to a merger. The surviving consolidated association may administer and enforce the covenants, conditions, and restrictions established by this Declaration, together with the covenants, conditions, and restrictions established upon any other property as one plan.

Section 5.21 Power to Engage Employees, Agents, and Consultants. The Association shall have the power to hire and discharge employees and agents and to retain and pay for legal, management, and accounting services as may be necessary or desirable in connection with the performance of any duties or the exercise of any powers of the Association under this Declaration.

Section 5.22 General Corporate Powers; Limitations. The Association shall have all of the ordinary powers and rights of a Colorado corporation formed under the Colorado Revised Nonprofit Corporation Act, including, without limitation, entering into partnership and other agreements, subject only to such limitations upon such powers as may be set forth in this Declaration or in the Articles of Incorporation or Bylaws. The Association shall also have the power to do any and all lawful things which may be authorized, required, or permitted to be done under this Declaration or the Articles of Incorporation or Bylaws and to do and perform any and all acts which may be necessary or desirable for, or incidental to, the exercise of any of the express powers or rights of the Association under this Declaration and the Articles of Incorporation or Bylaws.

Section 5.23 Powers Provided by Law. In addition to the above-referenced powers, except as may be limited by this Declaration, the Articles of Incorporation, or the Bylaws, the Association shall have full power to take and perform any and all actions which may be lawfully taken by the Association under the Colorado Revised Nonprofit Corporation Act. Notwithstanding the foregoing or any other provision of this Declaration, the Articles or Bylaws, the Association may institute, defend, or intervene in litigation or administrative proceeding on behalf of itself on matters affecting the Community, but not on behalf of any Owner on matters affecting the Community.

Section 5.24 Owners Insurance. By virtue of taking title to a Lot, each Owner covenants and agrees with all other Owners and with the Association to carry blanket "all-risk" property insurance on its Lot. Each Owner further covenants and agrees that in the event of damage to or destruction of structures on or comprising such Owner's Lot such Owner shall proceed promptly to repair or to reconstruct in a manner consistent with the original construction or such other plans and specifications as are approved in accordance with Article 8 of this Declaration. Alternatively, the Owner shall clear the Lot of all debris and ruins and maintain the Lot in a neat and attractive, landscaped condition consistent with the Community-Wide Standard. The Owner shall pay any costs which are not covered by insurance proceeds incurred in complying with such obligations.

Section 5.25 Implied Rights; Board Authority. The Association may exercise any other right or privilege given to it expressly by this Declaration or the Bylaws, or reasonably implied from or reasonably necessary to effectuate any such right or privilege. Except as otherwise

specifically provided in the Governing Documents or by law, all rights and powers of the Association may be exercised by the Board or any duly authorized executive committee, officer, agent, or employee without a vote of the membership.

Section 5.26 Governmental Interests. During the Special Declarant Rights Period, the Declarant may designate sites within the Community Area for fire, police, utility facilities, public schools and parks, and other public facilities. The sites may include Common Areas.

Section 5.27 Indemnification. The Association shall indemnify every officer, director, and committee member against all expenses, including counsel fees, reasonably incurred in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding, if approved by the then Board) to which he or she may be a party by reason of being or having been an officer, director, or committee member. The officers, directors, and committee members shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual willful misfeasance, malfeasance, misconduct, or bad faith. The officers and directors shall have no personal liability with respect to any contract or other commitment made or action taken in good faith on behalf of the Association. The Association shall indemnify and forever hold each such officer, director, and committee member harmless from any and all liability to others on account of any such contract, commitment, or action. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any present or former officer, director, or committee member may be entitled. The Association shall, as a Common Expense, maintain adequate general liability and officers' and directors' liability insurance to fund this obligation. Any indemnification or right of indemnification of directors and officers of the Association as provided by this Declaration, the Articles, or the Bylaws shall continue as to a person who has ceased to be a director or officer of the Association and shall inure to the benefit of the director's or officer's estate, heirs, personal representatives, executors, and administrators. Any repeal or modification of any provision of the Governing Documents permitting or requiring indemnification of director's, officer's and committee members shall be prospective only, and shall not adversely affect any limitation on the personal liability of a current or former director, officer, or committee member of the Association for acts or omissions prior to such repeal or modification.

Section 5.28 Dedication of Common Areas. The Association may dedicate portions of the Common Areas to the County, or to any other local, state, or federal governmental entity, subject to such approval as may be required by this Declaration and the Act.

Section 5.29 Security. The Association shall not be obligated to maintain or support any security activities within the Community Area. NEITHER THE ASSOCIATION, THE DECLARANT, NOR ANY SUCCESSOR DECLARANT SHALL IN ANY WAY BE CONSIDERED INSURERS OR GUARANTORS OF SECURITY WITHIN THE COMMUNITY AREAS, NOR SHALL ANY OF THEM BE HELD LIABLE FOR ANY LOSS OR DAMAGE BY REASON OF FAILURE TO PROVIDE ADEQUATE SECURITY OR OF INEFFECTIVENESS OF SECURITY MEASURES UNDERTAKEN. EACH OWNER ACKNOWLEDGES, UNDERSTANDS, AND COVENANTS TO INFORM ITS RELATED USERS THAT THE ASSOCIATION, ITS BOARD AND COMMITTEES, DECLARANT, AND ANY SUCCESSOR DECLARANT ARE NOT INSURERS AND THAT EACH PERSON

USING THE COMMUNITY AREAS ASSUMES ALL RISKS FOR LOSS OR DAMAGE TO PERSONS, TO LOTS, AND TO THE CONTENTS OF LOTS RESULTING FROM ACTS OF THIRD PARTIES.

ARTICLE 6
COMMON AREAS

Section 6.1 Common Area. Every Owner shall have a right and nonexclusive easement of use, access, and enjoyment in and to the Common Area, subject to the rights of the Declarant hereunder, and also subject to:

6.1.1 This Declaration, the Bylaws, and any other applicable covenants;

6.1.2 Any restrictions or limitations contained in any deed conveying such property to the Association;

6.1.3 The right of the Board to adopt Rules and Regulations the use and enjoyment of the Common Area, including Rules and Regulations restricting use of recreational facilities within the Common Area to occupants of Lots and their guests and limiting the number of guests who may use the Common Area;

6.1.4 The right of the Board to suspend the right of an Owner to use facilities within the Common Area (a) for any period during which any charge against such Owner's Lot remains delinquent, and (b) for a period not to exceed thirty (30) days for a single violation or for a longer period in the case of any continuing violation of the Declaration, any applicable Supplemental Declaration, the Bylaws, or Rules and Regulations of the Association;

6.1.5 The right of the Association, acting through the Board, to dedicate or transfer all or any part of the Common Area pursuant to Section 5.28 above;

6.1.6 The right of the Association, acting through the Board, to mortgage, pledge, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred, subject to the approval requirements set forth in Section 5.19 above; and

6.1.7 The rights of certain Owners to the exclusive use of those portions of the Common Area designated as "Limited Common Areas" in any Supplemental Declaration.

Section 6.2 Related Users. Any Owner may extend its right of use and enjoyment to its Related Users, subject to reasonable Board regulation. An Owner who leases its Lot shall be deemed to have assigned all such rights to the lessee of such Lot.

Section 6.3 Member's Rights of Use and Enjoyment Generally. Unless otherwise provided in this Declaration, all Members and Related Users may use the Common Areas and those Limited Common Areas assigned to such Member's Lot.

Section 6.4 Right of Association to Regulate Use. Subject to the rights of Declarant hereunder, the Association, acting through the Board, shall have the power to regulate use of

Common Areas by Members and, to the extent within the power of the Association, the public, to further enhance the overall rights of use and enjoyment of all Members.

Section 6.5 No Partition of Common Areas. No Owner shall have the right to partition or seek partition of the Common Areas, or any part thereof.

Section 6.6 Liability of Owners for Damage by Member. Each Member shall be liable to the Association for any damage to Common Areas and for any cost, expense or liability incurred by the Association, to the extent not covered by insurance, which may be sustained by reason of the negligent conduct or intentional misconduct of such Member or any Related User and for any violation by such Member or any such Related User of this Declaration or any Rule and Regulation adopted by the Association, including any increase in insurance premiums directly attributable to any such damage or any such violation. The Association shall have the power, as elsewhere provided in this Declaration, to levy and collect a Specific Assessment against a Member to cover the costs and expenses incurred by the Association on account of any such damage or any such violation of this Declaration or of such Rules and Regulations.

Section 6.7 Association Duties if Damage. In the event of damage to Common Areas by fire or other casualty or in the event any governmental authority shall require any repair, reconstruction, or replacement of any Common Areas, the Association shall have the duty to repair, reconstruct, or replace the same. Any insurance proceeds payable by reason of damage or destruction of Common Areas by fire or other casualty shall be paid to the Association and shall be used, to the extent necessary, to pay the costs of repair, reconstruction, or replacement. If funds from insurance proceeds or from reserves for replacement are insufficient to pay all costs of repair, reconstruction, or replacement of improvements damaged or destroyed, or if the Association is required to make repairs, replacements, or Improvements by governmental authorities, the Association may, in order to make up any deficiency in the insurance proceeds or to pay for the required repair, replacement, or improvement, levy a Special Assessment in accordance with Section 7.8 below, or if a Member or group of Members is liable for such damage, levy a Specific Assessment against the Member or group of Members responsible therefor, to provide the additional funds necessary. Repair, reconstruction, or replacement of Association Properties shall be done under such contracting and bidding procedures as the Association shall determine are appropriate. If insurance proceeds available to the Association on account of damage or destruction exceed the cost of repair, reconstruction, and replacement, the Association may use the same for future maintenance, repair, improvement, and operation of other Association Properties.

Section 6.8 Association Powers in the Event of Condemnation. If any Common Areas or interests therein are taken under exercise of the power of eminent domain or by purchase in lieu thereof, the award in condemnation or the price payable shall be paid to the Association, except to the extent payable to any other Person with an interest in such property, including any Mortgagee of such property. The Association shall have the exclusive right to participate in such condemnation proceedings and to represent the interests of all Owners or other Persons therein. Any award or funds received by the Association shall be held by the Association in the Maintenance Funds as determined by the Board, as a reserve for future maintenance, repair, reconstruction, or replacement of Association Properties or may be used for Improvements or additions to or operation of Common Areas. No Owner shall be entitled to participate as a party or otherwise in any condemnation proceedings.

Section 6.9 Title to Common Areas on Dissolution of Association. In the event of dissolution of the Association, the Common Areas shall, to the extent permitted by law and reasonably possible, be conveyed or transferred to an appropriate public, governmental or quasi-governmental agency or organization or to a nonprofit corporation, association, trust, or other organization, to be used, in any such event, for the common benefit of Owners for similar purposes for which the particular Common Area was held by the Association. To the extent the foregoing is not possible, the Common Areas shall be sold or disposed of and the proceeds from the sale or disposition shall be allocated to the Lots in accordance with the Allocated Interests and distributed to the Members.

ARTICLE 7
ASSESSMENTS AND FEES

Section 7.1 Obligation and Lien for Assessments. Each of the Lots shall be subject to the Assessments. Each Lot shall be subject to a lien for the Assessments (together with interest, late charges, costs of collection, and attorneys' fees on or accrued with respect thereto) as provided in this Declaration and in the Act. The lien may be claimed and enforced in accordance with the provisions of this Declaration and in the Act. The Assessments against each Lot and each portion of each Assessment (together with interest, late charges, costs of collection, and attorneys' fees on or accrued with respect thereto) shall be the personal, joint, and several obligation of the Owners of the Lot at the time each Assessment or portion thereof becomes payable. Each Owner, by acceptance of its interest in any Lot, agrees to pay to the Association the Assessments as to that Lot and as otherwise provided herein, together with interest, late charges, costs of collection, and attorneys' fees as provided herein. Assessments may consist of Annual Assessments, Special Assessments, Specific Assessments, and Water Assessments.

Section 7.2 Amount of Annual Assessment; Allocation of Assessments; Working Capital.

7.2.1 Amount of Annual Assessment. The amount of the Annual Assessment shall be apportioned among the Lots in accordance with their Allocated Interests.

7.2.2 Working Capital. In order to provide the Association with adequate working capital funds, the Association may collect from the Owners an amount equal to two (2) months of the then-current annual assessments. The Association shall maintain the working capital funds to meet unforeseen expenditures or to acquire additional equipment or services in connection with the Community for the benefit of the members of the Association, subject to the budget approval procedures of Section 7.5 below. Such payments to this fund shall not be considered advance payments of Annual Assessments and shall be non-refundable to any Owner.

Section 7.3 Annual Assessment and Initial Assessment. For each calendar year, the Association may levy an Annual Assessment against Owners of the Lots in accordance with this Declaration. Annual Assessments for Common Expenses shall be based upon the estimated cash requirements as the Board shall from time to time determine to be paid by all of the Owners, subject to Section 7.4 below. The first Annual Assessment (the "***Initial Assessment***") shall be made at the time the first Dwelling is transferred by Declarant to the first purchaser thereof, as shall be determined by the Board. After the Initial Assessment has been made, the Annual

Assessment shall be made no less frequently than annually and shall be based on a budget adopted no less frequently than annually in accordance with Section 7.5 below. The Initial Assessment and each subsequent Annual Assessment shall be determined by the Board in accordance with the budget. Written notice of any change in the amount of any Annual Assessment shall be sent to every Owner subject thereto not less than thirty (30) days prior to the effective date of such change. The Association is empowered to pledge its Annual Assessments or any other of its receivables as collateral securing any loan(s) or other obligations of the Association.

Section 7.4 Assessments/Charges for Services to Less than All Lots. The Association may provide services to fewer than all of the Lots. If such services are not funded by the Annual Assessment or Special Assessments, then the Owner(s) of the applicable Lot(s) shall pay to the Association the anticipated costs, fees, and expenses for such services and/or reimburse the Association for the same. By way of example, and not in limitation of the foregoing, a residence and/or Lot requiring greater or special maintenance needs and expenses may be assessed accordingly by the Association. In furtherance of the foregoing, the maintenance needs and expenses of Limited Common Areas shall be assessed exclusively against the Lots allocated such Limited Common Areas.

Section 7.5 Budgets and Review or Audit.

7.5.1 Within ninety (90) days after adoption of any proposed budget for the Community, the Board shall mail, by ordinary first-class mail, or otherwise deliver, a summary of the Association budget to all the Members and shall set a date for a meeting of the Members to consider the budget. Such meeting shall occur within a reasonable time after mailing or other delivery of the summary. The Board shall give notice to the Owners of the meeting as provided in the Bylaws of the Association. The budget proposed by the Board does not require approval from the Owners and it will be deemed approved by the Owners in the absence of a veto at the noticed meeting by sixty-seven percent (67%) of the votes in the Association, whether or not a quorum is present. In the event that the proposed budget is vetoed, the periodic budget last approved by the Board and not vetoed by the Owners must be continued until such time as a subsequent budget proposed by the Board is not vetoed by the Owners.

7.5.2 At the discretion of the Board or as required pursuant to Sections 7.5.2.1 or 7.5.2.2 below, the Association's books and records shall be subject to an audit, using generally accepted auditing standards, or a review, using statements on standards for accounting and review services, by an independent and qualified Person selected by the Board. Such Person need not be a certified public accountant except in the case of an audit. A Person selected to conduct a review shall have at least a basic understanding of the principles of accounting as a result of prior business experience, education above the high school level, or bona fide home study. The audit or review report shall cover the Association's financial statements, which shall be prepared using generally accepted accounting principles or the cash or tax basis of accounting. An audit shall be required only when both of the following conditions are met:

7.5.2.1 The Association has annual revenues or expenditures of at least two hundred and fifty thousand dollars ($250,000); and

7.5.2.2 An audit is requested by the Owners of at least one-third (1/3) of the Lots represented by the Association.

A review shall be required only when requested by the Owners of at least one-third (1/3) of the Lots represented by the Association. Copies of an audit or review under this Section 7.5.2 shall be made available upon request to any Owner beginning no later than thirty (30) days after its completion.

7.5.3 In the event the Act is amended to remove, modify, or otherwise revise the requirements under Section 7.5 of this Declaration, Section 7.5 shall be deemed amended to require only that which is required pursuant to the Act, as amended.

Section 7.6 Payment of Assessment. Unless otherwise provided by the Board as to any Annual Assessment, Annual Assessments shall be due and payable in advance to the Association by the assessed Member during the calendar year in equal monthly installments, on or before the first day of each month of each calendar year, or in such other manner and on such other dates as the Board may designate in its sole and absolute discretion.

Section 7.7 Failure to Set Assessment. If the Board fails to levy an Assessment for any year, the Assessment set for the prior year shall continue in effect for such year until revised by the Board in accordance with this Declaration. The failure by the Board to levy an Assessment for any year shall not be deemed a waiver or modification with respect to any of the provisions of this Declaration or a release of the liability of any Member to pay Assessments, or any installment thereof, for that or any subsequent year. No abatement of the Annual Assessment or any other Assessment shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements to Association Properties or the Lots or from any action taken to comply with any law or any determination of the Board or for any other reason.

Section 7.8 Special Assessments for Capital Expenditures. In addition to the Annual Assessment, the Board may, upon approval of sixty-seven percent (67%) of the Owners and subject to the provisions of this Section 7.8, levy special assessments ("***Special Assessments***") for the purpose of raising funds not otherwise provided from Annual Assessments to construct or reconstruct, repair, or replace capital Improvements upon Common Areas, including necessary personal property related thereto; to add to the Common Areas; to provide for necessary facilities and equipment to offer the services authorized in this Declaration; to repay any loan made to the Association to enable it to perform the duties and functions authorized in this Declaration; or for such other purposes as reasonably determined by the Association. Special Assessments shall be allocated in the same manner as Annual Assessments. The Association shall notify Members in writing of the amount of any Special Assessment and of the manner in which, and the dates on which, any such Special Assessment is payable, and the Members shall pay any such Special Assessment in the manner so specified. Notwithstanding the foregoing, during the Declarant Control Period, no Annual Assessments or Special Assessments may be used for construction of capital improvements to Common Areas.

Section 7.9 Specific Assessments. The Board may, subject to the provisions hereof, levy an Assessment against any Member for the funds expended by the Association if the Member or a Related User or other Person enjoying the privileges and benefits of the Community (such as

the use of Common Areas), in a way which the Board reasonably determines makes such Person's conduct the responsibility of the Member, violates or fails to comply with the Governing Documents, and such violation or failure to comply resulted in the expenditure of funds by the Association to cause compliance or the cessation of such violation. Such Assessment shall be known as a "***Specific Assessment***" and shall be levied only after hearing and approval by the Board in accordance with the Bylaws following notice to the Member(s) against whom the Specific Assessment is proposed to be made given in a time and manner reasonably determined by the Board to be adequate under the circumstances but in any event in writing delivered to the Dwelling of which the Member is the Owner. The amount of the Specific Assessment shall be due and payable to the Association thirty (30) days after notice to the Member of the decision of the Board that the Specific Assessment is owing, or such other period as the Board may determine in its sole discretion.

Section 7.10 Water Assessments. For each calendar year, the Association may levy a "***Water Assessment***" against Owners of the Lots in accordance with this Declaration. Water Assessments for fees related to the provision of water to the Lots and the maintenance and repair of the irrigation system serving the Lots shall be based upon the estimated cash requirements as the Board shall from time to time determine to be paid by all of the Owners, subject to Section 7.5 above. The Water Assessment shall be made no less frequently than annually and shall be based on the budget adopted in accordance with Section 7.5 above. The Water Assessment shall be determined by the Board in accordance with the budget. Written notice of any change in the amount of any Water Assessment shall be sent to every Owner subject thereto not less than thirty (30) days prior to the effective date of such change. The Association is empowered to pledge its Water Assessments or any other of its receivables as collateral securing any loan(s) or other obligations of the Association.

Section 7.11 Late Charges and Interest. If any Annual Assessment, Special Assessment, Specific Assessment, Water Assessment, or any installment thereof is not paid when due, the Member obligated to pay the Assessment may be required to pay a late charge at the level from time to time determined by the Board. In addition, any Assessment or installment of an Assessment which is not paid when due shall bear interest from the due date at the rate of fifteen percent (15%) per annum or such other rate as may be established by the Board from time to time.

Section 7.12 Attribution of Payments. All Assessment payments shall be credited first to any late fees, interest, attorneys' fees, and other costs of collection, and next to principal reduction, satisfying the oldest obligations first followed by more current obligations.

Section 7.13 Notice of Default and Acceleration of Assessments. If any Annual Assessment, Special Assessment, Specific Assessment, Water Assessment, or any installment thereof is not paid within thirty (30) days after its due date, the Board may mail a notice of default ("***Notice of Default***") to the Owner and to the holder (the "***First Mortgagee***") of the First Mortgage against the Lot if the First Mortgagee has requested a copy of the notice. The notice shall specify: (a) the fact that the installment is delinquent, (b) the action required to cure the default, (c) a date, not less than thirty (30) days from the date the notice is mailed to the Member, by which such default must be cured, and (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the balance of the Assessment or the installments of the Assessment against the Lot of the Member. If the delinquent Assessment or installment and any

late charges or interest thereon are not paid in full on or before the date specified in the notice, the Board, at its option, may (as to any Assessment payable in installments, including the Annual Assessment) declare all of the unpaid balance of the Assessment to be immediately due and payable without further demand and may enforce the collection of the full Assessment and all charges and interest thereon in any manner authorized by law or this Declaration, subject to the protection afforded to the First Mortgagee under this Declaration.

Section 7.14 Remedies to Enforce Assessments. Each Assessment levied hereunder shall be a separate, distinct, and personal debt and obligation of the Owner or Owners (who shall be jointly and severally liable therefor) of the Lot against which the same is assessed. In the event of a default in payment of any Assessment or installment thereof, whether Annual Assessment, Special Assessment, Specific Assessment, or Water Assessment the Board may, in addition to any other remedies provided under this Declaration or by law, enforce such obligation on behalf of the Association by suit or by filing and foreclosure of a lien as hereinafter provided. In the event of a default in the payment of any Assessment or other amount due hereunder or breach of any other provision hereunder, the Association, in addition to any remedies hereunder, shall have all remedies available under law.

Section 7.15 Lawsuit to Enforce Assessments. The Board may bring suit at law to enforce any Assessment obligation. Any judgment rendered in such action shall include any late charges, interest, and other costs of enforcement, including reasonable attorneys' fees in the amount as the court may adjudge, against the defaulting Owner.

Section 7.16 Lien to Enforce Assessments. All Assessments against a Lot (including late fees, interest, cost of collection, and attorneys' fees) shall constitute a lien on such Lot superior to all other liens and encumbrances, except as set forth in §316 of the Act.

7.16.1 Recording of the Declaration constitutes record notice and perfection of the lien. No further recordation of any claim of lien for Assessments is required. However, the Board may prepare and record a written notice setting forth the amount of the unpaid indebtedness, the name of the Owner of the Lot, and a description of the Lot. If a lien is filed, the cost thereof shall be considered a Cost of Enforcement. The lien shall be superior to any homestead exemption now or hereafter 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 exemption as against said lien.

Section 7.17 Estoppel Certificates. Upon the written request of any Member and any Person with, or intending to acquire, any right, title, or interest in the Lot of such Member, the Association shall furnish a written statement setting forth the amount of any Assessments or other amounts, if any, due and accrued and then unpaid with respect to a Lot and the Owner thereof, and setting forth the amount of any Assessment levied against such Lot which is not yet due and payable. Such statement shall, with respect to the Person to whom it is issued, be conclusive against the Association that no greater or other amounts were then due or accrued and unpaid and that no other Assessments have been levied.

Section 7.18 No Offsets. All Assessments shall be payable in the amounts specified in the levy thereof, and no offsets or reduction thereof shall be permitted for any reason including, without limitation, any claim that the Association or the Board is not properly exercising its duties and powers under this Declaration.

Section 7.19 User Fees. The Association may assess fees ("***User Fees***") charged to Members who use or derive special benefit from services provided by the Association and which are not used or which do not generally benefit all of the Members. Unpaid User Fees may be enforced as Specific Assessments or in any other manner reasonably determined by the Association.

Section 7.20 Other Fees. The Association may impose other fees from time to time in uniform amounts for providing routine services to Owners and Members. Examples of such fees are transfer fees (for changing the names of the Owners of a Lot or Members with respect to a Lot upon the sale or other transfer of a Lot), handling fees (for accepting the contribution to the working capital of the Association from a new Owner of a Lot and refunding the working capital contribution of the transferring Owner), and fees for providing estoppel certificates, confirmations of the status of payment of Assessments, User Fees, and other fees to an existing or prospective purchaser or Mortgagee.

ARTICLE 8
ARCHITECTURAL APPROVAL

Section 8.1 Approval of Improvements Required. The approval of the Design Review Committee shall be required for any Improvement to Property on a Lot or Common Area, except: (a) for any Improvement to Property made by Declarant, and (b) where prior approval of an Improvement to Property may be waived or certain Improvements to Property may be exempted in writing or under written guidelines or rules promulgated by the Design Review Committee. The Design Review Committee may delegate some or all of its authority under this Declaration to such agents, committees, or subcommittees as the Association may designate for such purpose from time to time.

Section 8.2 Improvement to Property Defined. "***Improvement to Property***" or "***Improvements to Property***" requiring approval of the Design Review Committee shall mean and include, without limitation: (a) the construction, installation, erection, or expansion of any building, structure, or other Improvement, including utility facilities and fences, (b) the demolition or destruction, by voluntary action, of any building, structure, or other Improvement, (c) the landscaping, grading, excavation, filling, or similar disturbance to the surface of the land including, without limitation, change of grade, change of ground level, change of drainage pattern, change of stream bed or change of established grade, and (d) any change or alteration of any previously approved Improvement to Property, including any change of exterior appearance, color, or texture.

Section 8.3 Membership of Committee.

8.3.1 During the Special Declarant Rights Period, the Design Review Committee shall be the Declarant or any Person appointed by the Declarant.

8.3.2 After expiration of the Special Declarant Rights Period, two (2) of the members of the Design Review Committee will be selected by the Members, and the other member shall be appointed by the Board.

8.3.3 Members of the Design Review Committee may be removed at any time by the Person(s) which have the power to appoint them, and shall serve for such term as may be designated by such Person(s) or until resignation or removal by such Person(s).

Section 8.4 Address of Design Review Committee. The address of the Design Review Committee shall be at the principal office of the Association.

Section 8.5 Submission of Plans. Prior to commencement of work to accomplish any proposed Improvement to Property (other than landscaping consistent with a landscaping plan previously approved by the Design Review Committee), the Person proposing to make such Improvement to Property ("***Applicant***") shall submit to the Design Review Committee at its offices such descriptions, surveys, plot plans, drainage plans, elevation drawings, construction plans, specifications, and samples of materials and colors as the Design Review Committee shall reasonably request showing the nature, kind, shape, height, width, color, materials, and location of the proposed Improvement to Property. The Applicant shall be entitled to receive a receipt for the same from the Design Review Committee or its authorized agent. The Design Review Committee may require submission of additional plans, specifications, or other information prior to approving or disapproving the proposed Improvement to Property. Until receipt by the Design Review Committee of all required materials in connection with the proposed Improvement to Property, the Design Review Committee may postpone review of any materials submitted for approval.

Section 8.6 Criteria for Approval. The Design Review Committee shall approve any proposed Improvement to Property only if it deems in its reasonable discretion that the Improvement to Property in the location indicated will not be detrimental to the appearance of the surrounding areas of the Community Area as a whole; that the appearance, exterior design, materials and color of the proposed Improvement to Property will be in harmony with the surrounding areas of the Community Area and will be substantially consistent with the specific provisions or intent of the Design Guidelines; that the Improvement to Property will not detract from the beauty, wholesomeness, and attractiveness of the Community Area or the enjoyment thereof by Owners; that the proposed changes in topography properly relate to adjacent Lots and the Community Area as a whole; and that the upkeep and maintenance of the proposed Improvement to Property will not become a burden on the Association. The Design Review Committee may condition its approval of any proposed Improvement to Property upon the making of such changes therein as the Design Review Committee determines, it its judgment, reasonably exercised, are necessary to comply with this Section 8.6.

Section 8.7 Design Guidelines; Design Procedures.

8.7.1 Design Guidelines. The Declarant shall issue initial guidelines (the "***Design Guidelines***") to be applicable to all Improvements to Property. The Declarant may, from time to time, revise and reissue the Design Guidelines. After the Special Declarant Rights Period, the Design Review Committee may, from time to time, propose revisions to the Design Guidelines, which shall only be reissued upon approval of sixty-seven percent (67%) of the Lots. The Design

Guidelines may specify substantive standards for styles of architecture, colors, and features which are required to be followed for submissions to the Design Review Committee for approval of proposed Improvements to Property, appropriate landscaping materials and any additional factors which will be taken into consideration in connection with the approval of any proposed Improvement to Property. During the Special Declarant Rights Period, any revision or amendment and restatement of the Design Guidelines shall be subject to the approval of the Declarant.

8.7.2 Design Procedures. The Design Review Committee may, from time to time, issue, revise, and reissue standards or rules ("***Design Procedures***") relating to the procedures, materials to be submitted, and fees in connection with the approval of any proposed Improvement to Property. The Design Procedures may specify circumstances under which the strict application of limitations or restrictions under this Declaration will be waived or deemed waived in whole or in part because strict application of such limitations or restrictions would be unreasonable or unduly harsh under the circumstances. The Design Procedures may provide for the waiver, until such provision is revised, of the requirement for approval of certain Improvements to Property or provide for the exemption, until such provision is revised, of certain Improvements to Property from the requirement for approval, if the Design Review Committee determines for the time being that such approval may not be reasonably required to carry out the purposes of this Declaration.

Section 8.8 Design Review Fee. The Design Review Committee may, in the Design Procedures, provide for the payment of a fee to accompany each request for approval of any proposed Improvement to Property. The Design Review Committee shall provide that the amount of such fee shall be uniform for similar types of any proposed Improvement to Property in accordance with a schedule of fees adopted by the Design Review Committee or that the fee shall be determined in any other reasonable manner, such as based upon the cost to the Association of the evaluation and response to the application.

Section 8.9 Decision of Committee. The Design Review Committee shall approve or disapprove all requests for approval of any Proposed Improvement to Property within thirty (30) days after receipt by the Design Review Committee of all materials required by the Design Review Committee in conjunction therewith. If the Design Review Committee fails to approve or disapprove any request within forty-five (45) days after complete submission of all materials and information with respect thereto, the Design Review Committee shall be deemed to have given its approval of such submission.

Section 8.10 Prosecution of Work After Approval. After approval of any proposed Improvement to Property, the proposed Improvement to Property shall be accomplished promptly and diligently and in complete conformity with the description of the proposed Improvement to Property and any other materials submitted to the Design Review Committee in connection with the proposed Improvement to Property and with any conditions imposed by the Design Review Committee. If the Improvement to Property is not completed within twelve (12) months after the date of approval or such shorter period as is specified in Section 3.25 above as to initial landscaping or another period approved in writing by the Design Review Committee in granting its approval, the approval granted shall automatically lapse.

Section 8.11 Notice of Completion. Upon completion of the Improvement to Property, the Applicant shall give written "***Notice of Completion***" to the Design Review Committee. Unless such notice is waived as or in the manner provided in this Section 8.11, until the date of receipt of such Notice of Completion, the Design Review Committee shall not be deemed to have notice of completion of such Improvement to Property.

Section 8.12 Inspection of Work. The Design Review Committee or its duly authorized representative shall have the right to inspect any Improvement to Property prior to or after completion; provided that the right of inspection shall terminate thirty (30) days after the Design Review Committee has received a Notice of Completion from Applicant and the Design Review Committee has been provided access to inspect the Improvement to Property.

Section 8.13 Notice of Noncompliance. If, as a result of inspections or otherwise, the Design Review Committee determines that any Improvement to Property has been made without obtaining the approval of the Design Review Committee or was not made in complete conformity with the description and materials furnished to, and any conditions imposed by, the Design Review Committee or was not completed within the time periods specified in Section 8.10 above, the Design Review Committee shall notify the Applicant in writing of the noncompliance (the "***Notice of Noncompliance***"), which shall be given, in any event, within thirty (30) days after the Design Review Committee receives a Notice of Completion from the Applicant. The Notice of Noncompliance shall specify the particulars of the noncompliance and such action to be taken to remedy the noncompliance, which may include demolition of the Improvement to Property or remodeling of the Improvement to Property to comply with the plans for such Improvement to Property, if any, approved by the Design Review Committee.

Section 8.14 Appeal to Board; Finding of Noncompliance. If the Design Review Committee gives any Notice of Noncompliance, the Applicant may appeal to the Board by giving written notice of such appeal to the Board and the Design Review Committee within thirty (30) days after receipt of the Notice of Noncompliance by the Applicant. If, after a Notice of Noncompliance, the Applicant fails to submit a timely appeal to the Board or fails to commence diligently to remedy such noncompliance, the Design Review Committee shall request a finding of noncompliance by the Board by giving written notice of such request to the Association and the Applicant within sixty (60) days after delivery to the Applicant of a Notice of Noncompliance from the Design Review Committee. In either event, the Board shall hear the matter in accordance with the provisions of the Bylaws, and the Board shall decide whether or not there has been such noncompliance and, if so, the nature thereof and the estimated cost of correcting or removing the same.

Section 8.15 Correction of Noncompliance. The Applicant shall remedy the noncompliance within thirty (30) days after notification thereof by the Design Review Committee, or, if a timely appeal to the Board was submitted by the Applicant or a request for a finding of noncompliance was submitted to the Board by the Design Review Committee, within a period of not more than forty-five (45) days from the date of receipt by the Applicant of the ruling of the Board requiring the Applicant to remedy the noncompliance. If the Applicant does not comply with the Board ruling within such period, the Board may, at its option, record a Notice of Noncompliance against the real property on which the noncompliance exists, may enter upon such property and remove the noncomplying Improvement to Property, and/or may otherwise remedy

the noncompliance, and the Applicant shall reimburse the Association, upon demand, for all expenses incurred therewith. If such expenses are not promptly repaid by the Applicant or Owner to the Association, the Board may levy a Specific Assessment against the Owner of the Lot for such costs and expenses. The right of the Association to remedy or remove any noncompliance shall be in addition to all other rights and remedies which the Association may have at law, in equity, or under this Declaration. The Applicant and Owner of the Lot shall have no claim for damages or otherwise on account of the entry upon the property and removal of the noncomplying Improvement to Property.

Section 8.16 No Implied Waiver or Estoppel. No action or failure to act by the Design Review Committee or by the Board shall constitute a waiver or estoppel with respect to future action by the Design Review Committee or the Board with respect to any Improvement to Property. Specifically, the approval of the Design Review Committee of any Improvement to Property shall not be deemed a waiver of any right or an estoppel to withhold approval or consent for any similar Improvement to Property or any similar proposals, plans, specifications, or other materials submitted with respect to any other Improvement to Property.

Section 8.17 Committee Power to Grant Variances. The Design Review Committee may authorize variances from compliance with any of the provisions of this Declaration or the Design Guidelines, including restrictions upon height, size, floor area, or placement of structures or similar restrictions, when circumstances such as topography, natural obstructions, hardship, or aesthetic or environmental conditions may require. Such variances must be approved by the Design Review Committee in accordance with its regular procedures and shall not be effective until so approved and evidenced in writing executed by a majority of the members of the Design Review Committee. If any such variance is granted, no violation of the provisions of this Declaration shall be deemed to have occurred with respect to the matter for which the variance was granted; *provided, however*, that the granting of a variance shall not operate to waive any of the provisions of this Declaration for any purpose except as to the particular Lot, the particular Improvement to Property covered by the variance, and the particular provision hereof or of the Design Guidelines, covered by the variance, nor shall the granting of a variance affect in any way the Owner's obligation to comply with all governmental laws and regulations affecting the property concerned, including, but not limited to, zoning ordinances and setback lines or requirements imposed by any governmental authority having jurisdiction.

Section 8.18 Meetings of Committee. The Design Review Committee shall meet from time to time as necessary to perform its duties hereunder. The Design Review Committee may from time to time, by resolution in writing adopted by a majority of the members, designate a representative (the "***Committee Representative***") (who may but need not be one of its members) to take any action or perform any duties for or on behalf of the Design Review Committee, except the granting of approval of any Improvement to Property, determination of noncompliance, and granting of variances. The action of such Committee Representative within the authority of such Committee Representative or the written consent or the vote of a majority of the members of the Design Review Committee shall constitute action of the Design Review Committee.

Section 8.19 Estoppel Certificates. The Board shall, upon the reasonable request of any interested Person (and the payment of any fee established by the Board or the Design Review Committee therefor) and after confirming any necessary facts with the Design Review Committee,

furnish a certificate with respect to the approval or disapproval of any Improvement to Property or with respect to whether any Improvement to Property was made in compliance herewith. Any Person, without actual notice to the contrary, shall be entitled to rely on said certificate with respect to all matters set forth therein.

Section 8.20 Nonliability of Committee Action. There shall be no liability imposed on the Design Review Committee, any member of the Design Review Committee, any Committee Representative, the Association, any member of the Board, or Declarant for any loss, damage, or injury arising out of or in any way connected with the performance of the duties of the Design Review Committee unless due to the willful misconduct of the party to be held liable. In reviewing any matter, the Design Review Committee shall not be responsible for reviewing, nor shall its approval of an Improvement to Property be deemed approval of, any Improvement to Property from the standpoint of safety, whether structural or otherwise, or conformance with building codes, approved subdivision plats and development plans, or other governmental laws or regulations. Members of the Design Review Committee shall be indemnified by the Association to the same extent as the Board of the Association, as set forth in Section 5.27 above and the Articles of Incorporation or Bylaws of the Association.

Section 8.21 Construction Period Exception. During the course of actual construction of any permitted structure or Improvement to Property, so long as construction is being prosecuted with reasonable diligence, the Design Review Committee shall temporarily suspend the provisions contained in this Declaration as to the Lot upon which the construction is taking place to the extent determined by the Design Review Committee to be necessary to permit such construction to proceed in a reasonable manner. Any such temporary suspension may be revoked by the Design Review Committee upon its determination that construction is not being diligently prosecuted. No such temporary suspension shall permit anything to be done which will result in a violation of any of the provisions of this Declaration upon completion of construction or shall permit anything to be done which will constitute a nuisance or unreasonable interference with the use and enjoyment of other property within the Community Area.

Section 8.22 Exclusions. Any Owner may remodel, paint, or redecorate the interior of the Dwelling on such Owner's Lot without approval. However, modifications to the interior of screened porches, patios, and similar portions of a Lot visible from outside the structures on the Lot shall be subject to approval. No approval shall be required to repaint the exterior of a Dwelling in accordance with the originally approved color scheme or to rebuild in accordance with originally approved plans and specifications. All Dwellings constructed on any portion of the Community Area shall be designed by and built in accordance with the plans and specifications of a licensed architect or licensed building designer.

THIS ARTICLE 8 SHALL NOT APPLY TO THE ACTIVITIES OF THE DECLARANT DURING THE SPECIAL DECLARANT RIGHTS PERIOD, NOR TO IMPROVEMENTS TO THE COMMON AREA BY OR ON BEHALF OF THE ASSOCIATION.

RECEPTION#: 968263,Date: 1/4/2024 1:47 PM,
Pages: 39 of 65 , DECCOV RECORDING $333.00
Montrose County, CO. Tressa Guynes, Clerk and Recorder

ARTICLE 9
SPECIAL DECLARANT RIGHTS AND RESERVATIONS

Section 9.1 Declarant Rights. Notwithstanding any provision herein to the contrary, Declarant reserves the following "***Special Declarant Rights***" which may be exercised, where applicable, anywhere within the Community. The rights and reservations shall be deemed excepted and reserved in each conveyance of property by Declarant to the Association and in each deed or other instrument by which any property within the Community Area is conveyed by Declarant whether or not specifically stated therein. The Special Declarant Rights shall be prior and superior to any other provisions of this Declaration and may not, without Declarant's prior written consent, be modified, amended, rescinded, or affected by any amendment of this Declaration during the Special Declarant Rights Period. Declarant's consent to any one such amendment shall not be construed as consent to any other subsequent amendment.

(a) To complete any Improvements shown on the Plat.

(b) To exercise any Special Declarant Rights reserved or described herein, or otherwise provided by the Act (including, but not limited to, "special declarant rights" and "development rights" defined therein).

(c) To maintain business/sales offices, sales trailers, parking spaces, management offices, storage areas, construction yards, signage, advertisements and model homes upon the Common Areas or any Lot owned by Declarant.

Declarant shall have and hereby reserves the right to reasonable use of the Common Areas and of services offered by the Association in connection with the promotion and marketing of the Community Area. Without limiting the generality of the foregoing, Declarant may erect and maintain on any part of the Common Areas such signs, temporary buildings, and other structures as Declarant may reasonably deem necessary or proper in connection with the promotion, development, and marketing of real property within the Community Area; may use vehicles and equipment on Common Areas for promotional purposes; may permit prospective purchasers of property within the boundaries of the Community Area who are not Owners or Members of the Association to use Common Areas at reasonable times and in reasonable numbers; and may refer to the Common Areas and to the Association and services offered by the Association in connection with the development, promotion, and marketing of property within the boundaries of the Community Area.

(d) To have and use, and to permit others to have and use, easements through the Common Areas as may be reasonably necessary for construction within the Community and for the purpose of discharging Declarant's obligations under the Act and this Declaration. Declarant shall have and hereby reserves the right to grant or create temporary or permanent easements for access, utilities, drainage, water, and other purposes incident to development and sale of the Community Area located in, on, under, over, and across: (i) Common Areas, (ii) the five (5) feet of each Lot adjoining each of the exterior boundaries of such Lot, and (iii) the portions of the Community Area affected by the easements reserved on the Plat. Declarant may grant or create temporary or permanent easements on Lots owned by Declarant.

(e) To amend the Declaration and/or the Plat in connection with the exercise of any Special Declarant Rights.

(f) To expand, without in any way being bound, the Community from time to time, by adding to the Community any of the Annexable Property and/or other unspecified property, which may consist of additional Common Areas and/or Lots, in accordance with Section 9.2 below.

(g) To merge or consolidate the Community with a common interest community of the same form of ownership.

(h) To appoint or remove any officer of the Association or any member of the Board during the Declarant Control Period; provided that (i) not later than sixty (60) days after conveyance of twenty-five percent (25%) of the Lots That May Be Created to Owners other than Declarant, at least one (1) member and not less than twenty-five percent (25%) of the members of the Board shall be elected by Owners other than the Declarant, (ii) not later than sixty (60) days after conveyance of fifty percent (50%) of the Lots That May Be Created to Owners other than Declarant, not less than thirty-three and one-third percent (33 1/3%) of the members of the Board must be elected by Owners other than the Declarant, and (iii) not later than sixty (60) days after conveyance of seventy-five percent (75%) of the Lots That May Be Created to Owners other than Declarant, the Owners shall elect a Board of at least three (3) members, at least a majority of whom shall be Owners other than the Declarant or designated representatives of Owners other than Declarant in accordance with Section 4.2 above. During the Declarant Control Period, the Articles of Incorporation, Bylaws, and any amendment to either of them shall not be effective unless and until approved in writing by the Declarant.

(i) To designate certain Common Areas as Limited Common Areas by Supplemental Declaration.

(j) To modify, amend, or revise plans for construction, location and design of any Common Areas (including any Improvements located thereon). Declarant shall have and hereby reserves the right, but shall not be obligated to, convey Common Areas to the Association and construct additional Improvements on Common Areas at any time and from time to time in accordance with this Declaration for the improvement and enhancement thereof and for the benefit of the Association and Owners. Declarant may convey or transfer such Improvements to the Association if Declarant has elected to construct such Improvements. The Association shall be obligated to accept title to, care for, and maintain the same as Common Areas as elsewhere provided in this Declaration.

(k) To grant and to have easements over the Common Areas to benefit any Improvement and/or any property or portion of property that is contained within the Annexable Property whether or not such Annexable Property is annexed into the Community.

(l) To record Supplemental Declarations in accordance with Article 10 below.

(m) To subdivide any Lots.

(n) To construct Improvements upon the Lots.

(o) To exercise any other right reserved or granted to Declarant herein or implied by any other provisions of this Declaration or the Act.

(p) No provision of this Declaration shall be construed to prevent or limit Declarant's rights to complete development of property within the boundaries of the Community Area or elect not to complete development of any part of the Community Area; to develop Common Areas or to construct Improvements to Property thereon, whether or not required by the Plat or any other requirements imposed by the County or City in connection with the approval of the Plat; to construct or alter Improvements on any property owned by Declarant within the Community Area, to maintain model homes and offices for construction, sales purposes, or similar facilities on any property owned by Declarant within the Community Area; or to post signs or do any other act or thing incidental to development, construction, promotion, marketing, or sales of property within the boundaries of the Community Area. Nothing contained in this Declaration shall limit the right of Declarant or require Declarant to obtain approvals to: (i) excavate, cut, fill, or grade any property owned by Declarant or to construct, alter, demolish, or replace any Improvements on any property owned by Declarant, (ii) use any structure on any property owned by Declarant as a construction office, model home, or real estate sales office in connection with the sale of any property within the boundaries of the Community Area, (iii) store construction materials, supplies, equipment, tools, waste, or other items on property within the Community Area that is owned by Declarant, (iv) require Declarant to seek or obtain the approval of the Design Review Committee or of the Association for any such activity or Improvement to Property on any property owned by Declarant; or (v) to develop Common Areas or to construct Improvements to Property thereon, whether or not required by the County or City in connection with the approval of the Plat, or to seek or obtain the approval of the Design Review Committee or the Association for any such activity or Improvement to Property.

(q) During the Special Declarant Rights Period, the Association shall not, without first obtaining the prior written consent of Declarant, which consent shall not be unreasonably withheld, convey, change, or alter the use of Common Areas, mortgage Common Areas, or use Common Areas other than solely for the benefit of Members or as specifically allowed in this Declaration.

(r) The Community Area and Annexable Property (as hereafter amended) or any portion thereof owned by Declarant shall be subject to a right of withdrawal by the Declarant on a Lot-by-Lot basis. Such withdrawal may be accomplished, if at all, in accordance with the Act.

Section 9.2 Expansion. Declarant reserves the right (without in any way being bound) to enlarge the Community without the necessity of the consent or joinder thereto by the Owners, the Association, any Mortgagee, or any other Person by submitting to the Community from time to time all or any portion of the Annexable Property; *provided, however*, the consent of the owner of any Annexable Property annexed into the Community shall be required (if not owned by Declarant at the time of annexation). In addition to the foregoing, Declarant reserves the right to annex real estate (in addition to the Annexable Property) to the Community from such locations as Declarant may elect in its sole discretion, so long as the total additional real estate so annexed

to the Project pursuant to this sentence, and not described on Exhibit A or Exhibit B, does not exceed 10% of the total area described in Exhibit A and Exhibit B.

Such expansion must be accomplished by Recording a Supplemental Declaration containing the legal description of the new real property to be included in such expansion. The expansion may be accomplished in stages by successive supplements or in one supplemental expansion.

In the event of such expansion, the definitions used in this Declaration shall be expanded. For example, "Lots," "Common Areas," "Community Area" and "Community" shall mean the Lots, Common Areas, Community Area, and the Community described herein plus any additional Lots and Common Areas added by any supplement, and reference to this Declaration shall mean this Declaration as supplemented. The new Lots and Common Areas shall be subject to all the terms, covenants, conditions, and restrictions of this Declaration, as amended and supplemented.

An Owner at the time of its purchase of a Lot which has been annexed into the Community by a Supplemental Declaration shall be a Member of the Association. Such Owner shall be entitled to the same non-exclusive use of the Common Areas and the same voting privileges as the Owners of the initial property brought into the Community through the original Declaration and shall be subject to the same Assessments, except as otherwise provided herein or in any supplement/amendment to this Declaration.

Whenever any additional Lots are brought into the Community, the Allocated Interests of each Owner after such addition will change and shall be reallocated in accordance with Section 2.3 above.

Except for the easement granted to the Annexable Property in Section 3.48 above, unless and until the Annexable Property or any portion thereof is annexed to this Declaration, such property shall not be subject to this Declaration or any provision hereof except the right of annexation provided in this Section. Except for the easement granted to the Annexable Property in Section 3.48 above, this Declaration does not and shall not affect the title of the Annexable Property, nor constitute a cloud on title or exception to title, until the Annexable Property or any portion thereof is annexed into this Declaration.

Section 9.3 Rights Transferrable. Special Declarant Rights created or reserved under this Article 9 for the benefit of Declarant may be transferred to any Person by Declarant by a Recorded instrument describing the Special Declarant Rights transferred. Such instrument shall be executed by the transferor Declarant and the transferee.

Section 9.4 Limitations. Except as otherwise set forth in this Declaration, Special Declarant Rights shall terminate at the option of Declarant as set forth in a Recorded instrument executed by Declarant, but in any event such Special Declarant Rights shall terminate without further act or deed 40 years after the date of the recording of this Declaration ("***Special Declarant Rights Period***").

Section 9.5 Interference with Declarant Rights. Neither the Association, the Board nor any Owner may take any action or adopt any rule or regulation that will interfere with or diminish Special Declarant Rights without the prior written consent of Declarant.

Section 9.6 Declarant's Easements. Declarant reserves the right to (a) perform warranty work, and repair and construction work on Lots and Common Areas, (b) store materials in secure areas upon the Common Areas and/or Lots owned by Declarant, and (c) to control and have the right of access to work and repair until completion. No work performed by Declarant shall require the consent or approval of the Board, Owners, Mortgagees, or any other Person. Declarant shall have an easement through the Common Areas as may be reasonably necessary for the purpose of discharging its obligations or exercising its rights, whether arising under the Act, reserved in this Article 9 or reserved in other provisions of this Declaration. Notwithstanding any other provision of this Declaration (including, but not limited to, Section 9.4 above), the easements reserved herein shall remain in effect for the benefit of Declarant until the termination of all applicable warranty periods with respect to any particular Lot or Common Area.

Section 9.7 Exercise of Rights. The exercise of any or all of the rights reserved to Declarant shall be at the sole option and discretion of Declarant. Notwithstanding the description or depiction of the property on any site development plan or other entitlement documents, no assurances are made with respect to the boundaries of the Community or the parcels of real property that may be subject to Special Declarant Rights nor the order in which Special Declarant Rights may be exercised. Subject to Section 9.4 above, Special Declarant Rights may be exercised at any time and from time to time, and, if Declarant exercises any Special Declarant Rights, such rights may, but need not, be exercised as to all or any other portion of the Community. Notwithstanding anything in this Declaration to the contrary, no consent or agreement of, or notice to, the Association, any Owners, any Mortgagee, or any other Person shall be required in order to allow Declarant to exercise any of its rights hereunder, provided such exercise otherwise complies with the applicable provisions of this Declaration and/or the Act.

ARTICLE 10
SUPPLEMENTAL DECLARATIONS

Section 10.1 Recordation of Supplemental Declarations. During the Special Declarant Rights Period, the Declarant may execute and Record Supplemental Declarations permitted hereunder. Such Supplemental Declaration shall refer to this Declaration and may (a) create additional Lots (including Condominium Units) and Common Areas (including Limited Common Areas), and (b) may impose additional requirements on the Lots and Common Areas which are subject to such Supplemental Declaration; *provided, however*, that no such additional requirements may amend the provisions of this Declaration. Any Supplemental Declaration may provide its own procedure for amendment of any provisions thereof. All Lots which are subjected to the provisions of any such Supplemental Declaration shall automatically be subject to the provisions of this Declaration and the Supplemental Declaration without the necessity of a specific reference to this Declaration in any deed, notice, Supplemental Declaration, or other instrument. In the event of any conflict between the provisions of this Declaration and the provisions of any Supplemental Declaration, the provisions of this Declaration shall control. Lots may be annexed to, or withdrawn from, this Declaration through a Supplemental Declaration, as well as pursuant to the other provisions of this Declaration governing annexation and withdrawal of additional property.

ARTICLE 11
DISPUTE RESOLUTION

Section 11.1 Intent of Article; Applicability of Article; and Applicability of Statutes of Limitation.

11.1.1 Each Party (as defined below) agrees to encourage the amicable resolution of disputes, without the emotional and financial costs of litigation. Accordingly, each Party covenants and agrees to submit all Claims (as defined below) to the procedures set forth in this Article and not to a court of law.

11.1.2 By acceptance of a deed for a Lot, each Owner agrees to abide by the terms of this Article.

11.1.3 No Claim (as defined below) may be initiated after the date when institution of legal or equitable proceedings based on such Claim would be barred by the applicable statute of limitation or statute of repose.

Section 11.2 Definitions Applicable to this Article. For purposes of this Article only, the following terms have the meanings set forth in this section:

11.2.1 "***AAA***" means the American Arbitration Association or any other Person subsequently agreed to by the Claimant and Respondent in writing for the purpose of performing the functions of the American Arbitration Association under this Declaration.

11.2.2 "***Claimant***" means any Party having or asserting a Claim.

11.2.3 "***Claim***" means, except as excluded or exempted by the terms of this Article, any claim, grievance, or dispute between one Party and another, regardless of how the same may have arisen or on what it might be based, including without limitation those arising out of or related to (i) the interpretation, application, or enforcement of any of the Governing Documents or the rights, obligations, and duties of any Party under any of the Governing Documents; (ii) the design or construction of improvements; (iii) any statements, representations, promises, warranties, or other communications made by or on behalf of any Party. A Claim may be brought by lawsuit, counterclaim, cross-claim, mediation, arbitration, or in any other manner.

11.2.4 "***Party***" means each of the following: Declarant, its officers, directors, partners, members, employees, and agents; the Association, its officers, directors, and committee members; all Persons subject to this Declaration; any builder or contractor, its officers, directors, partners, members, employees, and agents, who construct buildings, residences, or other Improvements; and any Person not otherwise subject to this Declaration who agrees to submit to this Article.

11.2.5 "***Respondent***" means any Party against whom a Claimant asserts a Claim.

11.2.6 "***Termination of Mediation***" means a period of time expiring forty-five (45) days after a mediator has been agreed upon by the parties (however, a mediator shall be

selected no later than thirty (30) days after the Claimant has given notice to the Respondent of the Claim, and if the Claimant and Respondent are unable to agree on a mediator, one shall be chosen by the AAA) and the matter has been submitted to mediation (or within such other time as determined by the mediator or agreed to by the Claimant and Respondent), and upon the expiration of which the Claimant and Respondent have not settled the Claim.

Section 11.3 Approval Required for Association Actions. Unless otherwise specified in the Act, the approval of sixty-seven percent (67%) of the Association votes cast by Members voting in person or by proxy at a meeting duly called for this purpose at which a quorum is present (as defined in the Bylaws), must be obtained before the Association shall have the power to institute action on any Claim, hire, or retain any experts or consultants related to any Claim, or incur or agree to pay any expert, consultant, or legal fees in anticipation of or in preparation for any Claim pursuant to this Article, or to make any counterclaim or cross-claim in any lawsuit with respect to any Claim brought against the Association. Such approval must be obtained in accordance with the requirements of Section 11.4 of this Declaration. In addition to the foregoing, unless otherwise specified in the Act, the Association shall seek to obtain the approval of sixty-seven percent (67%) of the holders of first lien Security Interests by written vote or proxy by written notice sent as provided in the Bylaws or to the address specified in the applicable Security Interest.

Section 11.4 Notice and Quorum for Association Actions. Unless otherwise specified in the Act or any other notice required by law, written notice of any meeting of Members which includes a vote pursuant to Section 11.3 of this Declaration shall be sent to all Members not less than thirty (30) days nor more than fifty (50) days in advance of the meeting. Such written notice, or if the vote is to be by written ballot, then such written ballot, shall include the following information:

11.4.1.1 A statement regarding the nature of the Claim. Such statement shall include the name(s) of the proposed Claimant(s) and Respondent(s), the basis and reason for the Claim, and any other information necessary to adequately explain the nature of the proposed Claim; and

11.4.1.2 A good-faith estimate of the costs and fees, including court costs and other costs, the fees of consultants, expert witnesses, and attorneys, reasonably anticipated to be incurred by or for the Association in prosecuting the Claim, and as to any contingency fee agreement, specify the percentage of the (net) (gross) recovery, with such estimate prepared by the primary attorney the Board proposes to have prosecute the Claim on its behalf; and

11.4.1.3 A statement advising Members that the costs and fees of prosecuting any Claim may substantially increase the amount of Assessments payable by the Owners to the Association; and

11.4.1.4 A good faith estimate of the manner in which any monies reasonably anticipated to be recovered from the Claim will be distributed or paid to consultants, expert witnesses, the Association, its attorney(s), and any others, prepared by the primary attorney the Board proposes to have prosecute the Claim on its behalf; and

11.4.1.5 A good faith estimate of the projected time frame for resolution of the Claim; and

11.4.1.6 All terms and provisions of the agreement between the Association and the attorney(s) the Board proposes to have prosecute the Claim.

11.4.2 And, in addition, the following disclosures required under the Act, in capital letters and bold typeface (with blanks completed as may be applicable):

11.4.2.1 THE ALLEGED CONSTRUCTION DEFECTS MAY RESULT IN INCREASED COSTS TO THE ASSOCIATION IN MAINTENANCE OR REPAIR AND/OR CAUSE AN INCREASE IN ASSESSMENTS OR SPECIAL ASSESSMENTS TO COVER THE COST OF REPAIRS.

11.4.2.2 UNTIL THE ALLEGED DEFECTS ARE REPAIRED, SELLERS OF UNITS WITHIN THE COMMON INTEREST COMMUNITY MAY OWE UNIT BUYERS A DUTY TO DISCLOSE KNOWN DEFECTS.

11.4.2.3 THE EXECUTIVE BOARD INTENDS TO ENTER INTO A FEE ARRANGEMENT WITH THE ATTORNEYS REPRESENTING THE ASSOCIATION, UNDER WHICH (OF THE AMOUNT THE ASSOCIATION RECOVERS FROM THE DEFENDANT(S), THE ATTORNEYS WILL BE PAID A CONTINGENCY FEE EQUAL TO _____ PERCENT OF THE (NET) (GROSS) RECOVERY.) (THE ASSOCIATION'S ATTORNEYS WILL BE COMPENSATED AS FOLLOWS: _____).

11.4.2.4 IN ADDITION TO ATTORNEY FEES, THE ASSOCIATION MAY INCUR UP TO $_____ FOR LEGAL EXPENSES, INCLUDING EXPERT WITNESSES, DEPOSITIONS, AND FILING FEES. THE AMOUNT WILL NOT BE EXCEEDED WITHOUT THE EXECUTIVE BOARD'S FURTHER WRITTEN AUTHORITY. IF THE ASSOCIATION DOES NOT PREVAIL ON ITS CLAIM, THE ASSOCIATION MAY BE RESPONSIBLE TO PAY THESE LEGAL EXPENSES.

11.4.2.5 IF THE ASSOCIATION DOES NOT PREVAIL ON ITS CLAIM, THE ASSOCIATION MAY BE RESPONSIBLE TO PAY ITS ATTORNEYS' FEES.

11.4.2.6 IF THE ASSOCIATION DOES NOT PREVAIL ON ITS CLAIM, A COURT OR ARBITRATOR SOMETIMES AWARDS COSTS AND ATTORNEYS' FEES TO THE OPPOSING PARTY. SHOULD THAT HAPPEN IN THIS CASE, THE ASSOCIATION WILL BE RESPONSIBLE TO PAY SUCH AWARD.

11.4.2.7 THERE IS NO GUARANTEE THAT THE ASSOCIATION WILL RECOVER ENOUGH FUNDS TO REPAIR THE CLAIMED CONSTRUCTION DEFECT(S). IF THE CLAIMED DEFECTS ARE NOT REPAIRED, ADDITIONAL DAMAGE TO PROPERTY AND A REDUCTION IN THE USEFUL LIFE OF THE COMMON AREAS MAY OCCUR.

11.4.2.8 UNTIL THE CLAIMED CONSTRUCTION DEFECTS ARE REPAIRED, OR UNTIL THE CONSTRUCTION DEFECT CLAIM IS CONCLUDED, THE MARKET VALUE OF THE UNITS IN THE ASSOCIATION MAY BE ADVERSELY AFFECTED.

11.4.2.9 UNTIL THE CLAIMED CONSTRUCTION DEFECT(S) ARE REPAIRED, OR UNTIL THE CONSTRUCTION DEFECT(S) CLAIM IS CONCLUDED, OWNERS IN THE ASSOCIATION MAY HAVE DIFFICULTY REFINANCING AND PROSPECTIVE BUYERS MAY HAVE DIFFICULTY OBTAINING FINANCING.

11.4.2.10 DECLARANT OR THE APPLICABLE PARTY SHALL HAVE THE RIGHT TO ATTEND A MEETING OF THE MEMBERS AS SPECIFIED IN THE ACT. THE PRESENCE OF MEMBERS OR OF PROXIES, OR IF BY BALLOT THEN RECEIPT BY THE ASSOCIATION OF WRITTEN BALLOTS OF THE NUMBER OF ASSOCIATION VOTES SPECIFIED UNDER THE ACT, SHALL CONSTITUTE A QUORUM AT ANY MEETING AT WHICH THE MEMBERS VOTE ON APPROVAL OF ANY CLAIM THE ASSOCIATION WISHES TO BRING.

Section 11.5 Required Form of Proxy or Ballot. Unless otherwise specified under the Act, each written proxy, and each ballot, which purports to vote on, or authorize a vote on, approval of the Association bringing a Claim shall contain the following statement with respect to any vote approving the Association to bring a Claim:

> With full knowledge and understanding that my annual Assessments may be significantly increased by the costs and fees associated with the proposed Claim, I/we APPROVE the authority of the Association to bring such Claim.

Section 11.6 Exclusions from "Claim". Unless specifically exempted by this Article, all Claims between any of the Parties shall be subject to the provisions of this Article. Notwithstanding the foregoing, unless all subject Parties otherwise agree in writing, "Claim" does not include any of the following, and the same shall not be subject to the provisions of this Article:

11.6.1 Any action by the Association to enforce any provision of Article 7 of this Declaration;

11.6.2 Any action by the Association to obtain a temporary restraining order or injunction (or equivalent emergency equitable relief) and such other ancillary relief as the Association or court may deem necessary to maintain the status quo and preserve the Association's ability to enforce the architectural standards and use restrictions and rules;

11.6.3 Any action between or among Owners, which does not include Declarant or the Association as a party, if such suit asserts a Claim which would constitute a cause of action independent of the Governing Documents; and

11.6.4 Any action in which any indispensable party is not a Party, as defined in this Article.

Section 11.7 Right to Inspect. Prior to any Party commencing any proceeding against another Party, including but not limited to an alleged defect of any Improvement, the Respondent shall have the right to be heard by the Claimant and, if any Claimant is the Association, by the Members, and to access, inspect, correct the condition of, or redesign any portion of any Improvement as to which a defect is alleged or to otherwise correct the alleged defect; provided, however, any correction to, or redesign of, an Improvement shall be made upon terms and conditions reasonably acceptable to all affected Parties. In the exercise of the inspection rights contained herein, the inspecting Party shall:

11.7.1 Be careful to avoid unreasonable intrusion upon, or harm, damage, or costs to the affected Party including using its best efforts to avoid causing any damage to, or interference with, any Improvements to the subject property;

11.7.2 Minimize any disruption or inconvenience to any Person who occupies the subject property;

11.7.3 Remove daily all debris caused by the inspection and located on the subject property; and

11.7.4 In a reasonable and timely manner, at the sole cost and expense of the inspecting Party, promptly remove all equipment and materials from the subject property and repair and replace all damage and restore the subject property to the condition of the subject property as of the date of the inspection unless the subject property is to be immediately repaired. The inspecting Party shall not permit any lien, claim, or other encumbrance arising from the exercise of its right to inspect to accrue against or attach to the subject property. The inspecting Party shall indemnify, defend, and hold harmless the affected Owners and their tenants, guests, employees, and agents, against any and all liability, claims, demands, losses, costs and damages incurred, including court costs and attorneys' fees, resulting from any breach of this section by the inspecting Party.

Section 11.8 Mandatory Procedures.

11.8.1 Good Faith Negotiations. The Parties shall make every reasonable effort to meet in person and confer for the purposes of resolving the Claim by good faith negotiation. Any Party may be represented by attorneys and independent consultants to assist such Party in negotiations and to attend meetings.

11.8.2 Notice. Prior to proceeding with any claim against a Respondent, each Claimant shall give a notice to each Respondent, which notice shall state plainly and concisely:

(a) the nature of the Claim, including all Persons involved and Respondent's role in the Claim;

(b) the legal or contractual basis of the Claim (i.e., the specific authority out of which the Claim arises); and

(c) the specific relief and/or proposed remedy sought.

11.8.3 Mediation.

(a) If the Parties do not resolve the Claim through negotiations within thirty days after submission of the Claim to the Respondent(s), Claimant shall have an additional thirty (30) days to submit the Claim to mediation under the auspices of the AAA in accordance with the AAA's Commercial or Construction Industry Mediation Procedures, as appropriate.

(b) If Claimant does not submit the Claim to mediation within such time, or does not appear for the mediation, Claimant shall be deemed to have waived the Claim, and Respondent shall be released and discharged from any and all liability to Claimant on account of such Claim; provided, nothing herein shall release or discharge Respondent from any liability to any Person other than the Claimant.

(c) Any settlement of the Claim through mediation shall be documented in writing by the mediator and signed by the Parties. If a Termination of Mediation occurs, the mediator shall issue a notice of Termination of Mediation. The Termination of Mediation notice shall set forth that the Parties are at an impasse and the date that mediation was terminated.

(d) Each Party shall bear its own costs of the mediation, including attorneys' fees, and each Party shall share equally all charges rendered by the mediator.

(e) If the Parties agree to a resolution of any Claim through negotiation or mediation in accordance with Section 11.8.3 and any Party thereafter fails to abide by the terms of such agreement, then any other Party may file suit or initiate arbitration proceedings to enforce such agreement without the need to again comply with the procedures set forth in Section 11.8 of this Declaration. In such event, the Party taking action to enforce the agreement shall be entitled to recover from the non-complying Party (or if more than one non-complying Party, from all such Parties pro rata) all costs incurred in enforcing such agreement, including without limitation, attorneys' fees and court costs.

11.8.4 Binding Arbitration.

(a) Subject to Section 11.8.3(b) above, upon Termination of Mediation, if Claimant desires to pursue the Claim, Claimant shall thereafter be entitled to initiate final, binding arbitration of the Claim under the auspices of the AAA in accordance with the AAA's Commercial or Construction Industry Arbitration Rules, as appropriate. Any judgment upon the award rendered by the arbitrator may be entered in and enforced by any court having jurisdiction over such Claim. Unless otherwise mutually agreed to by the parties to the Claim, there shall be one arbitrator who, to the extent feasible, shall have expertise in the area(s) of dispute, which may include legal expertise if legal issues are involved.

(b) Each Party shall bear its own costs and expenses and an equal share of the arbitrator's and administrative fees of arbitration. Notwithstanding the foregoing, if a Party unsuccessfully contests the validity or scope of arbitration in a court of law, the arbitrator or the court shall award reasonable attorneys' fees and expenses incurred in

defending such contests, including those incurred in trial and on appeal, to the non-contesting Party. All decisions respecting the arbitrability of any Claim shall be decided by the arbitrator.

(c) The award of the arbitrator shall be accompanied by detailed written findings of fact and conclusions of law. Except as may be required by law or for confirmation of an award, neither a party nor an arbitrator may disclose the existence, content, or results of any arbitration without the prior written consent of all Parties to the Claim.

Section 11.9 Liability for Failure of Association to Maintain an Action. No director or officer of the Association shall be liable to any Person for failure to institute or maintain or bring to conclusion a cause of action, mediation or arbitration for a Claim if the following criteria are satisfied: (a) the director or officer was acting within the scope of his or her duties; (b) the director or officer was not acting in bad faith; and (c) the Act or omission was not willful, wanton, or grossly negligent.

Section 11.10 Conflict with Laws. IN THE EVENT THAT THE PROVISIONS OF THIS ARTICLE 11 CONFLICT WITH ANY MANDATORY PROVISIONS OF APPLICABLE LAW, THE PROVISIONS OF THIS ARTICLE 11 SHALL BE REVISED TO THE MINIMUM EXTENT NECESSARY TO COMPLY WITH THE MANDATORY PROVISIONS OF SUCH LAWS.

Section 11.11 Waiver of Jury Trial. IN THE EVENT THAT A COURT FINDS THAT THE DISPUTE RESOLUTION PROCEDURES SET FORTH IN THIS ARTICLE 11 ARE UNENFORCEABLE AND AS A RESULT A PARTY IS ALLOWED TO BRING A CLAIM IN COURT, ALL PARTIES AGREE THAT ANY LAWSUIT, WHETHER CLAIM, COUNTERCLAIM OR OTHERWISE, BROUGHT IN COURT SHALL BE TRIED ONLY BY A JUDGE AND NOT BY A JURY; AND EACH PARTY HEREBY KNOWINGLY, VOLUNTARILY, INTENTIONALLY, AND INTELLIGENTLY WAIVES, TO THE EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT TO A TRIAL BY JURY IN ANY SUCH SUIT.

ARTICLE 12
MISCELLANEOUS

Section 12.1 Term of Declaration. The covenants, restrictions and obligations of this Declaration shall run with and bind the land in perpetuity until this Declaration is terminated in accordance with this Section 12.1. This Declaration may only be terminated upon the consent of Owners holding at least eighty percent (80%) of the vote in the Association. The termination shall be effective on Recording of such instrument or on such later date as is specifically stated in such instrument. Notwithstanding the foregoing, no termination of the Declaration shall (a) affect the provisions of Section 3.49 above which shall survive any termination of this Declaration, and/or (b) affect the provisions of Article 11 above, which shall survive any termination of the Declaration for a period of 50 years from the Recording of this Declaration.

Section 12.2 Amendments by Declarant.

12.2.1 Amendments Before Conveyances. Until the first Lot subject to this Declaration is conveyed by Declarant to the first Owner (other than Declarant), any of the provisions contained in the Declaration may be amended or terminated by Declarant by the Recordation of an amendment, executed by Declarant, setting forth such amendment or termination.

12.2.2 Technical Amendments. Declarant further reserves and is granted the right and power to make and Record technical amendments of the Declaration, and the Articles of Incorporation and Bylaws of the Association. Such amendments shall be permitted for the purposes of correcting spelling, grammar, dates, cross references, or typographical errors or as may otherwise be required to clarify the meaning of any provision of any and all such documents. No such amendment shall be permitted to make any substantive change in the provisions of this Declaration.

12.2.3 Amendments for Exercise of Reserved Rights. During the Special Declarant Rights Period, the Declarant may make amendments to this Declaration as necessary and/or as required by applicable law in connection with the exercise of any rights reserved by the Declarant under this Declaration.

Section 12.3 Amendment of Declaration by Members. Except as otherwise provided in this Declaration, and subject to the provisions elsewhere contained in this Declaration requiring the consent of Declarant or others (including, but not limited to, Article 11 above and Section 3.48 above), any provision of this Declaration, including, without limitation, any covenant, condition, restriction, or equitable servitude contained in this Declaration, may be amended or repealed at any time and from time to time by the Recording of a written statement of amendment or repeal executed by the Owners of at least sixty-seven percent (67%) of the Lots or by the vote of Members owning at least sixty-seven percent (67%) of the Lots at duly constituted meetings of the Members and the Recording of a certificate of such vote of amendment or repeal executed on behalf of the Association by the President of the Association or any member of the Board. The amendment or repeal shall be effective on Recording of such instrument or on such later date as is specifically stated in such instrument. No such instrument shall be required to be in any particular form.

Section 12.4 Required Consent of Declarant. Notwithstanding any other provision in this Declaration to the contrary, any amendment, modification, or repeal of any provisions of this Declaration during the Special Declarant Rights Period shall not be effective unless Declarant has given its written consent to such amendment or repeal, which consent may be evidenced by the execution by Declarant of any certificate of amendment or repeal. The foregoing requirement for consent of Declarant to any amendment or repeal shall terminate upon termination of the Special Declarant Rights Period, except that the requirement for Declarant consent shall not terminate until ten (10) years after termination of the Special Declarant Rights Period with respect to any amendment or repeal that operates or is effective to remove, revoke, limit, condition, or modify any right or privilege of the Declarant hereunder, including without limitation of Section 5.27 above, Section 2.2 above, this Section 12.4, or Article 9 or Article 11 above, which provisions are both covenants and contractual in nature and may not be unilaterally amended by the Owners to affect or alter the Declarant rights and privileges or the contractual agreement without the written consent of the Declarant or the assignee of such right or privilege. Each amendment to this Declaration enacted by the vote or agreement of Owners of Lots shall be applicable only to

disputes, issues, controversies, circumstances, events, claims, or causes of action that arose out of acts, omissions, events, or other circumstances that occurred after the Recording of such amendment, and no such amendment shall be applied retroactively (i) to any disputes, issues, controversies, circumstances, events, claims, or causes of action that arose out of acts, omissions, events, or other circumstances that occurred before the date of recording of such amendment in the County, or (ii) to impair the rights or obligations of any Person, including Declarant, as originally set forth in this Declaration.

Notwithstanding the foregoing, no amendment, modification or repeal of any provisions of this Declaration shall (i) affect the provisions of Section 3.48 above, and/or (ii) affect the provisions of Article 11 above which shall survive for a period of 50 years from the Recording of this Declaration.

Section 12.5 Amendment of Articles and Bylaws. The Articles of Incorporation and Bylaws may be amended in accordance with the provisions set forth in such instruments or, in the absence of such provisions, in accordance with applicable provisions of the Colorado Revised Nonprofit Corporation Act.

Section 12.6 Special Rights of First Mortgagees. The First Mortgagee as to any Lot in the Community Area, upon filing a written request therefor with the Association, shall be entitled to: (a) written notice from the Association of any default by the Mortgagor of such Lot in the performance of the Mortgagor's obligations under this Declaration, the Articles of Incorporation, the Bylaws, or the Rules and Regulations, which default is not cured within sixty (60) days after the Association learns of such default; and (b) examine the books and records of the Association during normal business hours.

Section 12.7 First Mortgagee Exemption from Rights of First Refusal. Any First Mortgagee who obtains title to any Lot pursuant to the remedies provided in the Mortgage held by such First Mortgagee or pursuant to any foreclosure of Mortgage or by deed or assignment in lieu of foreclosure shall be exempt from any right of first refusal if any such right of first refusal is ever contained in this Declaration or any Supplemental Declaration.

Section 12.8 Priority of First Mortgage Over Assessments. Subject to Section 38-33.3-316 of the Act, the First Mortgagee as to any Lot who obtains title to such Lot pursuant to the remedies provided in the Mortgage, by judicial foreclosure, or by deed or assignment in lieu of foreclosure shall take title to the Lot free and clear of any claims for unpaid Assessments or charges against such Lot which accrued prior to the time such holder acquires title to such Lot.

Section 12.9 First Mortgagee Right to Pay Taxes and Insurance Premiums. Any First Mortgagee or any such First Mortgagees, jointly or singly, shall be entitled to pay any taxes or other charges which are in default and which may or have become a charge against any of the Common Areas and may pay any overdue premiums on hazard insurance policies for any Common Areas, and the First Mortgagees making such payments shall be entitled to immediate reimbursement therefor from the Association.

Section 12.10 Notices. Any notice permitted or required to be given under this Declaration or under the Bylaws, including any notice by the Association to any Member or Owner

and any notice by any Member or Owner to another Member or Owner required by this Declaration or the Bylaws, shall, unless otherwise specified in this Declaration or in the Bylaws, be in writing and may be given either personally, by regular mail, certified mail, registered mail, local or national commercial courier or delivery service, successful and confirmed facsimile transmission, or by any other means that is then commonly in use in the United States as a means of giving important notices and which is designated by the Board as an appropriate means for giving notices hereunder. All notices given by regular mail shall be deemed to have been received on the third business day after being mailed and all other notices shall be deemed to have been received on the date actually delivered unless the Board shall adopt a universally applicable rule as to any specific method of giving notices, in which case such rule shall be applicable to all notices given by such method. All notices shall be to any Person at the address given by such Person to the Association for the purpose of service of such notice or to the Lot of such Person if no address has been given to the Association. Such address may be changed from time to time by notice in writing to the Association; provided that all such notices shall be at addresses located in the United States and no more than two (2) Persons and addresses (other than the First Mortgagee) may be designated as being entitled to notices with respect to any Lot. If directions for notice are given to the Association that are inconsistent with the foregoing, the Association may ignore such directions.

Section 12.11 Persons Entitled to Enforce Declaration. Subject to Article 11 above, the Association, acting by authority of the Board, and any Member of the Association shall have the right to enforce any or all of the provisions, covenants, conditions, easements, restrictions, and equitable servitudes contained in this Declaration against any property within the Community Area and the Owner thereof. Subject to Article 11 above, the right of enforcement shall include the right to bring an action for damages as well as an action to enjoin any violation of any provision of this Declaration.

Section 12.12 Violations Constitute a Nuisance. Any violation of any provision, covenant, condition, restriction, and equitable servitude contained in this Declaration, whether by act or omission, is hereby declared to be a nuisance and may be enjoined or abated, whether or not the relief sought is for negative or affirmative action, by any Person entitled to enforce the provisions of this Declaration.

Section 12.13 Enforcement by Self-Help. Subject to the provisions Article 11 above, Declarant or the Association, or any authorized agent of either of them, may enforce, by self-help, any of the provisions, covenants, conditions, restrictions, and equitable servitudes contained in this Declaration. Violation of the provisions contained in Article 3 above by an Owner shall permit the Association to enter onto the Lot of the Owner and cure the violation or cause compliance with this provision and to levy and collect a Specific Assessment for the costs and expenses of the Association in so doing; *provided, however*, that there shall be no entry into the interior of a Dwelling without the consent of the Owner thereof or a court order unless a clear emergency with imminent risk of personal injury or damage of property exists.

Section 12.14 Remedies Cumulative. Each remedy provided under this Declaration is cumulative and not exclusive.

Section 12.15 Costs and Attorneys' Fees. In any action or proceeding under this Declaration (except as otherwise provided in Article 11) the substantially prevailing party shall recover its costs and expenses in connection therewith including reasonable attorneys' fees.

Section 12.16 Limitation on Liability. The Association, the Board, the Design Review Committee, Declarant, and any member, agent, or employee of any of the same shall not be liable to any Person for any action or for any failure to act if the action or failure to act was in good faith and without malice.

Section 12.17 Mechanics Liens. Upon completion of the construction to be performed by Declarant, no labor performed or materials furnished and incorporated in a Lot at the request or with the consent of the Owner thereof or the Owner's agent, contractor, or subcontractor shall be the basis for the filing of a lien against the Lot of any other Owner not expressly consenting to or requesting the same, or against the Common Area. Each Owner shall indemnify and hold harmless the other Owners and the Association from and against all liability arising from the claim of any lien against the Lot of any other Owner or against the Common Area for construction performed or for labor, materials, services, or other products incorporated in or otherwise attributable to the Owner's Lots at such Owner's request.

Section 12.18 No Representations or Warranties. Neither Declarant nor any of the agents or employees of any of them makes any representation regarding views, the future use, appearance or height of improvements on any adjacent property, or the selling price of homes, or the desirability of any particular location, zoning and subdivision regulations, or taxes. Declarant makes no warranty or representation as to the presence or non-presence of radon or other naturally occurring hazardous environmental conditions on the Community Area, or to the effect of any such condition on the Lots or Improvements, or the Association or Owners.

Section 12.19 Liberal Interpretation. The provisions of this Declaration shall be liberally construed as a whole to effectuate the purpose of this Declaration.

Section 12.20 Conflict of Provisions. Except to the extent any provision of this Declaration is inconsistent with the Act, 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 12.21 Governing Law. The validity and effect of this Declaration shall be determined in accordance with the laws of the State of Colorado.

Section 12.22 Severability. Each of the provisions of this Declaration shall be deemed independent and severable, and the invalidity or unenforceability or partial validity or partial enforceability of the provisions or portion thereof shall not affect the validity or enforceability of any other provision.

Section 12.23 Number and Gender. Unless the context requires a contrary construction, the singular shall include the plural and the plural the singular, and the masculine, feminine, or neuter genders shall each include the masculine, feminine, and neuter genders.

RECEPTION#: 968263,Date: 1/4/2024 1:47 PM,
Pages: 55 of 65 , DECCOV RECORDING $333.00
Montrose County, CO. Tressa Guynes, Clerk and Recorder

Section 12.24 Third-Party Beneficiary. For a period of ten (10) years after the termination of Special Declarant Rights Period, Declarant shall have the right, but not the obligation, to attend meetings of the Members and Board and to receive copies of minutes or notices of action from meetings of the Board, Members, or any permanent or standing committee of the Board.

[*Signature page on following pages*]

RECEPTION#: 968263,Date: 1/4/2024 1:47 PM,
Pages: 56 of 65 , DECCOV RECORDING $333.00
Montrose County, CO. Tressa Guynes, Clerk and Recorder

IN WITNESS WHEREOF, the undersigned Declarant has executed this Declaration this 15th day of December, 2023.

Declarant:

VALLEY RANCH MONTROSE, LLC,
a Colorado limited liability company

By: _____
David Coker, Manager

STATE OF COLORADO)
) ss.
COUNTY OF MONTROSE)

The foregoing instrument was acknowledged before me this 18 day of December, 2023, by David Coker, as Manager of Valley Ranch Montrose, LLC, a Colorado limited liability company, on behalf of the limited liability company.

Witness my hand and official seal.

(S E A L)

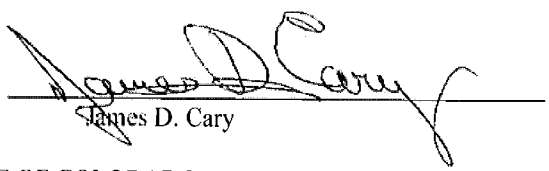
Notary Public _____
My Commission Expires: _____

LISA CARLSON
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID 20064011902
MY COMMISSION EXPIRES MARCH 27, 2026

[*Signatures continued on following page*]

RECEPTION#: 968263,Date: 1/4/2024 1:47 PM,
Pages: 57 of 65 , DECCOV RECORDING $333.00
Montrose County, CO. Tressa Guynes, Clerk and Recorder

Cary:



James D. Cary

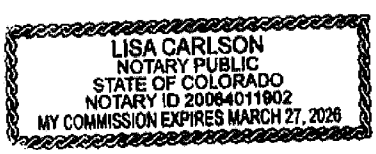
STATE OF COLORADO)
) ss.
COUNTY OF MONTROSE)

The foregoing instrument was acknowledged before me this 18 day of December, 2023, by James D. Cary.

Witness my hand and official seal.

(S E A L)

Notary Public Lisa Carlson
My Commission Expires:



[*Signatures continued on following page*]

RECEPTION#: 968263,Date: 1/4/2024 1:47 PM,
Pages: 58 of 65 , DECCOV RECORDING $333.00
Montrose County, CO. Tressa Guynes, Clerk and Recorder

Cokers:

David W. Coker

Barbara Coker

STATE OF COLORADO)
) ss.
COUNTY OF MONTROSE)

The foregoing instrument was acknowledged before me this 18 day of December, 2023, by David W. Coker and Barbara Coker.

Witness my hand and official seal.

(S E A L)

Notary Public Lisa Carlson
My Commission Expires:

LISA CARLSON
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID 20064011902
MY COMMISSION EXPIRES MARCH 27, 2026

RECEPTION#: 968263,Date: 1/4/2024 1:47 PM,
Pages: 59 of 65 , DECCOV RECORDING $333.00
Montrose County, CO. Tressa Guynes, Clerk and Recorder

MORTGAGEE CONSENT

Consent is hereby given to this Amended and Restated Declaration of Covenants, Conditions, Restrictions and Easements For Falls At Valley Ranch (the "Declaration"). The undersigned agrees and acknowledges that any foreclosure or enforcement of any other remedy available to the undersigned under the Deed of Trust recorded on July 9, 2021, at Reception No. 938351, in the records of the Clerk and Recorder of the County of Montrose, Colorado (the "Mortgage"), or under any other deeds of trust or other security agreements for the benefit of the undersigned with regard to the Community described in this Declaration will not render void or otherwise impair the validity of the Declaration. Additionally, the undersigned subordinates the lien and interests of the undersigned under said Mortgage as above referenced and under any other deeds of trust or other security agreements for the benefit of the undersigned with regard to the Community described in the Declaration to the covenants, terms and conditions of the Declaration.

Bank of Colorado

By: _____
Brad Oberto, Vice President

TRISHA HALDERMAN
Notary Public
State of Colorado
Notary ID # 20224026915
My Commission Expires 07-11-2026

STATE OF COLORADO)
) ss.
COUNTY OF MONTROSE)

The foregoing instrument was acknowledged before me this 18 day of Decembe, 2023, by Brad Oberto, as Vice President of Bank of Colorado.

(S E A L)

Notary Public Trisha Halderman
My Commission Expires: 7/11/26

RECEPTION#: 968263,Date: 1/4/2024 1:47 PM,
Pages: 60 of 65 , DECCOV RECORDING $333.00
Montrose County, CO. Tressa Guynes, Clerk and Recorder

EXHIBIT A
LEGAL DESCRIPTION OF COMMUNITY AREA
SUBJECT TO THE DECLARATION

Lots

LOTS 1 THROUGH 7, THE FALLS AT VALLEY RANCH, ACCORDING TO THE PLAT THEREOF RECORDED MARCH 15, 2023 UNDER RECEPTION NO. 960115, COUNTY OF MONTROSE, STATE OF COLORADO.

Common Areas

TRACT A, TRACT B, AND TRACT C, THE FALLS AT VALLEY RANCH, ACCORDING TO THE PLAT THEREOF RECORDED MARCH 15, 2023 UNDER RECEPTION NO. 960115, COUNTY OF MONTROSE, STATE OF COLORADO,

AND

ALL DRAINAGE, IRRIGATION, AND ACCESS EASEMENTS DESCRIBED AND DEPICTED ON SAID PLAT AS BEING CONVEYED TO THE ASSOCIATION.

RECEPTION#: 968263,Date: 1/4/2024 1:47 PM,
Pages: 61 of 65 , DECCOV RECORDING $333.00
Montrose County, CO. Tressa Guynes, Clerk and Recorder

EXHIBIT B

LEGAL DESCRIPTION OF ANNEXABLE PROPERTY

Annexable Property

OUTLOT A, THE FALLS AT VALLEY RANCH, ACCORDING TO THE PLAT THEREOF RECORDED MARCH 15, 2023 UNDER RECEPTION NO. 960115, COUNTY OF MONTROSE, STATE OF COLORADO.

RECEPTION#: 968263,Date: 1/4/2024 1:47 PM,
Pages: 62 of 65 , DECCOV RECORDING $333.00
Montrose County, CO. Tressa Guynes, Clerk and Recorder

EXHIBIT C

MATTERS OF RECORD AFFECTING COMMUNITY AREA

1. Reservations contained in the Patent

   From: The United States of America
   Recording Date: June 10, 1891
   Recording No: Book 8 Page 131

   Which among other things recites as follows:

   Any vested and accrued water rights for mining, agricultural, manufacturing or other purposes and rights to ditches and reservoirs used in connection with such water rights as may be recognized and acknowledged by local customs, laws and decisions of courts.

   The right of the proprietor of a vein or lode to extract and remove his ore therefrom should the same be found to penetrate or intersect the premises hereby granted as provided by law.

2. Reservations contained in the Patent

   From: The United States of America
   Recording Date: June 20, 1912
   Recording No: Book 103 Page 575

   Which among other things recites as follows:

   A right of way thereon for ditches or canals constructed by the authority of the United States of America.

   Any vested and accrued water rights for mining, agricultural, manufacturing or other purposes and rights to ditches and reservoirs used in connection with such water rights as may be recognized and acknowledged by local customs, laws and decisions of courts.

   The right of the proprietor of a vein or lode to extract and remove his ore therefrom should the same be found to penetrate or intersect the premises hereby granted as provided by law.

3. Easement(s) for the purpose(s) shown below and rights incidental thereto, as reserved in a document:

   Reserved by: John Krebs
   Purpose: Krebs Ditch
   Recording Date: February 6, 1890
   Recording No: Book 33 Page 374

4. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

   Granted to: Kenneth L. House and Susan G. House
   Purpose: ingress and egress to and from Ogden Road and AMB Canal
   Recording Date: July 1, 1988
   Recording No: Book 787 Page 155

5. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in document:

   Granted to: Tri County Water Conservancy District
   Purpose: utilities
   Recording Date: December 28, 1990
   Recording No: Book 815 Page 233

6. Terms, conditions, provisions, agreements and obligations contained in the Agreement as set forth below:

   Recording Date: June 21, 1993
   Recording No: Book 855 Page 396

7. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

   Granted to: Tri County Water Conservancy District
   Purpose: utilities
   Recording Date: February 13, 2006
   Recording No: 750894

8. Any rights, interest or easements in favor of the United States, the State of Colorado or the Public, which exists or are claimed to exist in and over the present and past bed, banks or waters of Dry Cedar Creek.

9. Terms, conditions, provisions, agreements and obligations contained in the Cooperative Agreement for Damage Prevention Fencing as set forth below:

   Recording Date: December 17, 1991
   Recording No: Book 827 Page 976

10. Terms, conditions, provisions, agreements and obligations contained in the Agreement as set forth below:

    Recording Date: January 24, 2003
    Recording No: 697856

11. Terms, conditions, provisions, agreements and obligations contained in the Plat of Yocum Subdivision as set forth below:

    Recording Date: December 31, 2002
    Recording No: 696756

12. Encroachment of fence upon Ogden Road right of way as disclosed by Plat of said Subdivision as set forth below:

Recording Date: December 31, 2002
Recording No: 696756

13. Right of way for Dry Cedar Creek as shown on Montrose County GIS map.

14. Notes and easements as disclosed on Annexation Maps:

Recording Date: April 21, 2021
Recording No: 934969 and 934971

15. Terms, conditions, provisions, agreements and obligations contained in the Dedication, Agreement and Declaration of Covenants as set forth below:

Recording Date: April 27, 2021
Recording No: 935273

16. Terms, conditions, provisions, agreements and obligations contained in the Dedication, Agreement and Declaration of Covenants as set forth below:

Recording Date: April 27, 2021
Recording No: 935274

17. Terms, conditions, restrictions, provisions, notes and easements but omitting any covenants or restrictions, if any, including but not limited to those based upon race, color, religion, sex, sexual orientation, familial status, marital status, disability, handicap, national origin, ancestry, source of income, gender, gender identity, gender expression, medical condition or genetic information, as set forth in applicable state or federal laws, except to the extent that said covenant or restriction is permitted by applicable law, as set forth on the Plat(s) of said subdivision set forth below:

Recording Date: March 15, 2023
Recording No: 960113

18. Terms, conditions, provisions, agreements and obligations contained in the Agreement as set forth below:

Recording Date: March 15, 2023
Recording No: 960114

19. Terms, conditions, restrictions, provisions, notes and easements but omitting any covenants or restrictions, if any, including but not limited to those based upon race, color, religion, sex, sexual orientation, familial status, marital status, disability, handicap, national origin, ancestry, source of income, gender, gender identity, gender expression, medical condition or genetic information, as set forth in applicable state or federal laws, except to the extent that said covenant or restriction is permitted by applicable law, as set forth on the Plat(s) of said subdivision set forth below:

Recording Date: March 15, 2023
Recording No: 960115

20. A deed of trust to secure an indebtedness in the amount shown below,
Amount: $611,976.66

Dated: March 29, 2023
Trustor/Grantor: Dave W. Coker and Barbara Coker
Trustee: Montrose County Public Trustee
Beneficiary: Bank of Colorado
Recording Date: March 29, 2023
Recording No.: 960493

Disbursers Notice recorded March 29, 2023 at Reception No. 960494
(Pertains to Parcel 2)

21. Terms, conditions, provisions, agreements and obligations contained in the Letter of Acknowledgement as set forth below:

Recording Date: September 14, 2023
Recording No: 965403

22. A deed of trust to secure an indebtedness in the amount shown below,
Amount: $1,037,609.00
Dated: September 18, 2023
Trustor/Grantor: Coker Family Partnership LLLP, Valley Ranch Montrose LLC
Trustee: Montrose County Public Trustee
Beneficiary: Bank of Colorado
Recording Date: September 20, 2023
Recording No.: 965511

23. Covenants, conditions, restrictions and lien rights but omitting any covenants or restrictions, if any, including but not limited to those based upon race, color, religion, sex, sexual orientation, familial status, marital status, disability, handicap, national origin, ancestry, source of income, gender, gender identity, gender expression, medical condition or genetic information, as set forth in applicable state or federal laws, except to the extent that said covenant or restriction is permitted by applicable law, and any and all amendments thereto, as set forth in the document

Recording Date: November 16, 2021
Recording No: 943700