

Comparison of Current Declarations with Proposed Declaration

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Comparison of Current Declarations from 2012 (Left Column) with Proposed Declaration for 2021 (Right Column)

<p>Table of Contents appropriate to the Current Declaration</p>	<p>Table of Contents appropriate to the Proposed Declaration <i>(NOTE: Items in red and italics are informational text and not part of the proposed amended document .)</i></p>
<p>THIS AMENDED AND RESTATED DECLARATION is made and entered into as of the date of signature, and approved by the requisite number of votes and written consents of the members of THE RANCH PROPERTY OWNERS ASSOCIATION, a Colorado non-profit corporation (the "Association") in a vote by written ballot initiated by a letter to the members dated March 5, 2012 and concluded by a counting of the ballots on April 16, 2012.</p>	<p>THIS SECOND AMENDED AND RESTATED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR THE RANCH, La Plata County, Colorado, (this "Declaration") is made as of _____, 2021 by the undersigned persons, who are duly authorized to execute this document on behalf of The Ranch Property Owners Association (the "Association") a Colorado nonprofit corporation located in Durango, Colorado 81301.</p>
<p><u>RECITALS</u></p> <p><u>The Declaration:</u> The property described on Exhibit A, dated April 2, 2006 attached hereto and made a part hereof by this reference (the "Property") has been made, in whole or in part, subject to the AMENDED AND RESTATED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR THE RANCH dated October 25, 2011(the "Prior Declarations") and placed on record in the office of the Clerk and Recorder of La Plata County, Colorado on January 6, 2012 under Reception No. 1040918.</p> <p><u>Purpose and Procedure.</u> The Purpose of this instrument is to terminate, in its entirety, the Prior Declarations and to replace them with the following Amended and Restated Declaration of Covenants, Conditions and Restrictions of The Ranch (the "Amended and Restated Declaration"). The Prior Declarations, specifically Section 7.01 A provide for amendment by:</p> <p>“A) AMEND OR REPEAL Except as otherwise provided in this DECLARATION, the DECLARATION may be amended or repealed at any time by the vote or written consent of a two-thirds (2/3) majority of the Owners of the Lots then within the Ranch, evidenced by the recordation of a written instrument setting forth in full said amendment or repeal duly certified by the Secretary of the Board if consent of the</p>	<p>RECITALS</p> <p>A. The owners of lots within the common interest community known as The Ranch desire to amend and restate that certain First Amendment to Amended and Restated Declaration of Covenants, Conditions and Restrictions For The Ranch recorded at Reception No. 1130767 on July 13, 2017 and those certain Amended and Restated Declaration of Covenants, Conditions, and Restrictions for The Ranch recorded May 16, 2012 at Reception No. 1046918, January 6, 2012 at Reception No. 1040918, recorded on June 8, 2006 at Reception No. 935450, and recorded on February 16, 2001 at Reception No. 800591 (collectively all of the foregoing amendments are referred to herein as the "Prior Declaration"). The Prior Declaration amended and terminated a number of declarations and covenants pertaining to different parcels of the property comprising The Ranch which are not referenced herein but which are identified in that certain second amendment to the covenants, conditions and restrictions for "The Ranch" recorded on March 7, 1991 at Reception No. 607484 (the "1991 Declaration").</p> <p>B. Among other things, the purpose for amending and restating the Declaration is to (i) eliminate provisions which are no longer applicable; (ii) correct conflicting provisions; (iii) eliminate the design review criteria and procedures which have been moved and made a part of a separate instrument entitled The Ranch Property Owners</p>

Owners is obtained by vote, or by recordation of the written instrument setting forth in full said amendment or repeal and executed by the owners as set forth above”.

In the event that any provision is determined to be invalid in that such provision establishes an additional burden not properly constituting an amendment in accordance with the terms of the Prior Declarations, such invalid provision shall not affect the validity of the remainder of the terms and provisions set forth in this Amended and Restated Declaration.

PREAMBLE

The Property shall be known as “THE RANCH.” It is the intent and purpose of this Amended and Restated Declaration to preserve the great charm and natural beauty of the Property through the use of a coordinated plan of development and maintenance as expressed in the terms of this instrument. It is assumed that each purchaser of property in The Ranch shall be motivated to preserve these qualities through community cooperation and by enforcing not only the letter but also the spirit of this instrument and it is the intention of this instrument that each covenant, condition and restriction contained herein shall be understood and construed to achieve the objective of preserving the charm and natural beauty of the area and the value of each LOT therein.

Association Architectural Rules; (iv) eliminate provisions which are now contained in the Bylaws and Governance Policies and Procedures and (v) create additional provisions that bring the Association and its governing documents into compliance with changes in Colorado law governing the operation of common interest pursuant to the Colorado Common Interest Ownership Act as set forth in Colorado Revised Statutes §§ 38-33.3-101 et. seq. (the “Act”).

C. This Declaration shall supersede and replace, in its entirety, the Prior Declaration (which includes all of the instruments described in paragraph A above) of record in the La Plata County real property records.

D. The Association desires to protect and maintain The Ranch as a residential area of high quality and value; to enhance and protect its desirability and attractiveness; and to provide for the enhancement of natural resources and the maintenance of the common access and utilities serving the community, pursuant to this Declaration.

E. The Owners, by no less than the affirmative vote of two-thirds of Owners of Lots within The Ranch, and pursuant to 38-33.3-217 of the Act, have approved and hereby adopt this Declaration.

ARTICLE I

DECLARATION AND SUBMISSION

The real property described on Exhibit A attached hereto and incorporated herein (the “Property”) shall be leased, held, sold, and conveyed subject to the following covenants, conditions, and restrictions, which are for the purpose of protecting the value and desirability of the common interest community, and which shall run with the land and be binding on all parties and heirs, successors, and assigns of parties having any right, title, or interest in all or any part of the Property. The Property identified herein is subject to the provisions of the Act.

ARTICLE I

DEFINITIONS

Unless the context otherwise specifies or requires, the terms defined in this Article I shall have the meanings herein specified for all purposes of this DECLARATION.

ADDITIONAL LANDS means those lands described as:

- Phase II-DI on The Ranch Amended Subdivision Plat/Boundary Adjustment, Project No. 92- 11, recorded on March 25, 1992 as Reception No. 624677, LESS AND EXCEPT the following described tracts:
- Amended Phase II-D1, Amended Plat, Project No. 94-32, recorded on December 29, 1994 as Reception No. 680648;
- Phase II-D2A, Final Plat, Project No. 97-46, recorded on June 5, 1997 as Reception No. 727411;
- Phase II-D2B, Preliminary Plat, Project No.2000-97, County of La Plata, State of Colorado, according to the recorded plat thereof filed for record September 8, 2000 under Reception No. 792483.

ANIMAS CONSOLIDATED DITCH CO. WATER shall mean water for irrigation and piscatorial (fish propagation), maintenance of stock, storage in aesthetic ponds, domestic and recreation purposes.

ANIMAS WATER CO. WATER shall mean water for domestic purposes.

ARCHITECT shall mean a person holding a current license to practice architecture in the state of Colorado.

ARCHITECTURAL COMMITTEE or COMMITTEE shall mean the committee created pursuant to Article IV.

ARTICLE II
DEFINITIONS

The following terms when used in this Declaration or any amendment or supplement hereto shall have the following meanings:

Section 2.1 “Act” means the Colorado Common Interest Ownership Act, C.R.S. §§ 38-33.3-101, et seq., Colorado Revised Statutes, as it may be amended from time to time.

Section 2.2 “Additional Property” means the real property consisting of approximately 5.593 acres as described in that certain warranty deed recorded on December 17, 2007 at Reception No. 969351 in the office of the clerk and recorder for La Plata County and also described as Parcel No. 5597-023-05-052. The Additional Property may be added to the Declaration subject to the terms and conditions herein.

Section 2.3 “Allocated Interests” means a fraction or percentage of the Common Expenses of the Association and a portion of the votes in the Association allocated to each Lot in accordance with Article VII.

Section 2.4 “Architectural Committee” means the committee formed pursuant to Article VI of this Declaration for the purpose of

ARCHITECTURAL COMMITTEE RULES shall mean rules adopted by the ARCHITECTURAL COMMITTEE pursuant to Section 5.05.

ARTICLES shall mean the Articles of Incorporation of THE RANCH PROPERTY OWNERS ASSOCIATION, which are filed in the Office of the Secretary of State of Colorado and incorporated herein by this reference as said ARTICLES may from time to time be amended.

ASSOCIATION or THE RANCH PROPERTY OWNERS ASSOCIATION shall mean the non-profit Membership Corporation described in Article IV, including its successors and assigns.

ASSOCIATION PROPERTY shall mean real property and any improvements thereon and personal property owned by the ASSOCIATION, if any.

BOARD shall mean the Board of Directors of the ASSOCIATION.

BUILDER shall mean any owner or contractor engaged in constructing a home.

BY-LAWS shall mean the BY-LAWS of the ASSOCIATION, which are or shall be amended from time to time in accordance with their terms.

COMMON AREA shall mean all real property (including the improvements thereto) owned by the ASSOCIATION, as referred to in Exhibit A of these DECLARATIONS, and excluding any private property, for the common use and enjoyment of the OWNERS.

CONTRACTOR shall mean any employee of an OWNER or the ASSOCIATION hired to perform work on any lot, property or common ground.

COUNTY shall mean the County of La Plata, Colorado.

maintaining the quality and architectural harmony of improvements and structures within The Ranch and for the purpose of reviewing and approving the design and construction of improvements or changes to lands within The Ranch.

Section 2.5 “Architectural Rules” means The Ranch Property Owners Association Architectural Rules dated July 15, 2019, as amended from time to time.

Section 2.6 “Articles” means the Articles of Incorporation for the Ranch Property Owners Association, Inc. filed with the Colorado Secretary of State, and any amendments made to those Articles from time to time.

Section 2.7 “Assessments” means the Annual, Special, and Default Assessments levied pursuant to Article VI.

Section 2.8 “Association” means The Ranch Property Owners Association, Inc.

Section 2.9 “Association Documents” means this Declaration, the Articles of Incorporation, the Bylaws, the Architectural Rules, the Governance Policies and Procedures and any rules and regulations adopted by the Association pursuant to the authority granted in this Declaration.

Section 2.10 “Bylaws” means the Amended and Restated Bylaws as recorded at Reception No. 1120665 on November 14, 2016 adopted by the Association, as amended from time to time.

Section 2.11 “Common Elements” means all the real property and improvements thereon, in which the Association owns an interest for the common use and enjoyment of all of the Owners on a nonexclusive basis. Such interest may include, without limitation, the Open Space depicted on the Plats, the Roads and any other easements for ingress and egress, utility easements, common landscaping, entrance

DECLARATION shall mean the covenants, conditions and restrictions set forth in this 2012 Amended and Restated Declaration.

DEED OF TRUST or TRUST DEED shall mean a mortgage as well as a deed of trust.

DEFENSIBLE SPACE PLAN is a plan for the space around a dwelling for fire mitigation purposes. The Colorado State Forest Service, an individual or company certified by a local government entity to create such a plan or the fire chief of the relevant fire protection district must create it for the property.

DEVELOPER shall mean The Ranch Development Company, including its successors and assigns, and any other entity which acquires the ADDITIONAL LANDS or any portion of THE RANCH from any of the aforesaid other than as a private OWNER.

EMERGENCY SERVICE PROVIDER is a primary provider of emergency fire fighting, law enforcement, ambulance, emergency medical, or other emergency services.

FISCAL YEAR shall mean a twelve-month period beginning April 1.

GOVERNING DOCUMENTS shall mean these DECLARATIONS, the ARTICLES, the BY- LAWS, and the SUPPLEMENTAL RANCH RULES AND REGULATIONS.

IMPROVEMENTS shall include changes to buildings, outbuildings, roads, driveways, parking areas, fences, screening walls, retaining walls, stairs, decks, hedges, windbreaks, plantings, planted trees and shrubs, poles, signs, and all other structures or landscaping of every type and kind.

LANDSCAPED AREA is that part of the LOT that can be contoured, planted, or soil amended, excluding impervious surfaces such as driveways, walkways, or decks.

mailboxes, common fencing and signage and irrigation piping and facilities.

Section 2.12 “Common Expense” means (i) all expenses expressly declared to be common expenses by this Declaration, or the Bylaws of the Association; (ii) all expenses of administering, servicing, conserving, managing, maintaining, or repairing the Common Elements, including but not limited to: maintenance, repair and improvement and snow plow of the Roads, maintenance, repair and improvement of common landscaping, common fencing, spraying and eradication of weeds, fire mitigation, maintenance, repair and improvement of irrigation systems and maintenance and replacement of mailboxes and signage; (iii) insurance premiums for the insurance carried under Article IV; and (iv) all expenses lawfully determined to be common expenses by the Executive Board of the Association, including, but not limited to, administrative, legal, accounting, and any allocations to reserves.

Section 2.13 “Common Interest Community” means the planned community which is the subject of this Declaration, consisting of the Property and all of the improvements constructed on it and otherwise known as The Ranch.

Section 2.14 “Declarant” means the original developing entity, The Ranch Development Company, Inc. and its successors and assigns, as defined in § 103(12) of the Act. The period of Declarant Control as provided under the Act has expired and Declarant no longer owns any Lots within the Common Interest Community as of the date of this Declaration.

Section 2.15 “Declaration” means and refers to this Second Amended and Restated Declaration of Covenants, Conditions, and Restrictions for The Ranch, including any future amendments or supplements thereto.

Section 2.16 “Director” means a member of the Executive Board of the Association.

LOT shall mean any parcel of real property designated for residential use on any SUBDIVISION MAP pertaining to property which is subject to this DECLARATION.

MANAGER shall mean the person or corporation appointed as such pursuant to Paragraph B of Section 4.05.

MEMBER shall mean a person who is a member of the ASSOCIATION pursuant to Section 4.02.

NOTICE shall mean a notice delivered pursuant to Section 7.06.

OPERATING FUND shall mean the fund created for the receipts and disbursements of the ASSOCIATION, pursuant to Section 6.01A.

OWNER, subject to the following provision, shall mean the person or persons holding the beneficial interest in any LOT. For the purposes of Article III, unless the context requires otherwise, OWNER shall include any type of entity, whether or not registered with the Colorado Secretary of State, e.g. Corporations, Partnerships, Limited Liability Companies, Trusts, etc., as well as the family, invitees, licensees, renters, and lessees of any owner, together with any other person(s) or entity holding any possessory interest granted by such owner in any LOT.

PLAT shall mean a map recorded in the Office of the Clerk/Recorder of the County of La Plata, State of Colorado.

POLITICAL SIGN shall mean a sign that carries a message intended to influence the outcome of an election, including supporting or opposing the election of a candidate, the recall of a public official or the passage of a ballot issue.

THE RANCH shall mean all of the real property subject to this DECLARATION as referred to in Exhibit "A", together with such other real property as may from time to time become part of THE RANCH P.U.D. pursuant to the provisions of Section 2.02.

Section 2.17 "Executive Board" (also known as Board of Directors) means the governing body of the Association elected to perform the obligations of the Association relative to the operation, maintenance, and management of the Common Interest Community and all improvements on or within the Common Interest Community.

Section 2.18 "First Mortgage" means 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; "First Mortgagee" means any person named as mortgagee in a First Mortgage.

Section 2.19 "Governance Policies and Procedures" means the Governance Policies and Procedures adopted by the Association March 10, 2015, as amended from time to time.

Section 2.20 "Improvements" means any construction, structure, equipment, fixture or facilities existing or to be constructed in the Common Interest Community, including but not limited to, buildings, fences, gates, trees and shrubbery planted by the Association, utility wires, pipes, meters and any water and irrigation facilities and equipment.

Section 2.21 "Lot" means a parcel of the real property which is designed for separate ownership or occupancy, the boundaries of which are shown on the Plat. For purposes of the Act, "Lot" shall have the same definition as the term "Unit" has under the Act. "Lot Owner" or "Owner" means any Person who owns a Lot by virtue of a fee simple deed. Lot Owner does not include a Person having only a security interest or any other interest in a Lot solely as security for an obligation. The boundaries of each Lot subject to this Declaration will be as shown in the Plats comprising the Property.

Section 2.22 "Member" means every person or entity that holds membership in the Association.

THE RANCH REGULATIONS shall mean those rules and regulations adopted by the BOARD as are in effect, from time to time, pursuant to the provisions of Section 4.05D

RECORD or RECORDED shall mean, with respect to any document, the recordation of said document in the office of the County Clerk and Recorder of the County of La Plata, State of Colorado.

RESERVE FUND shall mean the fund created for the receipts and disbursements of the ASSOCIATION, pursuant to Section 6.01 B

RESIDENT OR RESIDENTS shall mean the OWNER or occupants residing in a dwelling including guests.

SINGLE FAMILY AREA shall mean any LOT or group of LOTS classified for single-family residential use.

SINGLE FAMILY RESIDENTIAL USE shall mean occupation and use of single family dwelling in conformity with DECLARATION and the requirements imposed by applicable zoning laws or other state or municipal rules and regulations.

SUBDIVISION MAP shall mean any final map or plat of a subdivision, or an addition thereto or change therein, which has been approved and signed by the County Commissioners of the County of La Plata.

THE SUPPLEMENTAL RANCH RULES AND REGULATIONS shall mean any rule under the providence of the ASSOCIATION BOARD such as but not limited to: RANCH POLICY, RV RULES, ARCHITECTURAL RULES, SCHEDULE OF FINES, ETC.

TURF GRASS shall mean continuous plant coverage consisting of hybridized grasses that, when regularly mowed, form a dense growth of leaf blades and roots.

VISIBLE FROM NEIGHBORING PROPERTY shall mean with respect to any given object that such object is or would be visible to a person six feet tall, standing on any part of such neighboring property at

Section 2.23 “Mortgage” means any mortgage, deed of trust, or other document pledging any Lot or interest therein as security for payment of a debt or obligation. Mortgage is also defined as a Security Interest under the Act. “Mortgagee” means any person named as a mortgagee or beneficiary in any Mortgage, or any successor to the interest of any such person under such Mortgage.

Section 2.24 “Person” means an individual, corporation, trust, partnership, limited liability company, association, joint venture, government, government subdivision or agency or other legal or commercial entity.

Section 2.25 “Plat” or “Plats” means the land survey plats that have been filed in the Office of the Clerk and Recorder of La Plata County, which plats are identified in the legal description of the Property in Exhibit A.

Section 2.26 “Roads” means those access roads and ingress and egress easements, including such improvements as bridges, culverts, and like, which provide general access to The Ranch and its Lots as shown more particularly on the Plats.

Section 2.27 “Rules and Regulations” means those rules and regulations adopted, amended or repealed by the Executive Board, from time to time, for The Ranch.

Each initial capitalized term not otherwise defined in this Declaration or in the Plat shall have the same meanings specified or used in the Act.

an elevation no greater than the elevation of the base of the object being viewed.

XERISCAPE means the application of landscape planning and design, soil analysis and improvement, appropriate plant selection, limitation of turf area, use of mulches, irrigation efficiency and appropriate maintenance that results in water use efficiency and water saving practices. This is a trademarked term of the Denver Water Board.

WEBMASTER shall mean a person or persons bearing requisite computer skills and charged with creating and maintaining the ASSOCIATION internet website.

WILDLIFE AREA. The COMMON GROUND AREA shown in Ranch documents as the Ranch Common Ground Wildlife Area is left in its natural state for the enjoyment of all the residents.
No improvements, except for an RV facility or those strictly for safety, will be allowed in this area.

ARTICLE II

PROPERTY SUBJECT TO THE DECLARATION

SECTION 2.01 GENERAL DECLARATION CREATING THE RANCH

The undersigned, for themselves, all Owners in The Ranch and their successors and assigns, hereby declare that the Property described by Exhibit A, dated April 2, 2006, attached hereto and made a part hereof, together with such other property which becomes subject to this 2012 Amended and Restated Declaration in the manner hereinafter provided, and each part thereof, shall be owned, held, conveyed, hypothecated, encumbered, leased, occupied, built upon or otherwise used, improved, or transferred in whole or in part, subject to all the terms, covenants, conditions, and restrictions of this 2012 Amended and Restated Declaration, the purpose of which is to promote a general plan for the subdivision, improvement and sale of said real property and other property which may be annexed thereto. This 2012 Amended and

ARTICLE III
NAME, LOCATION, NUMBER AND SIZE OF LOTS

Section 3.1 Name. The name of the common interest community is The Ranch.

Section 3.2 Description. The entire Common Interest Community is situated in the County of La Plata, State of Colorado, is located on the Property, and is a planned community as defined in the Act.

Section 3.3 Association. The name of the association is The Ranch Property Owners Association, Inc. The Association is organized under the laws of the State of Colorado as a nonprofit corporation with the purpose of exercising the functions as herein set forth.

Section 3.4 Number of Lots. The number of Lots in The Ranch at the time of recordation of this Declaration is 107.

Restated Declaration is established for the purpose of enhancing and perfecting the value, desirability and attractiveness of said real property and every part thereof. All of the 2012 Amended and Restated DECLARATION shall apply to all of said real property for all purposes and shall be binding upon and inure to the benefit of DEVELOPER, the ASSOCIATION, all OWNERS, and any person acquiring or owning an interest in the Property, their grantees, successors, heirs, executors, administrators, devisees or assigns. For the purposes set forth above and herein, it is declared that Parcels A and B of Phase II-C2 Final Plat, Project No. 89-39 according to the plat recorded June 13, 1989 as reception No. 579125 are relieved entirely of any burden related to this and the Prior Declarations.

SECTION 2.02 ADDITION OF OTHER REAL PROPERTY OWNED BY DEVELOPER

The ADDITIONAL LANDS may be added to the Property and made a part of The Ranch subject to the DECLARATION provided that all of the following criteria are satisfied:

- A. ADDITION PROCEDURE The addition of any such property shall become effective when, and only when, the last of each of the following events occurs:
1. DEVELOPER shall have recorded a declaration, which may consist of more than one document and which shall among other things, (a) describe the real property which is to be added (b) set forth or refer to such additional covenants, conditions and restrictions applicable to such property as provided in Paragraph C below, and (c) declare that such property is and shall be held, conveyed, hypothecated, encumbered, leased, rented, used, occupied and improved subject to the DECLARATION;
 2. In addition to any notices required by the Colorado subdivision laws and La Plata County subdivision regulations, DEVELOPER shall provide notice to the

**ARTICLE XVI
ADDITIONAL PROPERTY**

Section 16.1 Additional Property. The inclusion of Additional Property within the Ranch common interest community requires the approval of the Executive Board. Provided that all of the Additional Property Conditions of Exhibit B have been met, the Executive Board is authorized to execute and record a Supplemental Declaration in the real property records of La Plata County, Colorado. The Supplemental Declaration will modify Exhibit A to include the Additional Lands and will modify the Number of Lots in Section 2.5 and the Allocation of Interests so as to reflect the inclusion of the new Lots. The Supplemental Declaration, as described in this Section 16.1, will not require an Owner vote prior to its execution and recordation.

**EXHIBIT B.
RIGHTS AND DUTIES ASSOCIATED WITH THE
ADDITIONAL PROPERTY**

Additional property may be added to the Property and made a part of The Ranch subject to the Declaration provided that all of the following eight (8) criteria are satisfied:

1. In addition to any notices required by the Colorado subdivision laws and La Plata County subdivision regulations, the Additional

Board of Directors of THE RANCH PROPERTY OWNER'S ASSOCIATION of the DEVELOPER 's intention to add property under this Section. Such notice shall be given in the manner set forth in Article VII Section 7. 06 of the DECLARATION at the Association's address of 32852 Highway 550 North, Durango, Colorado 81301;

3. In the notice to the Board of Directors referred to in paragraph 2 above, DEVELOPER shall certify to the Board of Directors that the property to be added shall be developed in accordance with the DECLARATION and that development of the additional property shall be comparable to and consistent with the previously completed areas of THE RANCH development;
4. In the notice to the Board of Directors referred to in paragraph 2 above, DEVELOPER shall set forth a preliminary plan for the landscaping of the COMMON AREAS of the additional property, together with a proposed schedule for completion of installation. DEVELOPER shall certify to the Board of Directors that the landscaping for the additional property shall be comparable in appearance and complementary to the landscaping of the previously completed areas of THE RANCH development;
5. In the notice to the Board of Directors referred to in paragraph 2 above, DEVELOPER shall provide a proposed schedule for completion of installation of the irrigation system for the additional property, shall provide a schematic drawing of the proposed location of all irrigation equipment, motors, pumps and lines and shall certify to the Board of Directors that the irrigation system for the additional property shall comply with the following standards:

Property Owner shall provide notice to the Executive Board of the Additional Property Owner's intention to add property under this Section.

3. The Additional Property Owner shall certify to the Executive Board that the property to be added shall be developed in accordance with the Declaration and Architectural Rules and that development of the additional property shall be comparable to and consistent with the previously completed areas of The Ranch.
4. The Additional Property Owner shall set forth a preliminary plan for the landscaping of the Common Areas of the additional property, together with a proposed schedule for completion of installation. The Additional Property Owner shall certify to the Executive Board that the landscaping for the additional property shall be comparable in appearance and complementary to the landscaping of the previously completed areas of The Ranch.
5. The Additional Property Owner shall provide a proposed schedule for completion of installation of the irrigation system for the Additional Property and shall provide a schematic drawing of the proposed location of all irrigation equipment, motors, pumps and lines to the Executive Board for its review and approval.

- The irrigation system shall be capable of delivering water for three (3) hours every other day to each LOT between 7:00 a.m. and 7:00 p.m. at a pressure of not less than 40 psi.
- The irrigation system installed for the additional property shall be automated by time activation;
- DEVELOPER shall install a ¾" irrigation water tap for all LOTS under 10,000 sq. ft. in size;
- DEVELOPER shall install a 1" irrigation water tap for all LOTS between 10,000 and 25,000 sq. ft. in size; and
- DEVELOPER shall install a 1-1/2" irrigation water tap for all LOTS greater than 25,000 sq. ft. in size;

6. In the notice to the Board of Directors referred to in paragraph 2 above, DEVELOPER shall certify to the Board of Directors that the roads constructed for the additional property shall be constructed in accordance with the road standards established by La Plata County. Further, the DEVELOPER shall certify to the Board of Directors that conformance of the roads to County standards shall be assured through testing of sub-grade and surface by a qualified engineering firm;

7. Upon DEVELOPER's compliance with paragraph 1, above, and upon the Board's receipt of the DEVELOPER's notice given in compliance with paragraphs 2, 3, 4, 5 and 6, above, the BOARD shall, within thirty (30) days after receipt of the notice, direct the appropriate officer of THE RANCH PROPERTY OWNER'S ASSOCIATION to execute the final subdivision map(s) of the additional property and any other required documents, indicating acceptance of the additional property by THE RANCH

6. The Additional Property Owner shall certify to the Executive Board that the roads constructed for the Additional Property shall be constructed in accordance with the road standards established by La Plata County. Further, the Additional Property Owner shall certify to the Executive Board that conformance of the roads to County standards shall be assured through testing of sub-grade and surface by a qualified engineering firm.

PROPERTY OWNER'S ASSOCIATION. If for any reason the final subdivision map is not executed by the ASSOCIATION within thirty (30) days after receipt of DEVELOPER 's notice, the addition of the property shall be deemed effective for all purposes the same as if the duly authorized officer of the ASSOCIATION had executed the final subdivision map; and

8. A subdivision map shall have been recorded with the County Clerk/Recorder, La Plata County, Colorado with respect to the real property to be added.

Article II, section 2.02 is intended to allow the development of the Additional Lands in a manner that preserves the present beauty and high standards of THE RANCH.

B. EFFECT OF ADDITION Upon any such addition becoming effective, DEVELOPER shall promptly transfer by special warranty deed to the Association all COMMON AREAS and improvements thereon, and such mineral rights as DEVELOPER may hold or obtain, as they exist and as they are shown on the final subdivision map for such additional property, excluding water lines which shall be conveyed to Animas Water Company.

DEVELOPER shall provide title insurance, at DEVELOPER 's cost, for the COMMON AREAS conveyed hereunder.

SUBSEQUENT TO THE EFFECTIVE DATE OF THE ADDITION OF ADDITIONAL LANDS, THE BOARD OF THE ASSOCIATION IS AUTHORIZED TO AND SHALL EXECUTE AND RECORD AN UPDATED EXHIBIT A TO THIS DECLARATION, DESCRIBING THE PROPERTY AS MODIFIED BY THE ADDITION.

C. LAND CLASSIFICATION AND USE The declaration referred to in Paragraph A.1. of this Section 2.02, with respect to all or any part of the property described in said declaration, shall state:

7. A subdivision map shall have been recorded with the County Clerk/Recorder, La Plata County, Colorado with respect to the real property to be added.

8. The Additional Property Owner shall transfer by special warranty deed to the Association all Common Areas and improvements thereon, and such mineral rights as Additional Property Owner may hold or obtain, as they exist and as they are shown on the final subdivision map for such additional property, excluding water lines which shall be conveyed to Animas Water Company. The Additional Property Owner shall provide title insurance, at Additional Property Owner's cost, for the Common Areas conveyed hereunder.

<ol style="list-style-type: none"> 1. that land classification and use shall be the same as that applicable to LOTS at that time a part of THE RANCH; 2. that the DECLARATION for THE RANCH in effect at the time of addition shall apply to the property added and 3. that no added LOT should be less than 12,000 square feet in land area. 	<p>2. No added Lot in the Additional Property shall be less than 12,000 square feet in land area.</p>
<p><u>ARTICLE III</u> <u>USES AND RESTRICTIONS</u></p> <p><u>SECTION 3.01 SINGLE FAMILY AREAS; PERMITTED USES AND RESTRICTIONS</u></p> <p>All LOTS are subject to all of the following limitations and restrictions; violations may result in actions and/or fines by the ASSOCIATION.</p> <p>A. <u>LAND USE.</u> No LOT may be used other than for single-family residential purposes and other purposes expressly authorized herein. No retail, wholesale, manufacturing, service or repair businesses shall be permitted on any building site or in any dwelling or related structure erected thereon or on any COMMON AREA. A prohibited "service" business is NOT intended to include a business run out of a home office which is operated by a single proprietor, has no other employees, involves only occasional visits by third parties, and the operation of which does not result in a NUISANCE under this DECLARATION or any related documents.</p> <p>B. <u>OWNERSHIP OF LOTS.</u> At no time, will an individual or group of related individuals, or any one or more corporations, trusts or other legal entities owned by or under common control of an individual or group of related individuals be allowed to own more than two (2) LOTS. This Section and Section 7.05 shall not apply to LOTS for which an OWNER has recorded a deed or conveyance, the recording date of which precedes the date of recording of this AMENDED DECLARATION. LOTS, the deeds for which are recorded subsequent to the date of</p>	<p><u>ARTICLE IX</u> <u>LAND USE RESTRICTIONS</u></p> <p>The Property shall be held, used, and enjoyed subject to the following limitations and restrictions which shall apply to Owners and their tenants, guests, family and invitees. Owners and their tenants, guests, family and invitees shall be collectively referred to herein as "Occupants."</p> <p>Section 9.1 Single Family Areas; Permitted Uses and Restrictions. All Lots are subject to all of the following limitations and restrictions; violations may result in actions and/or fines by the Association.</p> <p>A. Land Use. No Lot may be used other than for single-family residential purposes and other purposes expressly authorized herein. No retail, wholesale, manufacturing, service or repair businesses shall be permitted on any building site or in any dwelling or related structure erected thereon or on any Common Area. A prohibited "service" business is NOT intended to include a business run out of a home office which is operated by a single proprietor, has no other employees, involves only occasional visits by third parties, and the operation of which does not result in a nuisance or excessive traffic under this Declaration or any related documents.</p> <p>B. Ownership of Lots. At no time, will an individual or group of related individuals, or any one or more corporations, trusts or other legal</p>

recording, of this AMENDED DECLARATION, shall be subject to all of the provisions of this Section

- C. SETBACK REQUIREMENTS. For LOTS included in property described in Exhibit “A”, there shall be a minimum side setback requirement of five (5) feet, and a twenty-five (25) foot street setback measured from the foundation of a building closest to the relevant property line to that property line, except garages which can be no closer than fifteen (15) feet from the property line bordering the right of way of any street. For LOTS added by steps described in Section 2.02 of Article II, there shall be a minimum side setback requirement of ten (10) feet and a twenty-five (25) foot street setback measured from any portion of a building, excepting garages which can be no closer than fifteen (15) feet from a street right of way. The location of each IMPROVEMENT must be approved in advance by the Architectural Committee.
- D. CONTINUITY OF CONSTRUCTION. Actual construction time is not to exceed 270 days from the date that the building permit is issued. No development of any kind will commence until the Owner provides a copy of the County building permit to the Architectural Committee.
- E. F. CONTRACTORS Work may be performed on weekdays between the hours of dawn and dusk. Any work to be done on Saturdays must not commence before 8:00 a.m. and must end by 5:00 p.m. Only work of an emergency nature, such as work to prevent serious damage, is to be conducted on Sundays and the following holidays: New Year’s Day, Memorial Day, 4th Of July, Labor Day, Thanksgiving and Christmas. Any exceptions to this schedule and any work on Sundays or holidays must have specific written ARCHITECTURAL COMMITTEE approval in advance.
- F. DRIVEWAYS. All driveways from any street to a resident’s home are to be constructed of permanent hard-surfaced materials (asphalt, concrete, etc.)

entities owned by or under Common control of an individual or group of related individuals be allowed to own more than two (2) Lots.

C. Setback Requirements.

1. For all lots in The Ranch, with the exception of the properties defined below, there shall be a minimum side setback requirement of five (5) feet, and a twenty-five (25) foot street setback measured from the foundation of a building closest to the relevant property line to that property line, except garages which can be no closer than fifteen (15) feet from the property line bordering the right of way of any street. Lots consisting of the Additional Property must have a minimum side setback requirement of ten (10) feet and a twenty-five (25) foot street setback measured from any portion of a building, excepting garages which can be no closer than fifteen (15) feet from a street right of way.
2. Residential structures on Ranchette lots 7, 8, 9, and 10 are to be located *between* the street property line and the rear berm.
3. Common ground: There is no setback limit against the common ground except where recorded easements apply. No permanent structures or encroachments will be permitted on such easements in the common ground. Traditionally, this rule has been interpreted to mean that an improvement on private property adjacent to the common ground may be built up to the property line.

(NOTE: Contractor requirements are in the Architecture Rules, Section III A and D.)

D. Driveways. All driveways from any street to a resident’s home are to be constructed of permanent hard-surfaced materials

G. HUNTING, USE OF WEAPONS. There shall be no hunting or trapping of animals of any kind and the use of any weapons such as firearms, archery equipment, pellet guns, “BB” guns, slingshots or any other mechanism or apparatus that launches a projectile is specifically prohibited except as hereinafter provided. THE BOARD OF DIRECTORS may from time to time authorize the use of a weapon within THE RANCH to control or eliminate pests. Such authorization shall include the designation of one or more persons who may use a weapon, the specific purpose of such use and limitations with respect to time period and the type of weapon that may be used.

H. ANIMALS. No animals other than a reasonable number of generally recognized house or yard pets shall be maintained on any LOT, and then only if they are kept, bred or raised thereon solely as household pets for private use. No such animal may be kept which makes an unreasonable amount of noise or otherwise becomes a nuisance to other OWNERS. Dogs that go outside the boundaries of their OWNER’S property must be on a leash. Pet owners are responsible at all times for their pets and the immediate removal of pet waste from other OWNER’S property and COMMON AREAS. Upon request of any OWNER, the BOARD shall within thirty (30) days determine, in its sole discretion, whether for purposes of this paragraph, a particular animal shall be considered a house or yard pet, a nuisance, or whether the number of said animals on any LOT is reasonable. The ARCHITECTURAL COMMITTEE must approve the location of any building used to house animals. No more than two (2) horses or equivalent livestock shall be permitted on Ranchettes (LOTS # 7,8,9, and 10). Animals (except swine) and poultry may be maintained on Ranchettes provided the pens, corrals, barns, sheds, or other enclosures are maintained in a clean, orderly, and sanitary condition.

I. ANTENNAS. Antennas, direct broadcast satellites (DBS) dishes, or other digital satellite dishes, may be installed on an OWNER’S premises, provided such installation has advance

(asphalt, concrete, etc.). The driveway material and design are to have prior approval by the Architecture Committee.

E. Hunting; Use of Weapons. There shall be no hunting or trapping of animals of any kind and the use of any weapons such as firearms, archery equipment, pellet guns, “BB” guns, slingshots or any other mechanism or apparatus that launches a projectile is specifically prohibited except as hereinafter provided. The Executive Board may from time to time authorize the use of a weapon within The Ranch to control or eliminate pests. Such authorization shall include the designation of one or more persons who may use a weapon, the specific purpose of such use and limitations with respect to time period and the type of weapon that may be used.

F. Animals. No animals other than a reasonable number of generally recognized house or yard pets shall be maintained on any Lot, and then only if they are kept, bred or raised thereon solely as household pets for private use. No such animal may be kept which makes an unreasonable amount of noise or otherwise becomes a Nuisance to other Owners. Dogs that go outside the boundaries of their Owner’s property must be on a leash and under firm control of the Owner. Pet Owners are responsible at all times for their pets and the immediate removal of pet waste from other Owner’s property and Common Area. Upon request of any Owner, the Board shall within thirty (30) days determine, in its sole discretion, whether for purposes of this paragraph, a particular animal shall be considered a house or yard pet, a Nuisance, or whether the number of said animals on any Lot is reasonable. The Architectural Committee must approve the location of any structure used to house animals. No more than two (2) horses or equivalent livestock shall be permitted on Ranchettes (Lot Nos. 7, 8, 9, and 10). Animals (except swine) and poultry may be maintained on Ranchettes provided the pens, corrals, barns, sheds, or other enclosures are maintained in a clean, orderly, and sanitary condition.

written approval of the ARCHITECTURAL COMMITTEE. The 1996 Federal Telecommunications Act allows homeowners to install one (1) satellite dish up to one meter in diameter (39 inches). Reasonable efforts must be made to install the antenna system in an inconspicuous location not visible from the street or common areas. The objective is to make it as visually appealing as possible under the circumstances and not to interfere with the required performance. This may require installation of an architecturally compatible buffer or treatment of the dish. The ARCHITECTURAL COMMITTEE shall make the final determination whether or not any installation meets this requirement.

J. UTILITY SERVICE. All facilities for permanent utility service to any improvement (except ground mounted pedestal boxes for the communication or transmission of electric power, including telephone, television and radio signals) shall be constructed, placed or maintained in conduits or cables constructed, placed and maintained underground or concealed in, under or on buildings or other structures, all in accordance with all governmental regulations. Nothing herein shall be deemed to forbid the erection and use of temporary power or telephone services incident to the construction of approved buildings.

K. IMPROVEMENTS AND ALTERATIONS. No improvements, excavation or other work which in any way alters the exterior appearance of any LOT or common ground area (planting of lawn, shrubs and trees by an OWNER shall not be considered an alteration of the exterior appearance of a LOT except in the case of initial landscaping as discussed in Section M below) or the IMPROVEMENTS located thereon, from its natural or improved state existing on the date such LOT was first conveyed in fee by DEVELOPER to an OWNER or added to the RANCH whichever is later, and no sprinkler systems and no grading work which materially alters natural flows or involves the handling of more than ten cubic yards of material, at once or in stages, shall be made, installed or done without

(NOTE: This is in the Architecture Rules, Section V, J.)

G. Utility and Telecom Service. All facilities for permanent utility service to any improvement (except ground mounted pedestal boxes for the communication or transmission of electric power, including telephone, television and radio signals) shall be constructed, placed or maintained in conduits or cables constructed, placed and maintained underground or concealed in, under or on buildings or other structures, all in accordance with all governmental regulations. Nothing herein shall be deemed to forbid the erection and use of temporary power or telecommunication services incident to the construction of approved buildings.

H. Improvements and Alterations. Owners will not commence construction or installation of improvements, excavation, or conduct any work which alters the exterior appearance of any Lot or Common ground Area until they have submitted plans and received written approval from the Architectural Committee as required by Article VI and the Architectural Rules. For clarification, this restriction includes not only improvements and modifications to residences but also modifications and improvements to landscaping, drainage and sprinkler systems. Any change or deviation from approved plans either during or after completion of construction that alters the exterior appearance of a Lot or improvements thereon must have the separate prior approval of the Architectural Committee. Subsequent transfers of Lots from one

the prior approval of the ARCHITECTURAL COMMITTEE given pursuant to the terms of Section 3.02 hereof, unless specifically authorized by other provisions herein or by the ARCHITECTURAL COMMITTEE. Any change or deviation from approved plans either during or after completion of construction that alters the exterior appearance of a LOT or improvements thereon must have the separate prior approval of the ARCHITECTURAL COMMITTEE. Subsequent transfers of LOTS from one Owner to another Owner do not provide relief from the provisions of the ARCHITECTURAL COMMITTEE RULES.

L. TEMPORARY OCCUPANCY. No recreational vehicles, trailers, tent, shack, garage or barn, and no temporary building or structure of any kind shall be used at any time for a residence, either temporary or permanent. Temporary storage, office or work structures used during the construction of a dwelling shall be removed immediately after the completion of construction.

M. PLANTINGS AND LAWNS AND THEIR MAINTENANCE.

a. Each OWNER shall grade, landscape and plant his LOT within ninety days after house completion unless house construction is completed after September 1 of a calendar year as evidenced by the Certificate of Occupancy. In such latter event, the LOT shall be graded and landscaped as set forth above, but need not be planted until June 1st of the following calendar year. If not already existing, OWNER shall plant trees and shrubs on that part of his LOT fronting on public streets which total not less than three (3) trees of 1-1/2 inch diameter or better and ten (10) five gallon shrubs. Elm, Cottonwood and Box Elder shall not be planted. OWNER shall further plant in the LANDSCAPED AREA Turf Grass covering a minimum of 49% of the LANDSCAPED AREA. XERISCAPING principles may be used in landscaping provided these minimum

Owner to another Owner do not provide relief from the provisions of the Architectural Rules.

I. Temporary Occupancy. No recreational vehicles, trailers, tent, shack, garage or barn, and no temporary building or structure of any kind shall be used at any time for a residence, either temporary or permanent. Temporary storage, office or work structures used during the construction of a dwelling shall be removed immediately after the completion of construction.

J. Landscape, Plantings, Lawns and Their Maintenance. Each Owner shall grade, landscape and plant his Lot in accordance with the Architectural Rules.

(NOTE: This rest of this is in the Architecture Rules, Section IV, B.)

standards are met. Initial or replacement landscape planning must be reviewed and approved by the ARCHITECTURAL COMMITTEE pursuant to section 3.02 herein. Each owner shall care for all shrubs, trees, grass and planting of every kind on the Lot and, in addition, keep all planted areas between the LOT and adjacent streets, if any, neatly trimmed, properly cultivated, and free of trash, weeds, and other unsightly material. The BOARD shall have the right at any time to plant, replace, maintain and cultivate, at ASSOCIATION expense, trees or shrubs on each LOT within a distance of six feet from the right of way of any street. No OWNER shall remove, alter, injure or interfere in any way with any tree or shrub placed in such area by DEVELOPER or the BOARD unless it is to clear vegetation following a written and approved DEFENSIBLE SPACE PLAN. Upon violation of the provisions of this Paragraph by OWNER, the BOARD shall give thirty (30) days written notice of such violation to OWNER requesting that such violation is corrected. In the event said violation is not corrected within the specified 30-day period, the BOARD and its authorized agents shall have the right to enter upon the OWNER'S LOT during daylight hours of any day except Sunday for the purpose of correcting any such violation without liability for trespass or other damages necessarily caused as the result of such work, whereupon the OWNER of such LOT shall reimburse the ASSOCIATION for all expenses incurred by it.

- b. In order to maintain and enhance the beauty of THE RANCH, no living tree shall be destroyed or removed from any LOT or COMMON AREA without the express written consent of the ARCHITECTURAL COMMITTEE. unless it is to clear vegetation following a written and approved DEFENSIBLE SPACE PLAN. Removal is permitted for clear and prudent safety or security reasons. In the event of a

violation of this paragraph, the BOARD may cause such tree to be replaced with another tree of similar size and type, whereupon the OWNER of such LOT shall reimburse the ASSOCIATION for all reasonable expenses incurred by it.

- N. NUISANCES. No trash, rubbish or debris of any kind shall be placed or permitted to accumulate upon or adjacent to any LOT, no odors shall be permitted to arise therefrom, and no other nuisance activity shall be carried on or permitted to exist so as to render any LOT or portion thereof unsanitary, offensive, or detrimental to the comfortable occupancy, for residential purposes, of other property in the vicinity thereof. Excessive noise emanating from a LOT shall be considered a “nuisance activity”. Without limiting any of the foregoing, no exterior speakers, horns, whistles, bells, except security devices used exclusively for security purposes, shall be located, used or placed on any LOT. The BOARD shall make the final determination, in a consistent and impartial manner, whether a condition or activity constitutes a Nuisance. The ARCHITECTURAL COMMITTEE must approve yard lighting.
- O. REPAIR OF BUILDINGS. No building or structure upon any LOT shall be permitted to fall into disrepair, and every building or structure shall at all times be kept in good condition and repair and adequately stained, painted or otherwise finished.
- P. TRASH CONTAINERS AND COLLECTION. All garbage, rubbish and trash shall be placed and kept in covered containers of a type and style, which shall be approved by the ARCHITECTURAL COMMITTEE. In no event shall such containers be maintained where visible from neighboring property except to make the same available for collection and then only for twenty-four hours. During periods designated by the Board as periods of high bear activity, containers shall not

K. Nuisances. No trash, rubbish or debris of any kind shall be placed or permitted to accumulate upon or adjacent to any Lot. No offensive odors shall be permitted to arise from a Lot, and no other nuisance activity shall be carried on or permitted to exist which is unsanitary, offensive, or detrimental to other Lot Owners within the community. Excessive noise emanating from a Lot shall be considered a “Nuisance activity”. Without limiting any of the foregoing, no exterior speakers, horns, whistles, bells, except security devices used exclusively for security purposes, shall be located, used or placed on any Lot. The Architectural Committee must approve yard lighting. The Executive Board shall make the final determination, in a consistent and impartial manner, whether a condition or activity constitutes a nuisance under this Section K.

L. Repair of Buildings. No building or structure upon any Lot shall be permitted to fall into disrepair, and every building or structure shall at all times be kept in good condition and repair and adequately stained, painted or otherwise finished.

M. Trash Containers and Collection. All garbage, rubbish and trash shall be placed and kept in covered containers consistent with current La Plata County regulations. In no event shall such containers be maintained where visible from neighboring property except to make the same available for collection. La Plata County ordinance requires that all trash containers be placed out and removed on the day of pick up. Trash cans cannot be left out overnight. Use of containers shall comply at all times with applicable government regulations.

be left out at night. Use of containers shall comply at all times with applicable government regulations.

- Q. CLOTHES LINES. Outside retractable clotheslines or other movable outside clothes drying or airing facilities shall be permitted where not conspicuous from neighboring property.
- R. AIR CONDITIONERS. The location of any window air conditioner installation must be approved in advance by the ARCHITECTURAL COMMITTEE. Window air conditioners must not be visible from the front of the residence and reasonable efforts shall be made to shield them from the view of neighboring property. Whole house HVAC units will be permitted so long as every reasonable effort is made to: place units inside the residence wherever possible; locate units which must be placed outside the residence, in a location which minimizes the noise and aesthetic impacts on surrounding Owners, and avoid the creation of a nuisance. The ARCHITECTURAL COMMITTEE must approve the location, installation plan and operation of any external unit in writing before installation.
- S. FIREWOOD STORAGE OWNERS are encouraged to store firewood inside their garage. Subject to Section 3.01 FF, outdoor storage shall be neatly stacked and kept as inconspicuous as possible.
- T. PARKING
1. PRIVATE VEHICLES. All LOTS shall have a garage for the off-street parking of all vehicles kept or used by the RESIDENTS. Any vehicle kept or used by the RESIDENTS on a LOT must be of a length, width and height so that it shall fit into a single space in the OWNER'S garage. Every effort shall be made to keep vehicles parked in the OWNER'S garage when not in use. The exception is an emergency vehicle, weighing less

N. Clothes Lines. Outside retractable clotheslines or other movable outside clothes drying or airing facilities shall be permitted where not conspicuous from neighboring property.

(NOTE: This is in the Architecture Rules, Section V, E.)

O. Firewood Storage. Occupants are strongly encouraged to store firewood inside their garage. Outdoor storage shall be neatly stacked and kept as inconspicuous as possible.

P. Parking.

1. Private Vehicles. All Lots shall have a garage for the off-street parking of all vehicles kept or used by the Occupants. Any vehicle kept or used by the Occupants on a Lot must be of a length, width and height so that it shall fit into a single space in the Lot garage. Every effort shall be made to keep vehicles parked in the garage when not in use. The exception is an emergency vehicle, weighing less than 10,000 lbs., and bearing an official emblem, that is operated as a condition of

than 10,000 lbs., and bearing an official emblem, that is operated as a condition of employment by a RESIDENT who is an emergency service provider. Such an emergency vehicle may be parked on THE RANCH streets, the OWNER'S driveway, or any guest parking spaces. Guests shall use off-street parking when provided, but guests may park on the street if no parking spaces are available. RESIDENTS of any LOT are prohibited from using guest parking spaces for the regular parking of any vehicles kept or used by the RESIDENT. Outside service and construction personnel are allowed to park adjacent to the job site but only during normal work hours as defined by the ARCHITECTURAL COMMITTEE. In no event shall any vehicle be parked in a manner, which impedes the safe and efficient use of the streets for emergency personnel or obstructs access or interferes with the reasonable needs of the other RESIDENTS to use the community's streets and driveways. Parking on landscaped COMMON AREAS, including graveled shoulders is prohibited.

2. RECREATIONAL VEHICLES, TRAILERS, BOATS, SNOWMOBILES, ETC. All such vehicles and units shall be kept in the storage area provided at the southern perimeter of THE RANCH when not in use. Refer to THE SUPPLEMENTAL RANCH RULES for the RV Lot Rules. For the purposes of loading, unloading, and minor maintenance, the aforementioned vehicles may be parked near to the RESIDENT's garage subject to the above parking restrictions for the shortest possible time under a maximum of three days. Habitation of any such vehicle is prohibited without specific written approval of the RANCH BOARD. Motorized off-road bikes (commonly known as "dirt bikes"), go-carts, ATV's, snowmobiles and similar vehicles are not permitted on roadways or COMMON AREAS of THE RANCH. THE BOARD shall resolve all question or disputes concerning definition or classification of such vehicles and units.

employment by an Occupant who is an emergency service provider. Such an emergency vehicle may be parked on The Ranch streets, the Lot driveway, or any guest parking spaces. Guests shall use off-street parking when provided, but guests may park on the street if no parking spaces are available. Occupants of any Lot are prohibited from using guest parking spaces for the regular parking of any vehicles kept or used by the Occupant. Outside service and construction personnel are allowed to park adjacent to the job site but only during normal work hours as defined by the Architectural Committee. In no event shall any vehicle be parked in a manner, which impedes the safe and efficient use of the streets for emergency personnel or obstructs access or interferes with the reasonable needs of the other Occupants to use the Ranch community's streets and driveways. Parking on landscaped Common Elements, including graveled shoulders, is prohibited.

2. Recreational Vehicles, Trailers, Boats, Snowmobiles, Etc. All recreational vehicles, trailers, boats, snowmobiles and the like shall be kept in the storage area provided at the southern perimeter of The Ranch when not in use. Refer to the Supplemental Ranch Rules for the RV Lot Rules. For the purposes of loading, unloading, and minor maintenance, the aforementioned vehicles may be parked near to the Occupant's garage subject to the above parking restrictions for the shortest possible time under a maximum of three days. Habitation of any such vehicle is prohibited without specific written approval of the Executive Board. Motorized off-road bikes (commonly known as "dirt bikes"), go-carts, ATV's, snowmobiles and similar vehicles are not permitted on roadways or Common Elements of The Ranch. The Executive Board shall resolve all question or disputes concerning definition or classification of such vehicles and units.

U. LAKES Boating, rafting, canoeing, swimming, wading, ice-skating and ice fishing are not permitted on or within the streams, ponds and lakes of THE RANCH.

V. MINERAL EXPLORATION No LOT shall be used in any manner to explore for or to remove any water, oil or other hydrocarbons, minerals of any kind, gravel, earth or any earth substance or other mineral of any kind. The ASSOCIATION has claim to approximately 51 percent of the entirety of the mineral interests underlying THE RANCH.

W. MACHINERY AND EQUIPMENT No machinery or equipment of any kind shall be placed, operated or maintained upon or adjacent to any LOT except such machinery or equipment as is usual and customary in connection with the use, maintenance or construction of a private residence or related structures in THE RANCH.

X. FENCES. Above ground fences shall be permitted only on those LOTS listed on Exhibit "C" hereto. Fences shall not be permitted on townhouse LOTS nor on properties situated in the interior of THE RANCH. Above ground fences shall not be greater than five (5) feet in height, shall be made of wood and shall provide an open and see-through appearance. No fences, including plantings such as hedges or trees which would be in the nature of a fence, shall be placed on that portion of a LOT fronting on a public street between a line drawn parallel to such street through the closest edge of the house or garage on such LOT and the public street. Pet fences of the below ground electronic type shall be permitted on any LOT. The ARCHITECTURAL COMMITTEE shall review and approve the design and materials of all fences. The BOARD shall have the authority to amend Exhibit "C" hereto by a majority vote to reflect the addition of new LOTS or to reflect the consolidation of LOTS. The above

Q. Lakes. Boating, rafting, canoeing, swimming, wading, ice-skating and ice fishing are not permitted on or within the streams, ponds and lakes of The Ranch.

R. Mineral Exploration. No Lot shall be used in any manner to explore for or to remove any water, oil or other hydrocarbons, minerals of any kind, gravel, earth or any earth substance or other mineral of any kind.

S. Machinery and Equipment. No machinery or equipment of any kind shall be placed, operated or maintained upon or adjacent to any Lot except such machinery or equipment as is usual and customary in connection with the use, maintenance or construction of a private residence or related structures in The Ranch.

T. Fences. The Architectural Committee shall review and must approve the design and materials of all fences before construction may begin. The following restrictions shall not apply to the use of fencing type materials on a temporary basis to protect trees, shrubs, and property from wildlife so long as such fencing is neither highly visible nor of an objectionable color.

1. Above-ground fences shall be permitted only on those Lots located on the perimeters of The Ranch as identified in Exhibit C attached hereto and incorporated herein. Fences shall not be permitted on townhouse Lots or on properties situated in the interior of The Ranch. *Above-ground fences* shall not be greater than five (5) feet in height, shall be made of wood, and shall provide an open and see-through appearance. Above-ground electric fences are permitted on the Ranchette Lots 7, 8, 9, and 10 to retain large animals.

restrictions shall not apply to the use of fencing type materials on a temporary basis to protect trees, shrubs and property from wildlife so long as such fencing is neither highly visible nor of an objectionable color. The Architectural Committee shall review and approve the design and materials of all permanent fences before construction is commenced.

Y. TANKS No tanks of any kind shall be erected placed or permitted upon any LOT.

Z. FOOT PATH No motor driven vehicles shall be permitted on paths.

AA. RESTRICTIONS ON FURTHER SUBDIVISION No LOT shall be further subdivided or split into other parcels. Nothing herein contained shall prevent the dedication or conveyance of portions of LOTS for additional easements for public utilities. Nothing herein contained shall apply to re-subdividing LOTS for purposes of adjusting LOT lines if all parties agree.

BB. SIGNS No signs which are VISIBLE FROM NEIGHBORING PROPERTY shall be erected or maintained on any LOT except:

1. Such signs as may be required by legal proceedings;
2. During the time of construction of any residence or other improvement, only one job identification sign not larger than eighteen by twenty-four inches in height and width and having a face area not larger than three square feet;
3. Not more than one "For Sale", "For Rent" or "Beware of Animal" sign having a maximum face area of three square feet;
4. POLITICAL SIGNS placed by a RESIDENT on their LOT within 45 days before Election Day, on Election

2. No fences, including plantings such as hedges or trees which would be in the nature of a fence, shall be placed between the street and the front of the house.

3. Underground electronic pet fences shall be permitted on any Lot.

U. Tanks/Rain barrels. No tanks of any kind shall be erected placed or permitted upon any Lot except that rain barrels are permitted so long as approved by the Architectural Committee.

V. Foot Path. No motor driven vehicles shall be permitted on paths.

W. Restrictions on Further Subdivision. No Lot shall be further subdivided or split into other parcels. Nothing herein contained shall prevent the dedication or conveyance of portions of Lots for additional easements for public utilities. Nothing herein contained shall apply to re-subdividing Lots for purposes of adjusting Lot lines if all parties agree.

X. Signs. No signs which are VISIBLE FROM NEIGHBORING PROPERTY shall be erected or maintained on any Lot except:

1. Such signs as may be required by legal proceedings;
2. During the time of construction of any residence or other improvement, only one job identification sign not larger than eighteen by twenty-four inches in height and width and having a face area not larger than three square feet;
3. Not more than one "For Sale", "For Rent" or "Beware of Animal" sign having a maximum face area of three feet squared;
4. Political Signs placed by an Occupant on their Lot within 45 days before Election Day, on Election Day and no more than 7 days after Election Day. No more than one sign may be displayed per ballot issue and no more than one sign may be

Day and no more than 7 days after Election Day. No more than one sign may be displayed per ballot issue and no more than one sign may be displayed per political office candidate. No sign may exceed 36" by 48" and signs may only be displayed within five feet of the residence, or in a window;

5. However, if the ASSOCIATION is providing signs, other than POLITICAL SIGNS, for the use of OWNERS, then the sign provided by the ASSOCIATION must be used. The BOARD may cause any unauthorized sign remaining on any LOT more than twenty-four hours after notice to the OWNER to be removed without liability for trespass or other damages caused in its removal.

CC. FLAGS RESIDENTS are permitted to display an American flag or Colorado State flag on their property so long as such flag is:

1. No larger than 3 feet by 5 feet in size;
2. Displayed on either a conventional wall mounted standard, a permanent vertical flagpole no greater than 15 feet in height and commensurate in diameter with the stated maximum flag size or vertically against an outside wall;
3. At all times the display must be in conformance with the Federal Flag Code, U.S.C. 4 to 10;
4. The ARCHITECTURAL COMMITTEE has approved the design and location of permanent flagpoles. Location of flagpoles will generally be set to insure reasonable visibility without adversely affecting neighbors;
5. Military or service flags of the RESIDENT'S immediate family may be displayed on the inside of a window or door of the residence. These flags are limited to a size of 9" by 16".

DD. GARAGES No garage shall be converted to residential living space or any other use except uses normally associated with a garage, such as storage of vehicles, boats, campers, workbench activities, etc. Garage doors shall be kept closed

displayed per political office candidate. No sign may exceed 36" by 48" and signs may only be displayed within five feet of the residence, or in a window;

5. If the Association is providing signs, other than Political Signs, for the use of Owners, then the sign provided by the Association must be used. The Board may cause any unauthorized sign remaining on any Lot more than twenty-four hours after notice to the Owner to be removed without liability for trespass or other damages caused in its removal.

Y. Flags. Residents are permitted to display an American flag or Colorado State flag on their property so long as such flag is:

1. No larger than 3 feet by 5 feet in size;
2. Displayed on either a conventional wall mounted standard, a permanent vertical flagpole no greater than 15 feet in height and commensurate in diameter with the stated maximum flag size or vertically against an outside wall;
3. At all times the display must be in conformance with the Federal Flag Code, U.S.C. 4 to 10;
4. The Architectural Committee has approved the design and location of permanent flagpoles. Location of flagpoles will generally be set to ensure reasonable visibility without adversely affecting neighbors;
5. Military or service flags of the Resident's immediate family may be displayed on the inside of a window or door of the residence. These flags are limited to a size of 9" by 16".

Z. Garages. Every single-family residence shall have a garage of sufficient size to house at least two automobiles. No carports are allowed. No garage shall be converted to residential living space or any other use except uses normally associated with a garage, such as storage of vehicles, boats, campers, workbench activities, etc. Garage doors

except when outside household activities requiring frequent access through such doors are being conducted.

EE. RIGHT OF ENTRY Upon 48 hours written notice to both a RESIDENT and the OWNER, during the daylight hours of any day of the week except Sunday, any member of the BOARD shall have the right to enter upon and inspect any site, LOT or parcel and the exterior of any building or other IMPROVEMENTS thereon for the purpose of ascertaining whether the provisions of the DECLARATION have been or are being complied with, and such persons shall not be deemed guilty of trespass by reason of such entry.

FF. SAFETY During periods of heightened fire danger, as determined by government authorities, firewood and other highly flammable materials must not be placed next to any structure on the exterior of the dwelling. All other applicable governmental rules regarding open fires, barbecues, and gas-powered tools must be observed. No private or commercial vehicles will be permitted to park on any uncultivated part of the COMMON AREA.

GG. USE OF COMMON FACILITIES Modification or contemplated long-term usage of specific facilities owned in common by the ASSOCIATION (e.g. waterways, common area, roadways, and similar facilities), including changes to existing modifications, shall require written approval in advance by both the Architectural and Maintenance Committees. Any request by owners to make a structural modification or otherwise improve common facilities must take into account those principles that apply to the original purpose of such facilities: the views enjoyed by neighbors must be preserved; any underground system cannot be adversely affected; roadways cannot be impacted; ponds or waterways cannot be screened by vegetation nor altered to affect the flow of water or the operation of irrigation equipment by material or vegetation; and

shall be kept closed except when outside household activities requiring frequent access through such doors are being conducted.

AA. Right of Entry. Upon 48 hours written notice to both an Occupant and the Owner, during the daylight hours of any day of the week except Sunday, any member of the Board or of the Architecture or Irrigation Committees shall have the right to enter upon and inspect any site, Lot or parcel and the exterior of any building or other Improvements thereon for the purpose of ascertaining whether the provisions of the Declaration have been or are being complied with, and such persons shall not be deemed guilty of trespass by reason of such entry.

BB. Safety. During periods of heightened fire danger, as determined by government authorities, firewood and other highly flammable materials must not be placed next to any structure on the exterior of the dwelling. All other applicable governmental rules regarding open fires, barbecues, and gas-powered tools must be observed. No private or commercial vehicles will be permitted to park on any uncultivated part of the Common Elements.

CC. Limited Use of Common Elements.

1. The Board through its Maintenance Committee shall have the right at any time to plant, replace, maintain and cultivate, at Association expense, trees or shrubs in the Common Area. No Owner shall remove, alter, injure or interfere in any way with any tree or shrub in such area unless it is to clear vegetation following review and approval by the Maintenance Committee.
2. No Owner shall plant any grasses, flowers, shrubs or trees in the Common Area without approval by the Maintenance Committee.
3. Common greenspace immediately adjacent to a Lot may be modified with the prior written approval of both the

<p>access for the common ground maintenance must be maintained. In line with these principles, any approval shall be subject to the execution by the Owner of a written agreement assuming responsibility for the installation, maintenance and upkeep of the specific modification or usage and the assumption of liability for any consequences of such modification or usage. These agreements shall be recorded with the County Clerk of La Plata County, Colorado and be binding upon the Owner's successors in interest.</p> <p>HH. <u>YARD SALES</u>. Only one garage or yard sale will be allowed, per year, on the RANCH and shall be held on the 3rd Saturday in June. The RPOA BOARD shall publish the rules governing these sales each year prior to the event.</p>	<p>Architectural and Maintenance Committees. Any request by Owners to make a structural modification or otherwise improve Common greenspace must take into account those principles that apply to the original purpose for such greenspace: the views enjoyed by neighbors must be preserved; any underground system cannot be adversely affected; roadways cannot be impacted; ponds or waterways cannot be screened by vegetation nor altered to affect the flow of water or the operation of irrigation equipment by material or vegetation; and access for the Common ground maintenance must be maintained. In line with these principles, any approval shall be subject to the execution by the Owner of a written agreement assuming responsibility for the installation, maintenance and upkeep of the specific modification or usage and the assumption of liability for any consequences of such modification or usage. These agreements shall be recorded with the County Clerk of La Plata County, Colorado and be binding upon the Owner's successors in interest.</p> <p>DD. Yard Sales. Only one garage or yard sale will be allowed, per year, on The Ranch and shall be held on a Saturday in June on such date as determined by the Executive Board. The Executive Board shall publish the rules governing these sales each year prior to the event. Individual estate sales can be authorized by the Executive Board in the event of a home sale or death in the family.</p>
<p><u>SECTION 3.02 IMPROVEMENTS</u></p> <p>A. <u>APPLICATION FOR APPROVAL OF IMPROVEMENTS</u> Any OWNER, or their agents, proposing to perform work of any kind that requires the prior approval of the ARCHITECTURAL COMMITTEE, as outlined in Section 3.01 paragraph K, shall notify the ARCHITECTURAL COMMITTEE of the proposed work in writing, in duplicate, not less than thirty (30) days prior to the start of the proposed work. Such notice shall contain, at minimum, the following information:</p>	<p><i>(NOTE: The entire Section 3.02 is addressed in the Architectural Rules. Part A is covered in the Architectural Rules, Section II B.)</i></p>

1. A plot plan showing the location of all existing and proposed IMPROVEMENTS including a description and the location of all utilities and showing principal dimensions;
2. Floor plans showing principal dimensions;
3. Drawings showing all elevations and principal dimensions;
4. A description of exterior materials and colors with color samples if required by the ARCHITECTURAL COMMITTEE;
5. Landscaping Plans showing types and sizes of plantings;
6. The OWNER'S proposed construction schedule and such other documents as may be required by the Architectural Committee.

The ARCHITECTURAL COMMITTEE may require a professional inspection and/or other documents to accompany the application in connection with any IMPROVEMENT in order to complete a proper review. The fee for any such professional inspection will be set by the ARCHITECTURAL COMMITTEE based upon the reasonable costs of such services and be payable by the applicant.

B. BASIS FOR APPROVAL OF IMPROVEMENTS The ARCHITECTURAL COMMITTEE shall grant the requested approval only if:

1. The OWNER has complied with the provisions of Paragraph A above.
2. The ARCHITECTURAL COMMITTEE determines that:
 - a) It conforms to the DECLARATION and the ARCHITECTURAL COMMITTEE RULES adopted under Section 5.05 in effect at the time the plans were submitted;
 - b) It demonstrates the same quality of workmanship and the materials are similar to, and the design and character and the topography and finished grade is consistent with other structures and land uses in the immediate vicinity and with the view corridors and all other pertinent criteria (as determined by the

(NOTE: The entire Section 3.02 is addressed in the Architectural Rules. Part B is covered in the Architectural Rules, Section II D.)

ARCHITECTURAL COMMITTEE) which should be evaluated in making such a determination for IMPROVEMENTS in THE RANCH; and

- c) The overall effect is such that IMPROVEMENTS shall blend with and shall not be set apart from the natural topography and designs in THE RANCH.

C. FORM OF APPROVAL All approvals given under Paragraph B above shall be in writing with one of the following decisions: APPROVED; APPROVED WITH COMMENTS; APPROVED WITH LIMITING CONDITIONS; DISAPPROVED. Any request for approval, which has not been acted on within thirty (30) days from the date of submission to the ARCHITECTURAL COMMITTEE, shall be deemed approved. The ARCHITECTURAL COMMITTEE, as a permanent record, shall retain one set of plans as finally approved.

D. PROCEEDING WITH WORK Upon receipt of approval from the ARCHITECTURAL COMMITTEE, the OWNER shall satisfy, as soon as practicable, all conditions to such approval and, after initiation of the work, diligently complete all construction, reconstruction, refinishing, alterations and excavations as outlined in the approval. If initiation of the work is not started within 180 days from the date of approval, the approval shall be deemed revoked unless the ARCHITECTURAL COMMITTEE, upon written request of the OWNER made prior to the expiration of the 180-day period, extends the time from which the work must begin.

E. FAILURE TO COMPLETE WORK The OWNER must complete the construction, reconstruction, refinishing, or alteration of any approved IMPROVEMENT within 270 days after construction has begun, except only for so long as such completion is rendered impossible or would result in great financial hardship to the OWNER due to strikes, fires, national emergencies, natural

(NOTE: The entire Section 3.02 is addressed in the Architectural Rules. Part C is covered in the Architectural Rules, Appendix D.)

(NOTE: The entire Section 3.02 is addressed in the Architectural Rules. Part D is covered in the Architectural Rules, Section III A, Work Startup.)

(NOTE: The entire Section 3.02 is addressed in the Architectural Rules. Part E is covered in the Architectural Rules, Section III A, Work Completion.)

calamities or other supervening forces of nature beyond the control of the OWNER or his agent. If the owner fails to comply with this paragraph E, the ARCHITECTURAL COMMITTEE shall notify the BOARD of such failure, and the BOARD may proceed in accordance with the provisions of Paragraph F below as though the failure to complete the IMPROVEMENT were a non-compliance with approved plans.

F. INSPECTION OF WORK Inspection of work and correction of defects or remedy of non-compliance items shall proceed as follows:

1. Members of the Architectural Committee will from time to time perform inspections of construction or improvements to determine compliance with approved plans. Revisions may be required of any items that were overlooked during the review process.
2. Upon the completion of any construction, reconstruction, the alteration of, the refinishing of the exterior of any improvement, or upon completion of any other work for which approved plans are required under this Article, the OWNER shall give written notice of the completion to the ARCHITECTURAL COMMITTEE.
3. Within sixty days of such notice of completion, or the issuance of the Certificate of Occupancy, the ARCHITECTURAL COMMITTEE, or its duly authorized representative, may inspect the subject IMPROVEMENT to determine whether it was constructed, reconstructed, altered or refinished in compliance with the approved plans. If the ARCHITECTURAL COMMITTEE, or its representative, finds that the construction, reconstruction, alteration or refinishing was not done in compliance with the approved plans, it shall notify the OWNER in writing of any noncompliance items, specifying the particulars of the noncompliance, and shall require the OWNER to remedy any and all items of noncompliance.
4. If after thirty (30) days from the date of notification of noncompliance, the OWNER has failed to remedy the noncompliance items; the ARCHITECTURAL

(NOTE: The entire Section 3.02 is addressed in the Architectural Rules. Part F is covered in the Architectural Rules, Sections III B and C.)

COMMITTEE shall notify the BOARD in writing of the failure to comply. The BOARD shall then set a date for a hearing to be held before the BOARD to address the alleged noncompliance. The hearing date shall be not more than thirty (30) days nor less than fifteen (15) days after the notice of the noncompliance is given to the BOARD by the ARCHITECTURAL COMMITTEE. Notice of the hearing date shall be given to the OWNER, the ARCHITECTURAL COMMITTEE and, in the discretion of the BOARD, to any other interested party at least ten days in advance of the hearing.

5. At the hearing the OWNER, the ARCHITECTURAL COMMITTEE and, in the BOARD'S discretion, any other interested person may present information relevant to the question of the alleged noncompliance. After considering all information, the BOARD shall determine whether there is a noncompliance and, if so, the nature of and the estimated cost of correcting or removing the noncompliance. If a noncompliance exists, the BOARD shall require the OWNER to remedy or remove the noncompliance within a period of not more than forty-five days from the date of the BOARD ruling. If the OWNER does not comply with the BOARD ruling within the 45-day period or within any time extension granted by the BOARD (in its discretion), the BOARD, at its option, may either remove the non-compliance items or proceed with any other remedy enforcement process available to the BOARD. The OWNER shall reimburse the ASSOCIATION for all expenses incurred in connection with the correction or remedy, including reasonable attorneys' fees incurred by the BOARD, upon demand. If the OWNER does not promptly repay such expenses to the ASSOCIATION, the BOARD shall levy a REIMBURSEMENT ASSESSMENT against the OWNER as outlined in Section 6.03 of this declaration.

If for any reason the ARCHITECTURAL COMMITTEE fails to notify the OWNER of any noncompliance within sixty days after the receipt of the notice of completion

from the OWNER, the IMPROVEMENT shall be considered to be in compliance with the approved plans.

G. APPLICATION FOR PRELIMINARY APPROVAL Any OWNER proposing to make IMPROVEMENTS requiring the prior approval of the ARCHITECTURAL COMMITTEE, as outlined in Section 3.01 paragraph K, may apply to the COMMITTEE for preliminary approval by submission of preliminary drawings of the proposed IMPROVEMENTS in accordance with the ARCHITECTURAL COMMITTEE RULES. The purpose of the preliminary approval procedure is to allow an OWNER proposing to make substantial IMPROVEMENTS an opportunity to obtain guidance concerning design considerations before expending substantial sums for plans and other exhibits required to apply for final approval. Applications for preliminary approval shall be considered and disposed of as follows:

1. The ARCHITECTURAL COMMITTEE shall consider and act upon the application for preliminary approval within thirty (30) days of the request. The ARCHITECTURAL COMMITTEE shall grant approval only if the proposed IMPROVEMENT, to the extent its nature and characteristics are shown by the application, would be entitled to a final approval on the basis of a full and complete application. Failure of the ARCHITECTURAL COMMITTEE to act within the stated 30-day period shall constitute an approval. In granting or denying approval, the ARCHITECTURAL COMMITTEE may give, for the guidance of the applicant, directions concerning the form and substance of the final application for approval as it may deem proper or desirable.
2. Any preliminary approval granted by the ARCHITECTURAL COMMITTEE shall be effective for a period of ninety days from the date of issuance. During the ninety-day period, the ARCHITECTURAL COMMITTEE shall approve any application for final approval submitted pursuant to Section 3.02, which consists of proposed IMPROVEMENTS in accordance with the provisions of the preliminary approval, and is otherwise acceptable under the terms of the DECLARATION.

(NOTE: The entire Section 3.02 is addressed in the Architectural Rules. Part G is covered in the Architectural Rules, Sections II A.)

3. In no event shall any preliminary approval be deemed as an approval authorizing construction, reconstruction, alteration of, or refinishing of any IMPROVEMENT.

SECTION 3.03 ANIMAS CONSOLIDATED DITCH CO.

A. Title to ANIMAS CONSOLIDATED DITCH CO. WATER on the records of Animas Consolidated Ditch Co. shall be held in the name of the ASSOCIATION. The ANIMAS CONSOLIDATED DITCH COMPANY Certificate No. 1007-A dated September 12, 1979 and Certificate No. 1282-A dated March 14, 1991, each entitle the ASSOCIATION to the use of 12 shares of water out of the ditch of the ANIMAS CONSOLIDATED DITCH COMPANY for a total of twenty-four (24) shares. For each sixteen (16) of these shares, the ASSOCIATION is entitled to one cubic foot of water per second of time, or a total of 1.5 cubic feet of water per second (675 gal. per minute).

B. ANIMAS CONSOLIDATED DITCH CO. WATER, if used, shall be used for the benefit of THE RANCH and OWNERS of the property described on Exhibit "A" and any other property added pursuant to Section 2.02. Designated uses include irrigation, piscatorial (fish propagation), maintenance of stock, storage in aesthetic ponds, domestic and recreation. Any use may or may not be upon any particular property described in Exhibit "A" or on any other property added as pursuant to Section 2.02.

C. All management and administrative functions with regard to ANIMAS CONSOLIDATED DITCH CO. WATER shall be performed by the ASSOCIATION, including without limitation, receiving all notices of assessment and payment of same, with the ASSOCIATION to be reimbursed as set forth in Article VI.

D. The BOARD shall govern distribution and use of water in an

ARTICLE XV

IRRIGATION WATER

Irrigation water within The Ranch is provided by the Animas Consolidated Ditch Company. The Association holds Certificate No. 1732 for 28 shares of Class A water to be delivered between April and November of each year, weather permitting. Permitted uses of Association irrigation water include irrigation, piscatorial, maintenance of stock, storage in aesthetic ponds, domestic and recreation. The Maintenance Committee and the Executive Board determine the allocations and delivery of water to the Lots. Owners may not fence or construct Improvements across the irrigation ditch or irrigation lines. All irrigation facilities located outside or along a Lot of the Association and the maintenance of irrigation facilities constitutes a Common Expense of the Association. Notwithstanding the foregoing, Owners are responsible for maintaining and repairing individual sprinkler systems that are located within their Lot boundaries.

equitable manner for the benefit of all OWNERS.

ARTICLE IV
THE RANCH PROPERTY OWNERS
ASSOCIATION

SECTION 4.01 ORGANIZATION AND MEMBERSHIP

A. THE ASSOCIATION The ASSOCIATION is a non-profit membership corporation charged with the duties and vested with the powers set forth herein. It is created by the ARTICLES and the ARTICLES govern its affairs and BY-LAWS, which shall not, for any reason, be amended or otherwise changed or interpreted so as to be inconsistent with this DECLARATION. The ASSOCIATION acts through the Board of Directors (the "BOARD") and except where action of OWNERS is specifically required, the BOARD alone shall exercise any powers granted to the ASSOCIATION in this DECLARATION.

B. SUCCESSOR ASSOCIATION In the event that the ASSOCIATION as a corporate entity is dissolved, a non-profit unincorporated association shall forthwith and without further action or notice be formed and succeed to all the rights and duties of the ASSOCIATION hereunder. The affairs of said unincorporated association shall be governed by the laws of the State of Colorado and, to the extent not inconsistent therewith, by the ARTICLES and BY-LAWS as if they were created for the purpose of governing the affairs of an unincorporated association.

ASSOCIATION PROPERTY The ASSOCIATION is irrevocably dedicated to charitable, educational or recreational purposes, and no

ARTICLE IV
MEMBERSHIP, VOTING RIGHTS; ASSOCIATION
OPERATIONS

part of the net income or assets of the ASSOCIATION shall ever inure to the benefit of any director, officer, or member thereof, or to the benefit of any private persons. Upon the dissolution or winding up of the ASSOCIATION, its assets remaining after payment or provision for payment of all debts and liabilities of the ASSOCIATION shall be distributed to a non-profit fund, foundation or corporation which is organized and operated exclusively for charitable, educational or recreational purposes and which has established its tax exempt status under Section 501(c)(3) of the Internal Revenue Code. The selection of such fund, foundation or corporation shall be determined by a special meeting of BOARD. Should a majority of the BOARD fail to agree upon such distribution, then application shall be made to any judge of the District Court of La Plata County, Colorado, whose name shall be chosen by lot, who shall then decide how the assets shall be distributed in accordance with the ARTICLES and such decision shall be binding upon the BOARD and the ASSOCIATION.

SECTION 4.02 MEMBERSHIP

A. OWNER MEMBERS Each OWNER, by virtue of being an OWNER and for as long as he is an OWNER, shall be a member of the ASSOCIATION, or, in the event of its dissolution, a member of the unincorporated association succeeding to the ASSOCIATION, as provided in Paragraph B of Section 4.01. The membership of an OWNER shall not be transferred, pledged or alienated in any way except upon transfer of title to the owner's LOT and then only to the transferee of title to such LOT. Any attempt to make a prohibited transfer is void.

B. MEMBERS RIGHTS AND DUTIES The rights, duties, privileges and obligations of an OWNER as a member of the ASSOCIATION, or its succeeding unincorporated association, shall be those set forth in, and shall be exercised and imposed in accordance with, the provisions of this DECLARATION, the ARTICLES, and the BY-LAWS.

Section 4.1 Membership in Association. Every Owner of a Lot shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot. An Owner shall not transfer, pledge or alienate his membership in the Association in any way, except upon the sale or encumbrance of his Lot and then only to the purchaser or Mortgagee of his Lot.

(NOTE: Paragraphs B and C are more broadly covered in the Governing Policies and Procedures.)

C. SUSPENSION OF MEMBERS. The rights and privileges of an OWNER, including the right to vote, may be suspended after reasonable notice to the OWNER and a hearing before the BOARD for infraction of any rules and regulations adopted or established by the BOARD, or any other violation of the GOVERING DOCUMENTS until the matter is resolved.

SECTION 4.03 VOTING

A. NUMBER OF VOTES The ASSOCIATION members shall be all OWNERS and shall be entitled to one vote for each LOT owned. When more than one person holds an ownership interest in any LOT, all such persons shall be members.

B. JOINT OWNER DISPUTES The vote for each LOT must be cast as a unit and fractional votes shall not be allowed. In the event that joint OWNERS are unable to agree among themselves as to how their vote or votes shall be cast, they shall lose their right to vote on the matter in question. If any OWNER or OWNERS cast a vote representing a certain LOT, it shall thereafter be conclusively presumed for all purposes that he/she or they were acting with the authority and consent of the other OWNERS of the same LOT.

C. TRANSFER OF VOTING RIGHT The right to vote may not be severed or separated from the LOT ownership to which it pertains, and any sale, transfer or conveyance of such LOT to OWNER or OWNERS shall operate to transfer the applicable vote without the requirement of any express reference thereto.

D. VOTING At the discretion of the Board or upon request of twenty percent of the unit owners who are present at the meeting or represented by proxy, if a quorum has been achieved, a vote on any matter affecting the common interest community on which all unit owners are entitled to vote shall be by secret ballots. Ballots shall be

Section 4.2 Voting. The Association shall have one class of voting membership, which shall consist of all Owners. Each member is allocated one vote per each Lot owned by that member as described in Article XII. When more than one Person holds an interest in any Lot, all such Persons shall be Members; however, the vote for such Lot shall be exercised by one individual Person or alternative Person appointed by proxy in accordance with the Bylaws. In the absence of a proxy, the vote allocated to the Lot shall be suspended in the event more than one Person or entity seeks to exercise the right to vote on any one matter. Any Owner of a Lot that is leased may assign his voting right to the tenant, provided that a copy of a proxy appointing the tenant is furnished to the Secretary of the Association prior to any meeting in which the tenant exercises the voting right. In no event shall more than one vote be cast with respect to any one Lot.

(NOTE: Paragraph B is covered in the Bylaws 3.9 b.)

(NOTE: Paragraph D is covered in the Bylaws 3.9 f, 3.10 and 3.11.)

counted by a neutral third party. Results shall be recorded in the minutes.

SECTION 4.04 DUTIES OF THE ASSOCIATION

The ASSOCIATION through its BOARD, shall have the obligation and duty, subject to and in accordance with the DECLARATION, to do and perform the following for the benefit of the OWNERS and for the maintenance and improvement of THE RANCH:

A. ADDED PROPERTY To accept as part of THE RANCH all property added to THE RANCH and to accept all OWNERS as members of the ASSOCIATION;

B. ANIMAS CONSOLIDATED DITCH CO. To accept the trust(s) established by Section 3.03 hereof and administer such trust(s) in accordance with the guidelines set forth in Section 3.03 hereof;

C. MAINTENANCE OF ASSOCIATION PROPERTY To maintain, or provide for the operation and maintenance of ASSOCIATION property in good order and repair for the purposes and uses for which such ASSOCIATION property is intended;

D. MAINTENANCE OF DRAINAGE COURSES If not maintained by public entities, to maintain all drainage courses under the ASSOCIATION jurisdiction in a state of good repair for the flood control purpose intended;

E. PAYMENT OF TAXES To pay all real property taxes and assessments levied upon any property conveyed, leased or otherwise transferred to the ASSOCIATION, to the extent not assessed to the OWNERS (including assessments for ANIMAS

Section 4.7 Executive Board Powers and Duties; Limitations. The Executive Board shall have, subject to the limitations contained in this Declaration, Section 2.2 of the Bylaws, and the Act, the powers and duties necessary for the administration of the affairs of the Association and of the Common Interest Community. The Executive Board is authorized to administer the Animas Consolidated Ditch Co. water shares allocated to the Association. The Executive Board is authorized to execute leases for grazing and agriculture activities on Common Elements. The Executive Board may not act on behalf of the Association to amend this Declaration, to terminate the Common Interest Community or to elect Members of the Executive Board or determine the qualifications, powers and duties or terms of office of Executive Board Members, but the Executive Board may fill vacancies in its membership for the unexpired portion of any Director's term. The Executive Board shall be restricted concerning the investment of reserves as provided for in Article V below.

(NOTE: Item B is covered in 4.7 above.)

(NOTE: Items C, E, G, H, I, J, K and L are within the Governing Policies and Procedures and the Bylaws. Item D is not included in the proposed DCCR as it is an obligation under Colorado Water Laws and not CCIOA)

DITCH CO. WATER). Such taxes and assessments may be contested or compromised by the ASSOCIATION, provided, however, that they are paid or a bond insuring the payment is posted prior to the sale or other disposition of any property to satisfy the payment of such taxes;

F. INSURANCE To obtain and maintain in force such insurance and bonds as are deemed advisable by the BOARD, including without limitation by enumeration, fire and extended coverage insurance, bodily injury and property liability insurance, directors and officers liability insurance and performance and fidelity bonds;

G. FINANCIAL REVIEW. To arrange a financial review every two years using generally accepted auditing standards by an independent qualified individual chosen by the BOARD.

H. ARCHITECTURAL COMMITTEE To appoint and remove members of the ARCHITECTURAL COMMITTEE subject to the limitations of Article V and to insure that at all reasonable times there is available a duly constituted and appointed ARCHITECTURAL COMMITTEE;

I. WEBSITE To create and continuously maintain an Internet website as the preferred vehicle for communicating with OWNERS and RESIDENTS and to appoint or engage a qualified WEBMASTER to maintain the website in an up-to-date manner;

J. MEMBER EDUCATION To provide the opportunity to inform and educate the members about the association at least once a year.

K. RECORDS. To maintain the records and documents as listed in Exhibit E.

L. OTHER To carry out the duties of the ASSOCIATION set

ARTICLE VII INSURANCE

Section 7.1 Coverage. To the extent reasonably available, and if appropriate, the Association shall obtain and maintain the following insurance coverage:

A. Property Insurance. Property and fire insurance that will cover the Common Elements and any personal property or improvements owned by the Association, for broad form covered causes of loss. The property insurance will be for an amount equal to 100% of the replacement value of the insured property and any Improvements or personal property of the Association.

B. Liability Insurance. The Association shall obtain and maintain commercial general liability insurance against claims and liabilities arising in connection with the ownership of the Common Elements, including Association Easements, and any other Association property in an amount to be determined by the Association, but in no event shall it be less than \$1,000,000 Per Occurrence and \$2,000,000 Annual Aggregate. The insurance shall cover all occurrences commonly insured against for death, bodily injury, and property damage arising out of or in connection with the use, ownership, or maintenance of the Common Elements and the activities of the Association. The liability insurance shall cover the Association, the Executive Board, and Lot Owners and the agents, families, guests, tenants, and employees of the foregoing against any liability incident to the use of the Association property.

forth in other sections of this DECLARATION, the ARTICLES, the BY-LAWS and THE SUPPLEMENTAL RANCH RULES AND REGULATIONS.

C. Insurance policies required by this Section shall provide that: (a) the insurer waives the right to subrogation under the policy against an Owner; (b) an act or omission of an Owner will not void the policy or be a condition of recovery under the policy; (c) if at the time of loss, there is other insurance in the name of an Owner which covers the same risk, the Association's policy provides primary insurance; (d) losses must be adjusted with the Association; (e) insurance proceeds shall be paid to the Association, or its designated Trustee, to be held in trust for each Owner; and (f) the insurer may not cancel or refuse to renew the policy until 30 days after notice of the proposed cancellation or nonrenewal has been mailed to the Association.

Section 7.2 Fidelity Insurance. A blanket fidelity bond may be provided at the option of the Association to protect against dishonest acts on the part of its officers, directors, trustees, and employees, and on the part of all others who handle or who are responsible for handling the funds belonging to or administered by the Association. In addition, if responsibility for handling funds is delegated to a Manager, such bond shall be obtained for the Manager and its officers, employees, and agents, as applicable. Such fidelity coverage shall name the Association as an obligee and shall be written in an amount not less than two month's current assessments plus reserves (calculated from the current budget) or such higher amount as determined by the Executive Board. Such bonds shall contain waivers by the issuers of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees", or similar terms or expressions.

Section 7.3 Liability Insurance of Officers, Directors and Committee Members. Personal liability insurance shall be maintained by the Association to protect the officers, directors and committee members, including members of the Architectural Committee from personal liability in relation to their duties and responsibilities in acting as such officers and directors on behalf of the Association.

Section 7.4 Other Insurance. The Association may obtain insurance against such other risks, including workman's compensation insurance, of a similar or dissimilar nature as it shall deem appropriate

	<p>with respect to the Association’s responsibilities and duties in such amounts and in such form as required by law.</p> <p>Section 7.5 General Insurance Provisions. All insurance coverage obtained by the Association shall be governed by the following provisions:</p> <p>A. The deductible amount, if any, on any insurance policy purchased by the Association may be treated as a Common Expense payable from Annual Assessments or Special Assessments; or alternatively, the Association may treat the expense as an assessment against an Owner whose Lot is specifically affected by the damage or whose negligence or willful act resulted in damage.</p> <p>B. The insurance coverage described in this Article shall be considered minimum coverage and the Association shall be obligated to secure and maintain such other or additional coverage as may be required by law, including, without limitation, § 313 of the Act.</p> <p>Except as otherwise provided by the Association pursuant to this Article, insurance premiums shall be a Common Expense to be paid by Assessments levied by the Association.</p> <p>D. The named insured under any such policies shall include the Association, as a trustee for the Owners and their Mortgagees, as their interests may appear, or the authorized representative of the Association who shall have exclusive authority to negotiate losses and receive payments under such policies.</p> <p>E. In no event shall the insurance coverage obtained and maintained pursuant to this Article be brought into contribution with insurance purchased by the Owners or their Mortgagees.</p>
<p><u>SECTION 4.05 POWERS AND AUTHORITY OF THE ASSOCIATION</u></p>	<p>Section 4.5 Powers of the Association and Implied Rights and Obligations. The Association, through its Executive Board, shall have the power to exercise, to the fullest extent, any powers conferred</p>

The ASSOCIATION shall have: (a) all powers of a non-profit corporation organized under the laws of the State of Colorado, in operating for the benefit of its members, subject only to such limitations upon the exercise of such powers as are expressly set forth in the ARTICLES, the BY-LAWS and the DECLARATION; (b) the powers to do any and all lawful things which may be authorized, required or permitted to be done by the ASSOCIATION under and by virtue of this DECLARATION and to do and perform any and all acts which may be necessary or proper for or incidental to the exercise of any of the express powers of the ASSOCIATION or for the peace, health, comfort, safety and general welfare of the OWNERS; and (c) without in any way limiting the generality of the foregoing, the following specific powers and authority:

A. ASSOCIATION PROPERTY To own real property, including any improvements thereon, and personal property

B. EMPLOYMENT OF AGENTS To employ the services of a MANAGER or other employees to manage and carry out the affairs of the ASSOCIATION and, to the extent not inconsistent with the laws of the State of Colorado and upon such conditions as are otherwise deemed advisable by the ASSOCIATION, to delegate to the MANAGER any of its powers.

C. PUBLIC SERVICE To contract for or provide (to the extent adequate services are not provided by a public authority) such services, facilities and maintenance of a public or quasi- public nature as may be deemed necessary or desirable for the effectuation of the purposes of the DECLARATION. In connection with the provision of such facilities and services, the ASSOCIATION may contract with or assign its duties to any public authority, governmental body or special district.

D. ADOPTION OF RANCH REGULATIONS The BOARD

by this Declaration, Section 2.2 of the Bylaws, or the Act. The Association may exercise any right or privilege expressly granted to the Association in the Association Documents, and every other right or privilege reasonably implied from the existence of any right or privilege given to the Association under the Association Documents or reasonably necessary to affect any such right or privilege. The Association shall perform all of the duties and obligations expressly imposed upon it by the Association Documents, and every other duty or obligation implied by the express provisions of the Association Documents as necessary to reasonably satisfy any such duty or obligation.

(NOTE: Item A is in Bylaws 2.2 J.)

Section 4.4 Manager. The Association may employ or contract for the services of a manager to whom the Executive Board may delegate certain powers, functions, or duties of the Association, as provided in the Bylaws of the Association.

Section 4.6 Association Rules. The Association may, by a majority vote of the Executive Board, adopt, amend and repeal rules and

may, from time to time and subject to the provisions of the DECLARATION and BY-LAWS, adopt, amend and repeal various rules, regulations, notices and signage, for the application of the aforementioned documents. All such items shall be incorporated under THE SUPPLEMENTAL RANCH RULES AND REGULATIONS.

E. VIOLATIONS OF THE GOVERNING DOCUMENTS The BOARD, on behalf of the ASSOCIATION and pursuant to the provisions of this DECLARATION, including SECTION 4.05(D) above, shall have the authority to, from time to time, formulate and adopt policies and procedures for the disposition of violations of the GOVERNING DOCUMENTS. Immediately upon adoption, such policies and procedures shall be published for the benefit of all OWNERS and become a component of The SUPPLEMENTAL RANCH RULES AND REGULATIONS. The BOARD, as authorized agent for the ASSOCIATION, shall have the right to enter upon any LOT, without liability to any OWNER, for the purpose of performing any of its duties or enforcing any of the provisions of the GOVERNING DOCUMENTS. The ASSOCIATION shall also have the power and authority from time to time in its own name, on its own behalf or on the behalf of any OWNER or OWNERS who consent thereto subject to the provisions of section 7.03 hereof, to commence and maintain legal actions to restrain and enjoin any breach or threatened breach of the GOVERNING DOCUMENTS and to enforce, by mandatory injunction or otherwise, all the provisions of said GOVERNING DOCUMENTS. The ASSOCIATION shall also have the right to levy fines for violations of the GOVERNING DOCUMENTS. In the event the ASSOCIATION prevails in any such action(s), it shall be entitled to recover costs of such actions, including reasonable attorney fees, from the non-prevailing party(s).

F. RIGHT OF ENTRY AND ENFORCEMENT Upon violation of the provisions of this the GOVERNING DOCUMENTS by an OWNER, the BOARD shall give thirty (30) days written notice of such violation to OWNER requesting that such violation be

regulations for The Ranch (the “Rules and Regulations”) The purpose of the Rules and Regulations shall be to implement, supplement or otherwise carry out the purposes and intentions of this Declaration; provided such Rules and Regulations must be consistent with this Declaration.

(NOTE: The enforcement provisions of Paragraphs E and F are in the Governing Policies and Procedures.)

corrected within such 30- day period. In the event said violation is not corrected within such 30-day period, the BOARD, as authorized agent, shall have the right to enter upon any LOT, without liability to any OWNER, for the purpose of performing any of its duties or enforcing any of the provisions of the GOVERING DOCUMENTS. The ASSOCIATION shall also have the power and authority from time to time in its own name, on its own behalf or on the behalf of any OWNER or OWNERS who consent thereto subject to the provisions of section 7.03 hereof, to commence and maintain actions and suits to restrain and enjoin any breach or threatened breach of the GOVERING DOCUMENTS and to enforce, by mandatory injunction or otherwise, all the provisions of said GOVERING DOCUMENTS. The ASSOCIATION shall also have the right to levy a fine, as provided in Section 7.02, for violations of the GOVERING DOCUMENTS. In the event the ASSOCIATION prevails in any such action, it shall be entitled to recover from the other party costs of such actions, including reasonable attorney fees.

SECTION 4.06 LIABILITY OF MEMBERS OF THE BOARD

No member of the BOARD or member of any Committee established by this DECLARATION or the BOARD shall be personally liable to any OWNER or to any person, including DEVELOPER, for any error or omission of the BOARD, any Committee established by this DECLARATION or the BOARD or the ASSOCIATION or its representatives and employees, if such member has acted in good faith based upon such information as may be possessed by such member. Each member of the BOARD and any member of any Committee established by this DECLARATION or the BOARD, whether or not then in office, his personal representatives successors and assigns, shall be indemnified by the ASSOCIATION against all costs and expenses, (such expenses to include the reasonable settlements made with a view towards curtailment of the costs of litigation), including reasonable attorneys' fees, reasonably incurred by or imposed on such person in connection with or arising out of any action, suit or proceeding in which such person may be involved or to which such person may be

(NOTE: This is covered in the Bylaws, Article V.)

<p>made a party by reason of being, or having been, a member of the BOARD or Committee if:</p> <ol style="list-style-type: none"> 1) The person's conduct was in good faith; and 2) The person reasonably believed: <ul style="list-style-type: none"> • In the case of conduct in an official capacity, that the conduct was in the best interest of the ASSOCIATION; • In all other cases, that the conduct was at least not opposed to the ASSOCIATION'S best interest; and • In the case of criminal proceeding, the person had no reasonable cause to believe the conduct was unlawful. 	
<p><u>ARTICLE V</u></p> <p><u>ARCHITECTURE COMMITTEE</u></p> <p><u>SECTION 5.01 ORGANIZATION, POWER OF APPOINTMENT AND REMOVAL OF MEMBERS</u></p> <p>There shall be an ARCHITECTURAL COMMITTEE, which shall be organized as follows:</p> <p>A. <u>COMMITTEE COMPOSITION</u> The ARCHITECTURAL COMMITTEE shall consist of a Chairperson, who may be a member of the BOARD, and no more than two (2) members of the ASSOCIATION, who shall be appointed by the Chairperson and also be confirmed by the Board. The Chairperson shall also appoint two (2) alternate members, also to be confirmed by the BOARD, who shall act as substitutes in the event of absence of a COMMITTEE member. All COMMITTEE members shall serve staggered terms and shall be confirmed by a majority vote of the BOARD at the first regular BOARD meeting following the Annual Meeting. This COMMITTEE shall carry out all duties imposed on it</p>	<p><u>ARTICLE VI</u></p> <p><u>ARCHITECTURE COMMITTEE</u></p> <p>Section 6.1. Committee Membership and Organization. The Architectural Committee shall consist of a Chairperson, who may be a member of the Board, and no more than two (2) Owners, who shall be appointed by the chairperson and confirmed by the Board. There shall be two (2) alternate members also confirmed by the Board who shall act as substitutes in the event of the absence of a Committee member. If there are no committee members, the Executive Board shall act as the Committee. All Committee members shall serve staggered terms and shall be confirmed by a majority vote of the Board at the first regular Board meeting following the Annual Meeting. The terms of all Architectural Committee members shall be three (3) years commencing on the date of appointment, and continuing until his or her successor</p>

by the DECLARATION, shall adopt and enforce ARCHITECTURAL COMMITTEE RULES subject to BOARD approval, and shall perform other duties delegated to it by the BOARD. It shall maintain a record of all actions for a minimum of three (3) years.

B. TERMS OF OFFICE The terms of all ARCHITECTURAL COMMITTEE members shall be three (3) years. Any alternate member appointed to replace a member who has resigned or been removed shall serve such member's unexpired term. Appointments to fill vacancies on the ARCHITECTURAL COMMITTEE, however caused, shall be promptly undertaken by the Chairperson and the BOARD. Members who have resigned, been removed or whose terms have expired may be re-appointed: however, no person shall serve as a member of the ARCHITECTURAL COMMITTEE, either regular or alternate, for a period in excess of six (6) years in any ten-year period.

C. REMOVAL No member or alternate member once appointed may be removed from the ARCHITECTURAL COMMITTEE except for cause, and by the vote or written consent of a majority of the members of the BOARD. Exercise of the right of appointment and removal, as set forth herein, shall be evidenced by a BOARD resolution available to all members identifying each COMMITTEE member replaced or removed from the ARCHITECTURAL COMMITTEE.

D. RESIGNATIONS Any member or alternate member of the ARCHITECTURAL COMMITTEE may at any time resign from the COMMITTEE, upon written notice delivered to the BOARD.

SECTION 5.02 DUTIES

It is the duty of the ARCHITECTURAL COMMITTEE to carry out all duties imposed upon it by the DECLARATION; to adopt ARCHITECTURAL COMMITTEE RULES and to perform

shall have been appointed or until resignation or removal of such member by the Executive Board. Any alternate member appointed to replace a member who has resigned or been removed shall serve such member's unexpired term. Appointments to fill vacancies on the Committee, however caused, shall be promptly undertaken by the Chairperson and the Executive Board. Members who have resigned, been removed or whose terms have expired may be re-appointed: however, no person shall serve as a member of the Architectural Committee, either regular or alternate, for a period in excess of six (6) years in any ten-year period. Any member or alternate member of the Committee may at any time resign from the Committee, upon written notice delivered to the Executive Board.

The affirmative vote of a majority of the members of the Committee shall govern its actions and be the act of the Committee. The Committee may avail itself of other technical and professional advice and consultants as it deems appropriate. All expenses of the Committee shall be paid by the Association and shall constitute a Common Expense. The Committee, in its discretion, may require that the owner-applicant(s) reimburse the Association for the Committee's expenses incurred in the review and approval process. All members of the Committee are entitled to reimbursement for reasonable expenses necessarily incurred by them in the performance of their duties as members of the Committee.

Section 6.2 Powers. The Architectural Committee shall be responsible for the establishment and administration of architectural rules and design guidelines set forth in the Architectural Rules. The Architectural Committee may submit and propose amendments to the Architectural Rules from time to time provided that any such amendments be approved by the majority vote of the Association's

other duties delegated to it by the BOARD. The vote or written approval of any two members shall constitute an action by the COMMITTEE unless a unanimous decision is required by the DECLARATION.

SECTION 5.03 ARCHITECT ADVISOR

The ARCHITECTURAL COMMITTEE shall designate an ARCHITECT practicing in La Plata County, Colorado, as a consultant to the ARCHITECTURAL COMMITTEE. The architect is employed to give his/her advice on such matters as requested by the ARCHITECTURAL COMMITTEE. The ARCHITECT is to serve in an advisory capacity only.

SECTION 5.04 MEETINGS AND COMPENSATION

The ARCHITECTURAL COMMITTEE shall meet from time to time as necessary to perform its duties hereunder. All members of the COMMITTEE are entitled to reimbursement for reasonable expenses necessarily incurred by them in the performance of any ARCHITECTURAL COMMITTEE function.

SECTION 5.05 ARCHITECTURAL COMMITTEE RULES

The purpose of the Architectural Committee Rules is to define the specific Architectural standards and procedures derived from the restrictions stated in the DECLARATIONS. These restrictions include but are not limited to the architectural design, the placement of buildings, landscaping, color schemes, exterior finishes, materials and similar features for use in the RANCH. The rules shall be consistent with the purposes of the DECLARATION. The BOARD shall approve the initial RULES adopted by the ARCHITECTURAL COMMITTEE. Thereafter, the ARCHITECTURAL COMMITTEE

Executive Board. The Committee shall maintain a record of all actions for a minimum of three (3) years.

Section 6.3. Submission of Plans and Procedures. Anyone wishing to build Improvements on their Lot shall submit plans, including preliminary plans, to the Committee in accordance with the procedures, guidelines, rules and regulations then in effect and as set forth in the Architectural Rules.

(NOTE: The Architect Advisor is covered in the second paragraph of Section 6.1 above.)

(NOTE: The Architectural Committee Rules are in the Architectural Rules, which is a separate document).

may vote to amend said RULES. RULES amendments require a majority vote of the ARCHITECTURAL COMMITTEE, and must be then passed on to the BOARD for final consideration which consideration shall not be unreasonably delayed.

Amendments of the ARCHITECTURAL COMMITTEE RULES forwarded to the BOARD require a majority vote by the BOARD to be approved and shall have no force and effect until such approval is secured. Any proposed decision or action by the ARCHITECTURAL COMMITTEE, which departs in any material respect from the existing RULES, must be considered and treated as an amendment to the RULES.

SECTION 5.06 WAIVER

Approval by the ARCHITECTURAL COMMITTEE of any plans, drawings or specifications of work done or proposed, or for any other matter requiring the approval of the ARCHITECTURAL COMMITTEE under the DECLARATION, shall not constitute a waiver of the COMMITTEE'S right to withhold approval of any similar plan, drawing, specification or matter subsequently submitted for approval on another LOT.

SECTION 5.07 CERTIFICATION

Within thirty (30) days of a written demand delivered to the ARCHITECTURAL COMMITTEE by any OWNER, the ARCHITECTURAL COMMITTEE shall execute an irrevocable certificate signed by any two of its members certifying, with respect to any LOT, of said OWNER, that as of that date, either (a) all improvements made and other work done upon or within said LOT comply with the DECLARATION, or (b) such improvements or work do not comply, in which event the certificate shall also

Section 6.4 Non-Waiver. Approval by the Architectural Committee of any plans, drawings or specifications of work done or proposed, or for any other matter requiring the approval of the Architectural Committee under this Declaration, shall not constitute a waiver of the Committee's right to withhold approval of any similar plan, drawing, specification or matter subsequently submitted for approval on another Lot.

Section 6.5 Certification of Compliance. Within thirty (30) days of a written demand delivered to the Architectural Committee by any Owner, the Architectural Committee shall execute an irrevocable certificate signed by any two of its members certifying, with respect to the Lot of said Owner, that as of that date, either (a) all Improvements made and other work done upon or within said Lot comply with the Architectural Rules, or (b) such Improvements or work do not comply,

identify the non-complying improvements or work and set forth the specific basis of the noncompliance. Any purchaser from the OWNER, or from anyone deriving any interest in subject LOT through him, is entitled to rely on the certificate with respect to the specifications set forth, such matters being conclusive as between the ASSOCIATION, and all OWNERS and such persons deriving any interest through them.

SECTION 5.08 APPEALS.

The ARCHITECTURAL COMMITTEE is tasked through the DECLARATIONS with the enforcement and interpretation of the ARCHITECTURAL COMMITTEE RULES and the related portions of the DECLARATIONS. Any disagreement by an owner over an ARCHITECTURAL COMMITTEE ruling can be appealed to the BOARD only on the following bases: failure of the ARCHITECTURAL COMMITTEE to follow the proper procedures; a provable bias against the OWNER; or application of unapproved rules by the ARCHITECTURAL COMMITTEE. The RANCH POLICY on Complaints also applies.

in which event the certificate shall also identify the non-complying improvements or work and set forth the specific basis of the noncompliance. Any purchaser from the Owner, or from anyone deriving any interest in subject Lot through him, is entitled to rely on the certificate with respect to the specifications set forth, such matters being conclusive as between the Association, and all Owners and such persons deriving any interest through them.

Section 6.6 Building Permit. An Owner must apply for a building permit from the La Plata County building department whenever County ordinances require an Owner obtain a permit. The building plans submitted to the County shall not in any way differ from the plan approved by the Architectural Committee. If the plans submitted to the County differ in any way from the plans approved by the Architectural Committee, all approvals of the Committee shall be deemed automatically revoked.

Section 6.7. Non-Liability. Neither the Association, the Executive Board, the Architectural Committee nor any architect, member, officer or agent thereof shall be liable in damages to any person submitting requests for approval or to any approval, or failure to approve or disapprove, in regard to any matter within its jurisdiction under this Declaration. Neither the Association, the Executive Board, nor the Architectural Committee shall bear any responsibility for ensuring structural integrity or soundness of approved construction or modifications, or for ensuring compliance with building codes and other governmental requirements. Neither the Association, the Executive Board nor the Architectural Committee will make any investigation into title, ownership, easements, rights of way or other rights appurtenant to the property with respect to architectural requests and shall not be liable for any disputes relating to same. In all events the Architectural Committee (and /or the Executive Board if acting in such capacity) shall be defended and indemnified by the Association in any such suit or proceeding which may arise by reason of the Executive Board's or Committee's decision. The Association, however, shall not be obligated to indemnify each member of the Board or Committee to the extent any such member of the Board or Committee is adjudged to be liable for

gross negligence or willful misconduct in the performance of his duty as a member of the Board or Committee.

ARTICLE VI

FUNDS AND ASSESSMENTS

SECTION 6.01 OPERATING AND RESERVE FUNDS

There shall be an Operating Fund and a Reserve Fund, into which the ASSOCIATION shall deposit all monies paid to it as follows:

A. OPERATING FUND

1. Operation and maintenance assessments;
2. Additional assessments for Operations;
3. Miscellaneous fees;
4. Investment Income from Operating Funds and Income and profits attributable to the operating fund and from which the ASSOCIATION shall make disbursements in performing the functions for which the foregoing assessments are levied.

B. RESERVE FUND

1. Assessments for future major repairs and replacements;
2. Additional assessments for major repairs and replacement;
3. Assessments for new capital improvements;
4. Investment income from Reserve Fund, and
5. Excess operating funds transferred from the Operating Fund at the end of the year by The BOARD and from which the ASSOCIATION shall make disbursements in performing major repairs and replacements.
6. EXHIBIT F contains a description of how this fund is managed.

SECTION 6.02 ASSESSMENTS

(NOTE: The Operating expenses is covered in Sections 8.3 and 8.4 below and the Reserve Fund is covered in Article V above.)

**ARTICLE VIII
ASSESSMENTS FOR COMMON EXPENSES**

A. REGULAR ASSESSMENTS At least thirty (30) days prior to the commencement of each fiscal year, the BOARD shall estimate the costs and expenses to be incurred by the ASSOCIATION during such fiscal year in performing its functions under the DECLARATION (including a reasonable provision for contingencies, capital improvements and future major repairs and replacements). The sum so determined shall be assessed to the owners as a regular annual assessment by dividing the total estimate of the yearly costs by the number of LOTS in THE RANCH and assessing the resulting amount to the OWNER of each LOT. Each LOT owned by the DEVELOPER that has been platted and accepted as additional property by THE RANCH PROPERTY OWNER'S ASSOCIATION shall be assessed at 50% of the assessment described above. All funds not immediately needed shall be placed in interest bearing accounts.

B. ADDITIONAL ASSESSMENTS If at any time during any fiscal year, the regular assessment proves inadequate for any reason (a "deficiency"), including nonpayment of any OWNER'S share thereof, the BOARD may utilize funds in the RESERVE FUND which are in excess of the amounts allocated or required for any future project to fund such deficiency. Alternatively, the BOARD may authorize a short-term (less than one year) emergency loan from the RESERVE FUND to fund such deficiency, which loan should bear interest at current rates and be fully reimbursed to the RESERVE FUND in the following fiscal year. The amount of money to be used to fund the deficiency would be determined by the BOARD and should not come from monies already allocated for specific major capital, repair and replacement projects. To the extent such excess funds from the preceding sources are inadequate, the BOARD may levy an additional assessment in the amount of such actual or estimated shortfall, which amount shall be assessed to the OWNERS individually in the manner set forth in Paragraph A above.

C. LIMITATIONS ON ADDITIONAL ASSESSMENTS The aggregate amount of all additional assessments levied for any fiscal year shall not exceed 25% of the regular assessment for that year

Section 8.1 **Obligation.** Each Owner, by accepting a deed for a Lot, is deemed by covenant to pay to the Association: (i) the Annual Assessments imposed by the Executive Board as necessary to meet the Common Expenses of maintenance and management of the Common Elements and to perform the functions of the Association; (ii) Special Assessments for capital improvements and other purposes as stated in this Declaration, if permitted by law; and (iii) Default Assessments which may be assessed against a Lot for the Owner's failure to perform an obligation under the Association Documents or because the Association has incurred an expense on behalf of the Owner under the Association Documents.

Section 8.2 **Purpose of Assessments.** The Assessments shall be used exclusively to promote the health, safety, and welfare of the Owners and occupants of the Common Interest Community, and for the improvement and maintenance of the Common Elements, all as more fully set forth in this Declaration.

Section 8.3 **Budget.** At a regular meeting of the Executive Board or at a special meeting called for such purpose, the Executive Board shall approve a budget of the projected revenues, expenditures and reserves for the Association's next fiscal year. A summary of the proposed budget approved by the Executive Board shall be mailed or emailed to the Owners within thirty (30) days after its adoption along with a notice of a meeting of the Association to be held within a reasonable time after the delivery of the summary of the proposed budget to the Owners and may, if convenient, be the annual meeting date. Unless 75% of the eligible votes allocated to all Owners reject the proposed budget, the budget is deemed ratified. There are no quorum requirements for this meeting. In the event the proposed budget is rejected, the budget last ratified by the Owners continues until such time as the Owners ratify a subsequent budget proposed by the Executive Board as provided above. If the Executive Board deems it necessary or advisable to amend an annual budget that has been ratified, the Executive Board may adopt a proposed amendment to the annual budget, deliver a summary of the proposed amendment to all Owners and set a date for a meeting of the Owners to consider ratification of the

without the vote or written consent of a majority of the OWNERS.

D. PAYMENT OF ASSESSMENTS Assessment shall be due and payable in full by the OWNERS to the ASSOCIATION by the date specified by the BOARD, or in such other manner as the BOARD shall designate, but in no event sooner than 30 days after notice thereof, including the assessment of interest on delinquent balances.

SECTION 6.03 REIMBURSEMENT ASSESSMENT

The BOARD may levy an assessment against any OWNER as a result of whose failure to comply with the GOVERNING DOCUMENTS, monies were expended by the ASSOCIATION from the operating fund in performing its function under the DECLARATION. Such assessments shall be for the purpose of reimbursing the ASSOCIATION, shall be limited to the amount so expended and shall be due and payable to the ASSOCIATION when levied.

proposed amendment. The date of such meeting shall be within a reasonable time after the delivery of the summary of the proposed amendment. Unless at that meeting 75% of the eligible votes allocated to all Owners, whether or not a quorum is present, rejects the proposed amendment, the proposed amendment shall be deemed ratified.

Section 8.4 Annual Assessments. Annual Assessments for Common Expenses shall be based upon the estimated cash requirements as the Executive Board shall from time to time determine to be paid by all of the Owners, subject to this Article. By way of example, estimated Common Expenses shall include, but shall not be limited to, the cost of routine maintenance of the Common Elements, including, but not limited to, road maintenance and snow plowing of the Roads; maintenance for mailboxes and entrance and road signs, spraying and removal of noxious weeds; expenses for trash haul-out; expenses for irrigation maintenance, expenses of management; any taxes and special governmental assessments pertaining to the Common Elements and insurance premiums for insurance coverage as deemed desirable or necessary by the Association; wages; legal and accounting fees; management fees; expenses and liabilities incurred by the Association under or by reason of this Declaration; payment of any default remaining from a previous assessment period; maintenance of any debt obligation; and the creation of a reasonable contingency or other reserve or surplus fund for general, and routine maintenance of the Common Elements on a periodic basis, as needed. Annual Assessments shall be payable on a prorated basis each year in advance as the Executive Board may determine. The omission or failure of the Association to fix the Annual Assessments for any assessment period shall not be deemed a waiver, modification, or release of the Owners from their obligation to pay the same.

Section 8.5 Apportionment of Annual Assessments. Each Owner shall be responsible for his share of the Common Expenses in accordance with the Allocated Interests, subject to the provisions of this Article.

Section 8.6 Special Assessments.

A. In addition to the Annual Assessments authorized by this Article, the Association may levy in any fiscal year one or more Special Assessments, if permitted by applicable law, payable over such a period as the Association may determine, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of improvements within the Common Elements, or for any other expense incurred or to be incurred as provided in this Declaration. This Section shall not be construed as an independent source of authority for the Association to incur expense, but shall be construed to prescribe the manner of assessing expenses authorized by other sections of this Declaration and in acting under this Section, the Association shall make specific references to this Section. Any amounts assessed pursuant to this Section shall be assessed to Owners in the same proportion as provided for Annual Assessments, and any extraordinary insurance costs incurred as a result of the value of a particular Owner's residence or the action of a particular Owner (or his agents, servants, guests, tenants, or invitees) shall be borne by that Owner. Notice in writing in the amount of such Special Assessments and the time for payment of the Special Assessments shall be given promptly to the Owners after any requisite Owner approval for the Special Assessment has been obtained. Special Assessments shall be due no less than 30 days after the notice shall have been given.

B. Notwithstanding the foregoing, no Special Assessment shall be levied without the approval of fifty-one percent (51%) of all of the Lot Owners within the Association who are eligible to vote in the event that the aggregate amount of all additional assessment levied for any fiscal years exceeds 25% of the regular assessments for that year.

C. As an alternative to levying a Special Assessment, the Executive Board, in its discretion, may utilize Reserve Funds if during the fiscal year, the annual assessment provides inadequate capital for any reason (a "Deficiency") including nonpayment of any Owner's share of assessments. In addition, or in the alternative, the Board may authorize a short-term (less than one- year) emergency loan from the Reserve Fund to fund such deficiency, which loan should bear interest at current rates and be fully reimbursed to the Reserve Fund in the following fiscal year. The amount of money to be used to fund the

deficiency would be determined by the Executive Board and should not come from monies already allocated for specific major capital, repair and replacement projects.

Section 8.7 Default Assessments. All monetary fines assessed against an Owner pursuant to the Association Documents, or any expense of the Association which is the obligation of an Owner or which is incurred by the Association on behalf of the Owner pursuant to the Association Documents (such as unpaid assessments), shall be a Default Assessment and shall become a lien against such Owner's Lot which may be foreclosed or otherwise collected as provided in this Declaration.

Section 8.8 Effect of Nonpayment; Assessment Lien. Any assessment installment, whether pertaining to any Annual, Special, or Default Assessment, which is not paid within 30 days of its due date shall be delinquent. The procedure for Collection of Assessments shall be as set forth in the Governance Policy for Collections. In addition to the rights set forth in the Governance Policy, the Association may file a statement of lien on a delinquent Assessment with respect to the Lot and proceed with foreclosure. Assessments chargeable to any Lot shall constitute a continuing lien on such Lot, including any improvement on the Lot. To evidence the lien created under this Section, the Association may, but is not required to, prepare a written notice setting forth (i) the address of the Association, (ii) the amount of such unpaid indebtedness, (iii) the amount of accrued penalty on the indebtedness, (iv) the name of the Owner of the Lot, and (v) a description of the Lot. The notice shall be signed and acknowledged by the President or Vice President of the Association, the Association's attorney, or by the Manager, and the Association shall serve written notice upon the Owner to the address of the Lot or to such other address as the Association may have in its files for such Owner. At least ten days after the Association mails the Owner such a notice, the Association may record the notice in the office of the Clerk and Recorder of La Plata County, Colorado. Such lien for Assessments shall attach from the due date of the Assessment. According the Governance Policy on Collections, the Association may institute foreclosure proceedings against the defaulting Owner's Lot in the manner for foreclosing a mortgage on real property under Colorado

SECTION 6.04 ENFORCEMENT POLICY

ASSESSMENTS. Each assessment levied hereunder shall be a separate, distinct and personal debt and obligation of the OWNER or OWNERS against whom the same is assessed. In the event of a default in payment of any such assessment and, in addition to any other remedies herein or by law provided, the ASSOCIATION may enforce each such obligation by either or both of the following procedures:

A. **ENFORCEMENT BY SUIT** The BOARD on behalf of the ASSOCIATION may bring a suit at law to enforce each such assessment obligation. Any judgment rendered in any such action shall include a sum for costs of suit, including reasonable attorneys' fees in such amount as the Court may adjudge against the defaulting OWNER.

law. In the event of any such foreclosure, the Owner shall be liable for the amount of unpaid Assessments, any penalties and interest thereon, the cost and expenses of such proceedings, the cost and expenses for filing the notice of the claim and lien, and all reasonable attorneys' fees incurred in connection with the enforcement of the lien. The Association shall have the power to bid on the Lot at a foreclosure sale and to acquire and hold, lease, mortgage, and convey the same. The Association shall be entitled to costs and reasonable attorney fees in any action brought by the Association under this Section.

Section 8.9 Personal Obligation. The amount of any Assessment chargeable against any Lot shall be a personal and individual debt of the Owner of the Lot. No Owner may exempt himself from liability for the Assessment by abandonment of his Lot or by waiver of the use or enjoyment of all or part of the Common Elements. Suit to recover a money judgment for unpaid Assessments, any penalties and interest, thereon, the cost and expenses of such proceedings, and all reasonable attorneys' fees in connection therewith shall be maintainable without foreclosing or waiving the Assessment lien provided in this Declaration.

Section 8.10 Successor's Liability for Assessment. In addition to the personal obligation of each Owner to pay all Assessments and the Association's perpetual lien for such Assessments, all successors to the fee simple title of a Lot, except as provided below, shall be jointly and severally liable with the prior Owner or Owners thereof for any and all unpaid Assessments, interest, late charges, costs, expenses, and attorneys' fees against such Lot without prejudice to such successor's right to recover from any prior Owner any amounts paid by such successor. This liability of a successor shall be personal, and shall not terminate upon termination of such successor's fee simple interest in the Lot. In addition, such successor shall be entitled to rely on the Statement of Status of Assessment Payment by or on behalf of the Association under this Article.

Section 8.11 Subordination of Lien. The lien of the Assessments provided for in this Declaration shall be subordinate to (i) the lien of real estate taxes and special governmental assessments, (ii)

B. ENFORCEMENT BY LIEN At any time after the occurrence of any such default, the BOARD may make a demand for payment to the defaulting OWNER. Said demand shall state the date and amount of the delinquency. If such delinquency is not paid within ten days after delivery of such notice, the BOARD may elect to file a claim of lien against the LOT of such delinquent OWNER. Such claim of lien shall state:

1. The name of the delinquent OWNER;
2. The legal description and street address of the LOT against which claim of lien is made;
3. The amount claimed to be due and owing (with any proper offset allowed);
4. That the claim of lien is made by the ASSOCIATION pursuant to the terms of the DECLARATION, and that a lien is claimed against the LOT in an amount equal to the amount of the stated delinquency. Upon recordation of a duly executed original or copy of such claim of lien by the

Clerk and Recorder of La Plata County, the lien claimed therein shall immediately attach and become effective subject only to the limitations hereinafter set forth. Each default shall constitute a separate basis for a claim of lien or a lien, but any number of defaults may be included with a single claim of lien. Any such lien may be foreclosed in the manner set forth in the "Applicable Statutory Provision for Assessment Lien Enforcement," Colorado Revised Statutes '38-33.3-316. Costs of suit, including reasonable attorneys' fees, shall be allowed the ASSOCIATION to the extent permitted by law.

C. ASSESSMENT CERTIFICATE A certificate executed under penalty of perjury by the Treasurer of the ASSOCIATION and acknowledged by a member of the BOARD shall be conclusive upon the ASSOCIATION and the OWNERS in favor of any and all persons who rely thereon in good faith as to the matters therein contained, and any OWNER shall be entitled to such a certificate setting forth the amount of any due and unpaid assessments with respect to his LOT (or the fact that all assessments due are paid, if such is the case) within ten days after demand therefore and upon payment of a reasonable fee not to exceed twenty-five dollars.

liens and encumbrances recorded prior to the recordation of the Declaration, and (iii) liens for all sums unpaid for a first lien security interest on a Lot recorded before the date on which the assessment sought to be enforced became delinquent, subject to the priority granted to the Association's lien under the Act. The lien of the Assessments shall be superior to and prior to any Lot exemption provided now or in the future by the laws of the State of Colorado. An Owner's transfer of any Lot shall not affect the Association's lien except that sale or transfer of any Lot pursuant to foreclosure of any first mortgage, or any proceeding in lieu thereof, or cancellation or forfeiture shall only extinguish the Association's liens as provided in the Act. The amount of such extinguished lien may be reallocated and assessed to all Lots as a Common Expense at the direction of the Executive Board. No sale or transfer shall relieve the purchaser or transferee of a Lot from liability for, or the Lot from the lien of, any Assessments made after the sale or transfer.

Section 8.12 Notice to Mortgagees. The Association may report to any Mortgagee any unpaid Assessments remaining unpaid for longer than 60 days after the same shall have become due, if such Mortgagee first shall have furnished to the Association written notice of the Mortgage and a request for notice of unpaid Assessments. Any Mortgagee holding a lien on a Lot may pay any unpaid Assessment payable with respect to such Lot, together with any and all costs and expenses incurred with respect to the lien, and upon such payment that Mortgagee shall have a lien on the Lot for the amounts paid with the same priority as the lien of the Mortgage.

ARTICLE VII
ADDITIONAL PROVISIONS

SECTION 7.01 AMENDMENT AND DURATION

A. AMENDMENT OR REPEAL Except as otherwise provided in this DECLARATION, the DECLARATION may be amended or repealed at any time by the vote or written consent of a two-thirds

ARTICLE XIII
DURATION OF COVENANTS AND AMENDMENT

Section 13.1 Term. The covenants, conditions, easements, and restrictions of this Declaration shall run with and bind the Property in perpetuity, subject to the termination provisions of the Act.

(2/3) majority of the OWNERS of the LOTS then within THE RANCH and shall be evidenced by the recordation of a written document setting forth in full said amendment or repeal, duly certified by the Secretary of the BOARD if consent of the OWNERS is obtained by vote, or by recordation of the written document setting forth in full said amendment or repeal and executed by the OWNERS as set forth above.

B. DURATION OF DECLARATION The DECLARATION shall continue and remain in full force and effect at all times with respect to all property included within THE RANCH, the OWNERS and the ASSOCIATION subject, however, to the right to amend and repeal as provided in Paragraph A above.

SECTION 7.02 ENFORCEMENT AND NONWAIVER

A. RIGHT OF ENFORCEMENT Except as otherwise provided herein, the BOARD on behalf of the ASSOCIATION, any OWNER or OWNERS and each of them shall have the right to enforce any and all of the covenants, conditions and restrictions now or hereafter imposed by the GOVERNING DOCUMENTS upon the OWNERS, the ASSOCIATION and upon any property within THE RANCH. Any controversies arising out of enforcement of the GOVERNING DOCUMENTS between an OWNER and the ASSOCIATION and a BUILDER and the ASSOCIATION shall be submitted to arbitration conducted before a lawfully qualified arbitrator who shall be selected from among a pool of prospective arbitrators limited to persons approved by the courts in La Plata County for mediation and retired judges and practicing attorneys in La Plata County. In the event such arbitration becomes necessary, the parties agree that:

1. If a dispute has not been resolved between the parties, the matter will be set for binding arbitration in accordance with the Colorado Uniform Arbitration Act, C.R.S. §13-22-201, *et seq.* The parties shall agree on an arbitrator within 30 days following notice by either party that the dispute needs to be set for arbitration. If the parties cannot agree on who the arbitrator is to be, both parties will file a motion in the La Plata County

Section 13.2 Amendment. This Declaration, or any provision of it, may be amended at any time by an instrument approved by Owners holding no less than 2/3rds of the votes of Owners of Lots. Any Amendment must be executed by the President of the Association, and approval of such amendment may be shown by attaching a certificate of the Secretary of the Association to the recorded instrument certifying that signatures of a sufficient number of Owners approving the amendment are on file in the office of the Association. All amendments must be recorded in the real property records of the La Plata County clerk and recorder. The procedure for amendment must follow § 217 of the Act.

Section 13.3 Termination. This Declaration shall not be revoked, nor shall the Common Interest Community be terminated, except as provided in Article IX regarding total condemnation, without the consent of 67% of the Owners evidenced by a written instrument duly recorded. Termination of the Common Interest Community may be accomplished only in accordance with § 218 of the ACT.

Section 13.4 Limitation of Challenges. An action to challenge the validity of an amendment adopted by the Association pursuant to this Article may not be brought more than one year after the amendment is recorded.

Section 17.1 Enforcement. Except as otherwise provided in this Declaration, the Executive Board, or any Owner shall have the right to enforce, by a proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens, and charges now or hereafter imposed by the provisions of the Declaration. Failure by the Executive Board of the Association, or by any Owner to enforce any covenant or restriction contained in this Declaration shall in no event be deemed a waiver of the right to do so thereafter. All reasonable attorney's fees and costs incurred by the Association in a suit to enforce the terms hereof shall, if the Association prevails in such action, be recoverable from the losing party.

or District Court to appoint an arbitrator. Each party agrees to pay one-half of the arbitrator's fees. Arbitration shall occur at the arbitrator's place of business in the City of Durango, Colorado unless otherwise agreed to by the parties. Any award for arbitration can be enforced in accordance with the aforesaid Uniform Arbitration Act;

2. Except for the ASSOCIATION as hereinafter set out, OWNERS and BUILDERS waive their rights to seek remedy in the court, including the right to a jury trial.

(NOTE: The enforcement provisions are in the Governing Policies and Procedures.)

B. COURT ACTION Notwithstanding the above Covenant on the "Right of Enforcement" of to submit disputes to arbitration, only the BOARD, on behalf of the ASSOCIATION, shall have the right to institute a court action for any remedies available in court, including but not limited to the right to bring an injunctive action if the BOARD, in its sole subjective discretion, determines that it is in the best interest of the ASSOCIATION to prevent any violation or nuisance which needs speedy or immediate resolution.

C. LIABILITY The party failing to prevail in any such arbitration or court action shall be liable for the payment of all costs and expenses, including attorney fees, arising out of the conduct of the arbitration or court proceedings.

D. VIOLATIONS AND NUISANCES Every act or omission whereby a covenant, condition or restriction of the DECLARATION is violated in whole or in part 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 a BUILDER, the ASSOCIATION or an OWNER or OWNERS.

E. VIOLATION OF LAW Any violation of any state, municipal or local law, ordinance or regulation pertaining to the ownership, occupation or use of any property within THE RANCH is hereby declared to be a violation of the DECLARATION and is subject to any or all of the enforcement procedures herein set forth.

F. REMEDIES CUMULATIVE Each remedy provided by the DECLARATION are cumulative and not exclusive.

G. NON-WAIVER The failure to enforce the provisions of any covenant, condition or restriction contained in the GOVERNING DOCUMENTS shall not constitute a waiver of any right to enforce any such provision or any other provisions of said GOVERNING DOCUMENTS.

SECTION 7.03 OBLIGATIONS OF OWNERS

No OWNER may avoid the burden of obligations imposed on him by the GOVERNING DOCUMENTS through non-use of any ASSOCIATION PROPERTY or by abandonment of his LOT. Upon the conveyance, sale, assignment or other transfer of a LOT to a new OWNER, the transferring OWNER, shall not be liable for any assessments levied with respect to such LOT after the date of such transfer, and no person, after the termination of his status as an OWNER and prior to his again becoming an OWNER, shall incur any of the obligations or enjoy any of the benefits of an OWNER under the GOVERNING DOCUMENTS. The lien established by Section 6.04 B shall continue as a lien against a LOT after its sale to a new OWNER.

SECTION 7.04 SALE OF LOT OR UNIT.

The Seller of any property must provide any ASSOCIATION documents required by the real estate provisions of Colorado Revised Statutes to a Buyer at least 10 days before closing. Upon Buyer's request, the Seller must provide copies of the current forms of the GOVERNING DOCUMENTS, current operating budget and latest Annual Financial Report to the Buyer. The ASSOCIATION, upon written request of the Seller, must produce these. The ASSOCIATION can charge a reasonable fee. The seller must also provide the buyer with the disclosure statement as provided in EXHIBIT D stating that the

ARTICLE XVII SALE OF LOT OR UNIT

The Seller of any property must provide any Association documents required by the real estate provisions of Colorado Revised Statutes to a Buyer at least 10 days before closing. Upon Buyer's request, the Seller must provide copies of the current forms of the Governing Documents, current operating budget and latest Annual Financial Report to the Buyer. The Association, upon written request of the Seller, must produce these. The Association can charge a reasonable fee. The seller must also provide the buyer with the disclosure statement as provided in EXHIBIT D stating that the buyer understands his or her responsibilities

buyer understands his or hers responsibilities as members of the association. The signed agreement must be delivered to the secretary of the association prior to closing.

SECTION 7.05 LEASING OR RENTING:

Leasing or renting of a residence from time to time by the OWNER thereof shall be permitted, but subject to all applicable provisions of this Section and all other provisions of the GOVERNING DOCUMENTS. Any OWNER who rents or leases his unit shall be fully responsible for the actions of his tenants and RESIDENTS with respect to the provisions of the GOVERNING DOCUMENTS. OWNERS will be subject to fines for failure to comply with these rules.

A. At no time will more than two (2) residences be leased or rented by any OWNER. [See Article III, Section 3.01 (B)]

B. Any rental or leasing arrangement, including those negotiated directly between the OWNER and the renter, shall be subject to a written lease executed pursuant to the real estate provisions of Colorado Revised Statutes in all respects including licensing and the provisions of all required notices thereunder. Any such lease shall include a provision-making adherence to the GOVERNING DOCUMENTS a condition of the tenancy granted thereby.

C. The OWNER of any residence who rents or leases a unit to a party or the agent of such OWNER, must provide the GOVERNING DOCUMENTS to such party. The OWNER, or the OWNER'S agent, must further provide to the Secretary of THE RANCH BOARD: the property address, the name of the said party, contact information, type and license number of any vehicles used by the said party, the effective dates and length of rental or lease, and an acknowledgement that the documents have been received by the said party. The OWNER, or the OWNER'S agent, will also be required to timely provide to the Secretary an executed copy of the

as members of the association. The signed agreement must be delivered to the secretary of the association prior to closing.

**ARTICLE X
LEASING**

Section 10. Leasing or renting of a residence shall be permitted in accordance with the restrictions and conditions of this Article X and the Bylaws, Articles and Rules and Regulations of the Association, including any specific rules and regulations adopted by the Executive Board. Violations (by Owners or Occupants of Lots) of this Declaration or any provision of the Governing Documents may subject Owners to fines or other remedies available under law.

A. Any residence that is leased shall be leased only in its entirety; separate rooms, floors, or other areas within a residence may not be separately leased unless the residence is owner- occupied or the partial lease is to a caretaker in the Owner's temporary absence.

B. All leases shall have a minimum initial term of at least 30 days. No Lot may be sub- leased and no lease may be assigned during such minimum initial term. In the event of termination of a lease after the tenant has taken occupancy and prior to the end of such minimum initial term, the Owner may not enter into a new lease with a term commencing prior to the date on which the previous lease would have expired without prior approval of the Board, which shall not be granted unless the Board determines, after consideration of the facts and circumstances, that the Owner acted in good faith, with no intent to circumvent the requirements of this subsection and could not reasonably have anticipated the early termination of the previous lease at the time the lease was signed.

C. Vacation and short-term rentals are permitted so long as in compliance with the 30-day restriction set forth above and so long as said vacation and short-term rentals comply with any applicable

lease or rental agreement.

D. If requested in writing by the Secretary of THE RANCH BOARD, the OWNER, or the OWNER'S agent, may be required to provide to the Secretary an affidavit that a satisfactory background check was performed on the prospective occupants prior to the execution of the lease or rental agreement.

SECTION 7.06 DELIVERY OF NOTICES AND DOCUMENTS

Any notice or other document relating to or required by the GOVERNING DOCUMENTS may be delivered either personally or by mail and/or posted on the ASSOCIATION WEBSITE. If by mail, it shall be deemed to have been delivered twenty-four hours after a copy of same has been deposited in the United States mail, postage paid, addressed as follows: If to the ASSOCIATION, at 32852 Highway 550, Durango, Colorado 81301; if to the ARCHITECTURAL COMMITTEE, at the same address; if to an OWNER, to the address of any LOT within THE RANCH owned in whole or in part, by him, and if to DEVELOPER, 33800 Highway 550, Durango, Colorado 81301; provided, however, that such address may be changed by the ASSOCIATION by

municipal and governmental ordinances or regulations pertaining to vacation rentals.

D. All leases shall be in writing and shall disclose that the tenants and all occupants of the leased Lot are bound by and obligated to comply with the Association Documents. Notwithstanding the foregoing, the Association Documents shall apply regardless of whether such a provision is specifically set forth in the lease. The Owner must provide the tenant copies of the Association Documents.

E. Within 10 days of a lease being signed, the Owner of the leased Lot shall notify the Association's Secretary of the lease arrangement and the Owner shall provide the name, address, phone number, vehicle description and license plate numbers, and any additional information about the lessee the Board may reasonably require.

F. If requested in writing by the Executive Board, the Owner, or the Owner's agent, may be required to provide an affidavit that a satisfactory background check was performed on the prospective occupants prior to the execution of the lease or rental agreement.

(NOTE: Notice of Meetings is covered in the Bylaws, Section 3.5. The procedures for delivery of documents are covered in the Governing Policies and Procedures, Article 5.)

recording a notice of change of address, and by an OWNER, the ARCHITECTURAL COMMITTEE or DEVELOPER by notice in writing delivered to the ASSOCIATION.

SECTION 7.07 CONSTRUCTION AND SEVERABILITY, SINGULAR AND PLURAL TITLES

- A. DECLARATION CONSTRUED TOGETHER All of the terms and conditions of the DECLARATION shall be liberally construed together to promote and effectuate the fundamental concepts of THE RANCH as set forth in the PREAMBLE of this DECLARATION.
- B. DECLARATION SEVERABLE Notwithstanding the provisions of Paragraph A above, the covenants, conditions and restrictions of the DECLARATION shall be deemed independent and severable, and the invalidity or partial invalidity of any provision or portion thereof shall not affect the validity or enforceability of any other provision.
- C. SINGULAR INCLUDES PLURAL The singular shall include the plural and the plural the singular unless the context requires the contrary, and the masculine, feminine or neuter shall each include the masculine, feminine and neuter, as the context requires.
- D. CAPTIONS All captions or titles used in the DECLARATION are intended solely for convenience of reference and shall not affect that which is set forth in any of the terms or provisions of said DECLARATION.

**ARTICLE XVIII
GENERAL PROVISIONS**

Section 18.2 Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions, which shall remain in full force and effect.

Section 18.3 Conflicts. In case of conflict between this Declaration and the Articles and the Bylaws of the Association, this Declaration shall control. In case of conflict between the Articles and Bylaws, the Articles shall control. In the case of a conflict or inconsistency between the provisions of this Declaration and the design review criteria, the provisions of this Declaration shall control and the design review criteria shall be automatically amended to the extent necessary to conform the conflicting provision therein with the provisions of this Declaration. The Association Documents are intended to comply with the requirement of the Act. If there is any conflict between the Association Documents and the provisions of the Act, the provisions of the Act shall control.

Section 18.4 Captions. The captions contained in the Documents are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of the Documents or the intent of any provision thereof.

Section 18.5 Gender. The use of the masculine gender refers to the feminine gender, and vice versa, and the use of the singular includes the plural, and vice versa, whenever the context of the Documents so requires.

ARTICLE VIII COMMON AREA
SECTION 8.01 OWNERS' EASEMENTS OF ENJOYMENT

Every OWNER shall have a right and easement of access and enjoyment in and to the COMMON AREA, which shall be appurtenant to and shall pass with title to every LOT, subject to the following provisions:

- A. The right of the ASSOCIATION to regulate the use of any recreational facility situated upon the COMMON AREA.
- B. The right of the ASSOCIATION to suspend the voting rights and right to use the recreational facilities by an OWNER for any period during which any assessment against his LOT remains unpaid; and for a period not to exceed 60 days for any infraction of its rules and regulations.
- C. CONVEYANCES AND ENCUMBRANCES The ASSOCIATION shall have the right to dedicate, transfer, encumber or convey all or any part of the COMMON AREA only upon vote of persons entitled to cast at least sixty-seven percent of the votes in the ASSOCIATION. Notwithstanding the foregoing, however, the ASSOCIATION, upon resolution of the BOARD, shall be entitled to Lease or Transfer title to the Sewer Site (as shown on The Ranch, Phase 1, Plat, recorded as Reception No. 418481) without the need for an authorizing document from the members and shall further be permitted, upon BOARD resolution, to transfer common area to any particular LOT adversely impacted by as-built condition of any subdivision road provided that such transfer shall bear a direct proportion to the dimension of the impact of the road.

SECTION 8.02 DELEGATION OF USE

Any OWNER may delegate, in accordance with the By-Laws, his right of enjoyment to the COMMON AREA and facilities to the members of his family, his tenants, or contract purchasers who reside on the property.

ARTICLE XIV
EASEMENTS AND COMMON AREA

Section 14.1 Existing Easements. The Common Interest Community shall be subject to all easements shown on the Plats, including all utility and access easements, those easements of record in the real property records of La Plata County, and those easements provided for in the Act, and as otherwise set forth in this Article.

Section 14.2 Owner's Easement Across Roads. Every Owner shall have an easement across the Roads within The Ranch, which easements shall be appurtenant to and shall pass with the title to every Lot. Roads are in the locations designated on the Plat and are for the purpose of vehicular, pedestrian and equestrian ingress and egress.

Section 14.4. Conveyances and Encumbrances. The Association shall have the right to dedicate, transfer, encumber or convey all or any part of the Common Area only upon vote of persons entitled to cast at least 67% of the votes in the Association. By execution of this Declaration, Owners ratify and consent to the Executive Board's lease of the parcel of land identified as the Sewer Site on The Ranch, Phase 1, Plat recorded as Reception No. 418481 and to any future modification or termination of the lease, encumbrance or conveyance of said Sewer Site provided such action is determined to be of benefit to the Association by the Executive Board.

Section 14.3 Owners' Easement of Enjoyment. Every Owner shall have a right and easement of access and enjoyment in and to the Common Area, which shall be appurtenant to and shall pass with title to every Lot, subject to the following provisions: The right of the Association to regulate the use of any recreational facility situated upon the Common Area.

**ARTICLE XI
CONDEMNATION**

Section 11.1 Rights of Owners. Whenever all or any part of the Common Elements or anything which constitutes Association property shall be taken by any authority having power of condemnation or eminent domain or whenever all or any part of the Common Elements is conveyed in lieu of a taking under thereof of condemnation by the Executive Board acting as attorney-in-fact for all Owners under instructions from any authority having the power of condemnation or eminent domain, each Owner shall be entitled to notice of the taking or conveying. The Association shall act as attorney-in-fact for all Owners in the proceeding incident to the condemnation proceeding, unless otherwise prohibited by law.

Section 11.2 Partial Condemnation, Distribution of Award; Reconstruction. The award made for such taking shall be payable to the Association as trustee for the Owners, and the award shall be disbursed in equal shares per Lot among the Owners, first to the Mortgagees, if any, and then to the Owners, according to the Allocated Interests formula described in Section 12.2 below.

Section 11.3 Complete Condemnation. If all of the Common Interest Community is taken, condemned, sold, or otherwise disposed of in lieu of or in avoidance of condemnation, then the regime created by this Declaration shall terminate, and the portion of the condemnation award attributable to the Common Elements shall be distributed as provided in Section 11.2 above.

**ARTICLE XII
ALLOCATED INTERESTS**

	<p>Section 12.1 Allocation of Interests. Allocated interests means each Owner's share of the Common Expenses, and votes in the Association allocated to each Lot. Interests have been allocated in accordance with the formulas set out in this Article. The same formulas are to be used in reallocating interests if Lots are added to the Common Interest Community.</p> <p>Section 12.2 Formula for Allocation of Interests. The formula for calculating the Allocated Interest of a single Lot is based on a fraction: the numerator of which is one (1) and the denominator of which is the total number of Lots in The Ranch. (The total number of Lots at the time of recordation of this Declaration is 107; hence, the Allocated Interest for each Lot is 1/107) Nothing contained in this Section shall prohibit certain Common Expenses from being apportioned to particular Lots under any other Article of this Declaration. In the event the total number of Lots within the Association is increased or decreased, there shall be an automatic corresponding change in the Allocation of Interests.</p> <p>Section 12.3 Voting Rights. Each Owner shall be allocated one vote for every LOT.</p>
<p><u>EXHIBIT A</u> April 2,2006</p> <ol style="list-style-type: none"> 1. The Ranch, Phase 1, Final Plat, Reception No. 418481, March 31, 1978. 2. Phase 2-B, Amended Plat 4, Project No. 86-194, Reception No. 550796, July 22, 1987. 3. Phase II-C1-1, Project No. 87-47, Reception No. 565837, July 28, 1988. 	<p>EXHIBIT A. LEGAL DESCRIPTION OF PROPERTY</p> <ol style="list-style-type: none"> 1. The Ranch, Phase 1, Final Plat, Reception No. 418481, March 31, 1978. 2. Phase 2-B, Amended Plat 4, Project No. 86-194, Reception No. 550796, July 22, 1987. 3. Phase II-C1-1, Project No. 87-47, Reception No. 565837, July 28, 1988.

4. Phase II-C-2, Project 89-39, Reception No. 579125, June 13, 1989
5. Re-subdivision of Phase II-C1-2, Project 89-82, Reception No. 585807, November 13, 1989.
6. The Ranch P.U.D Amended Subdivision Plat/Boundary Adjustment, Project No. 92-11, Reception No. 624677, March 25, 1992 including that property re-designated from "Proposed Phase II" to "Common Area" more particularly described as:
 - Beginning at the Southwest corner of Phase II-D2A, Final Plat, Project No. 97-46, Reception No. 727411, June 5, 1997;
 - Thence South 72°47'29" East, 637.11 ft;
 - Thence South 70°21'35" West, 761.88 ft;
 - Thence North 89°26'00" West, 293.66 ft.;
 - Thence North 01°00'00" West, 236.06 ft.;
 - Thence North 89°00'00" East, 146.82 ft.;
 - Thence along the arc of a tangent curve to the left with a delta angle of 74°00'00" and a radius of 274.04 ft. for a distance of 353.93 ft., the long chord bears North 52°00'00" East, 329.84 ft. to the point of Beginning.
7. Amended Phase II-D1, Amended Plat, Project No. 94-32, Reception No. 680648, December 29, 1994
8. Phase II-D2A, Final Plat, Project No. 97-46, Reception No. 727411, June 5, 1997.
9. Phase II-D2B, Preliminary Plat, Project No. 2000-97, County of La Plata, State of Colorado, according to the recorded plat thereof filed for record Sept 8, 2000 under Reception No. 792483.
10. TRACT I: All that part of the SW 1/4NW1/4 of Section 2,

4. Phase II-C-2, Project 89-39, Reception No. 579125, June 13, 1989
5. Re-subdivision of Phase II-C1-2, Project 89-82, Reception No. 585807, November 13, 1989.
6. The Ranch P.U.D Amended Subdivision Plat/Boundary Adjustment, Project No. 92-11, Reception No. 624677, March 25, 1992 including that property re-designated from "Proposed Phase II" to "Common Area" more particularly described as:
 - Beginning at the Southwest corner of Phase II-D2A, Final Plat, Project No. 97-46, Reception No. 727411, June 5, 1997;
 - Thence South 72°47'29" East, 637.11 ft;
 - Thence South 70°21'35" West, 761.88 ft;
 - Thence North 89°26'00" West, 293.66 ft.;
 - Thence North 01°00'00" West, 236.06 ft.;
 - Thence North 89°00'00" East, 146.82 ft.;
 - Thence along the arc of a tangent curve to the left with a delta angle of 74°00'00" and a radius of 274.04 ft. for a distance of 353.93 ft., the long chord bears North 52°00'00" East, 329.84 ft. to the point of Beginning.
7. Amended Phase II-D1, Amended Plat, Project No. 94-32, Reception No. 680648, December 29, 1994
8. Phase II-D2A, Final Plat, Project No. 97-46, Reception No. 727411, June 5, 1997.
9. Phase II-D2B, Preliminary Plat, Project No. 2000-97, County of La Plata, State of Colorado, according to the recorded plat thereof filed for record Sept 8, 2000 under Reception No. 792483.
10. TRACT I: All that part of the SW 1/4NW1/4 of Section 2, Township 36 North, Range 9 West, N.M.P.M., County of La

Township 36 North, Range 9 West, N.M.P.M., County of La Plata, State of Colorado, lying and being Southerly of U.S. Highway 550, Westerly of the Ranch, Phase I, according to the recorded plat thereof filed for record March 31, 1978 under Reception No. 418481, and Northerly of the Ranch, Phase 2-B, Amended Plat 1, according to the recorded plat thereof filed for record on March 28, 1984 under Reception No. 497225.

11. TRACT II: A tract of land being more particularly described as follows:

- BEGINNING at a point whence the NE corner of said Section 3 bears North 00°36'12" West, 1650.40 feet;
- Thence South 00°36'12" East, 507.30 feet along the east line of said Section 3;
- Thence North 67°54'00" West, 453.06 feet;
- Thence North 20°46'00" East, 34.97 feet to the southerly right-of-way of U.S. Highway 550;
- Thence North 52°03'00" East, 431.63 feet along the southerly right-of-way of U.S. Highway 550;
- Thence North 57°54'00" East, 72.80 feet along the southerly right-of-way of U.S. Highway 550 to the point of beginning.

12. Excluding from the above Phase II-D3 being the remainder piece of Phase II-DI appearing on The Ranch Amended Subdivision Plat/Boundary Adjustment, Project No. 92-11, recorded on March 25, 1992 as Reception No. 624677 LESS AND EXCEPT the following described tracts:

- Amended Phase II-D1, Amended Plat, Project No. 94-32, recorded on December 29, 1994 as Reception No. 680648;
- Phase II-D2A, Final Plat, Project No. 97-46, recorded on June 5, 1997 as Reception No. 727411.

Plata, State of Colorado, lying and being Southerly of U.S. Highway 550, Westerly of the Ranch, Phase I, according to the recorded plat thereof filed for record March 31, 1978 under Reception No. 418481, and Northerly of the Ranch, Phase 2-B, Amended Plat 1, according to the recorded plat thereof filed for record on March 28, 1984 under Reception No. 497225.

11. TRACT II: A tract of land being more particularly described as follows:

- BEGINNING at a point whence the NE corner of said Section 3 bears North 00°36'12" West, 1650.40 feet;
- Thence South 00°36'12" East, 507.30 feet along the east line of said Section 3;
- Thence North 67°54'00" West, 453.06 feet;
- Thence North 20°46'00" East, 34.97 feet to the southerly right-of-way of U.S. Highway 550;
- Thence North 52°03'00" East, 431.63 feet along the southerly right-of-way of U.S. Highway 550;
- Thence North 57°54'00" East, 72.80 feet along the southerly right-of-way of U.S. Highway 550 to the point of beginning.

12. Excluding from the above the Additional Property.

<ul style="list-style-type: none"> Phase II-D2B, Preliminary Plat, Project No.2000 –97, County of La Plata, State of Colorado, according to the recorded plat thereof filed for record September 8, 2000 under Reception No. 792483. 	
<p><u>EXHIBIT B</u> ANIMAS CONSOLIDATED DITCH CO.</p> <p>DEVELOPER placed in trust on November 1, 2000, for the benefit of THE RANCH Property Owner's Association twenty four (24) shares of water out of the Animas Consolidated Ditch Co. to be delivered between April and November of each year, weather permitting. The water is to be allocated and administered pursuant to the provisions of this DECLARATION, including approximately (6) shares of water to be delivered through Lot #146.</p>	<p><i>(NOTE: This is covered under Article XV.)</i></p>
<p><u>EXHIBIT C</u> <u>ABOVE GROUND FENCES</u> NOVEMBER 1, 2000</p> <p>LOTS listed below by number are those LOTS on which above ground fences shall be permitted:</p> <ul style="list-style-type: none"> Lot# 1 Lot# 2 Lot# 3 Lot# 4 Lot# 5 Lot# 6 Lot# 7 Lot# 8 Lot# 9 Lot# 10 Lot# 76 Lot# 77 Lot# 78 Lot# 83 Lot# 84 	<p>EXHIBIT C. ABOVE-GROUND FENCES</p> <p>Lots listed below by number are those Lots on which above ground fences shall be permitted:</p> <ul style="list-style-type: none"> Lot# 1 Lot# 2 Lot# 3 Lot# 4 Lot# 5 Lot# 6 Lot# 7 Lot# 8 Lot# 9 Lot# 10 Lot# 76 Lot# 77 Lot# 78 Lot# 83 Lot# 84

Lot# 85
Lot# 86
Lot# 87
Lot# 108
Lot# 109
Lot# 142
Lot# 143
Lot# 144
Lot# 145
Lot# 146
Lot# 148

Lot# 85
Lot# 86
Lot# 87
Lot# 108
Lot# 109
Lot# 142
Lot# 143
Lot# 144
Lot# 145
Lot# 146
Lot# 148

EXHIBIT D

FORM OF BUYER ACKNOWLEDGEMENT

THE BUYER HEREBY ACKNOWLEDGES THAT THE BUYER HAS RECEIVED COPIES OF THE GOVERNING DOCUMENTS OF THE RANCH PROPERTY OWNERS ASSOCIATION IN WHICH THE PROPERTY IS LOCATED, AND THE BUYER UNDERSTANDS THAT THESE DOCUMENTS CONSTITUTE AN AGREEMENT BETWEEN THE ASSOCIATION AND THE BUYER. BY SIGNING THIS STATEMENT, THE BUYER ACKNOWLEDGES THAT THE BUYER;

1. HAS READ AND UNDERSTANDS THE ASSOCIATION'S GOVERNING DOCUMENTS.
2. UNDERSTANDS THAT BY COMPLETING THIS PURCHASE, THE BUYER IS RESPONSIBLE FOR PAYING ASSESSMENTS TO THE ASSOCIATION.
3. UNDERSTANDS IF THE BUYER DOES NOT PAY THESE ASSESSMENTS, THE ASSOCIATION COULD PLACE A LIEN ON THE PROPERTY AND POSSIBLY SELL IT TO COLLECT THE DEBT.
4. UNDERSTANDS THAT ANY CHANGE TO THE EXTERIOR OF THE PROPERTY MAY BE SUBJECT TO ARCHITECTURAL COMMITTEE REVIEW AND APPROVAL. FAILURE TO SECURE SUCH REVIEW AND APPROVAL COULD BE A VIOLATION OF THE

EXHIBIT D

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4. UNDERSTANDS THAT ANY CHANGE TO THE EXTERIOR OF THE PROPERTY MAY BE SUBJECT TO ARCHITECTURAL COMMITTEE REVIEW AND APPROVAL. FAILURE TO SECURE SUCH REVIEW AND APPROVAL COULD BE A VIOLATION OF THE

<p>DECLARATION AND COULD RESULT IN REMEDIAL ACTION BEING TAKING BY THE ASSOCIATION. [38-35.7- 102(1)(b)(1) COLORADO CODE]</p> <p>Date: _____</p> <p>Signature of Buyer(s):</p>	<p>DECLARATION AND COULD RESULT IN REMEDIAL ACTION BEING TAKING BY THE ASSOCIATION. [38-35.7- 102(1)(b)(1) COLORADO CODE]</p> <p>Date: _____</p> <p>Signature of Buyer(s):</p>
<p><u>EXHIBIT E</u></p> <p>RECORDS MATRIX</p>	<p>Section 4.3 Books and Records. In accordance with its Governance Policy for Inspection of Records, the Association shall make available for inspection to Owners and to Mortgagees, current copies of the Association Documents, the books, records, and financial statements of the Association, and minutes of Executive Board and committee meetings. The Association may charge a reasonable fee for copying such materials. The Association shall maintain such books and records as may be required under the Act or by other applicable law.</p>
<p><u>EXHIBIT F</u></p> <p><u>RESERVE FUNDS</u></p> <p>The Finance Committee is responsible for developing the amounts needed for the Reserve Fund (Reserve Fund) and for investing and monitoring the funds set-aside for future capital projects.</p> <p>Makeup of the Finance Committee The Finance Committee (the Committee) consists of the Treasurer, as chairperson, the President and three other members of the Association, confirmed by the Board, who have accounting, finance or business</p>	<p>ARTICLE V</p> <p>RESERVE FUNDS</p> <p>Section 5.1 Reserve Funds. The Executive Board shall appoint the members of the Finance Committee according to the terms set forth in this Article V. The Finance Committee is responsible for developing the amounts needed for the Association’s Reserve Fund and for investing and monitoring the funds set-aside for future capital projects.</p> <p>A. Makeup of the Finance Committee. The Finance Committee shall consist of the Treasurer as Chairperson and no more</p>

experience and are selected by the chairperson to serve three year limited terms. The goal should be to make these staggered terms; therefore, no member can serve more than one three year term in any six- year period.

Determining the size of the Reserve Fund

The Committee meets annually to review and update the projections of when major capital items will need replacement or significant repairs. These capital items include irrigation pumps and related equipment, the streets, ponds, fences, tennis court, buildings and roof structures and other miscellaneous items. If necessary, suppliers and contractors are contacted for cost estimates. These future costs, adjusted for inflation and reduced by expected earnings on investments, are then allocated to each year until the year of expected replacements. The amount needed to be added to the reserve each year to achieve full funding, is factored into the operating budget and is transferred to the Reserve Fund shortly after the end of each fiscal year.

The projections are made available to all property owners at the time of the annual assessment.

Determining the Investments

The Reserve Fund is invested only in investment grade bonds and a money market fund. The firm of Piper Jaffray or an equally qualified replacement acts as advisor and custodian of the investments.

The Finance Committee meets two or three times a year to review the investment strategy and existing portfolio. After consultation with the advisor and after Finance Committee approval, orders to buy and sell securities are transmitted by the Treasurer.

A detailed list of investments is furnished to each property owner at least on an annual basis.

than three (3) Owners who have accounting, finance or business experience. The members are selected by the Chairperson and approved by the Executive Board, each to serve three-year terms. No member may serve for more than two consecutive terms; after serving for two terms, there must be a “sitting out” period before a member can serve another term as a committee member. The Committee shall participate in the preparation of the Annual Budget, recommend assessments to the Executive Board and the manner in which said assessments shall be enforced and evaluate the Association’s investment and capital expenditure program with warranted recommendations to the Board.

B. Determining the Size of the Reserve Fund. The Committee shall meet annually to review and update the projections of when major capital items will need replacement or significant repairs. These capital items include irrigation pumps and related equipment, the streets, ponds, fences, tennis court, buildings and roof structures and other miscellaneous items. If necessary, suppliers and contractors may be contacted for cost estimates. The aforementioned future costs, adjusted for inflation and reduced by expected earnings on investments, are then allocated to each year until the year of expected replacements. The amount needed to be added to the reserve each year to achieve full funding is factored into the operating budget and is transferred to the Reserve Fund shortly after the end of each fiscal year. Committee projections shall be made available to all Lot Owners at the time of the annual assessment.

C. Determining the Investments. The Reserve Fund is invested only in investment grade or higher bonds and a money market fund. The firm of Morgan Stanley or an equally qualified replacement acts as advisor and custodian of the investments. The Finance Committee shall meet two or three times a year to review the investment strategy and existing portfolio. After consultation with the advisor and after Finance Committee approval, orders to buy and sell securities shall be transmitted by the Treasurer. A detailed list of investments shall be made available to Lot Owners on no less than an annual basis.