

**DECLARATION
OF
COVENANTS, CONDITIONS, AND RESTRICTIONS
FOR
DURANGO RIDGE RANCH**

THIS DECLARATION is made this 29 day of August, 1996, by Western Ranch Properties, LLC, a Colorado Limited Liability Company, (herein ~~is~~ Declarant").

**ARTICLE 1
RECITALS**

1.01 PROPERTY COVERED. Declarant is the owner of certain real property (the "Property"), known and referred to as Durango Ridge Ranch. The legal description of the Property is provided as Exhibit "A". The Property is a planned community, as defined in CRS, §38-33.3-103.

1.02 PURPOSE. Declarant hereby subjects all the Property to certain protective covenants, conditions, and restrictions for the benefit of the Property and present and future owners thereof. This Declaration of Covenants, Conditions, and Restrictions (hereinafter "Declaration" or Restrictions") is intended to preserve the value, desirability and attractiveness of the Property, to create and protect the highest quality development of the Property and to insure proper maintenance thereof.

1.03 GOALS. The project is being developed to provide a limited number of ranch sites within Durango Ridge Ranch. The property provides many unique natural resources including its streams, meadows, forests, and wildlife populations. The project has been designed and will be managed to preserve and enhance these natural resources for the benefit of all Parcel owners.

**ARTICLE 2
DECLARATION**

2.01 SCOPE OF DECLARATION. Declarant hereby declares that all of the Property, and each Parcel therein, is and shall be held, sold, conveyed, encumbered, hypothecated, leased, used, occupied, and improved subject to the following covenants, conditions, restrictions, easements, and

*Westcliff Properties, Inc.
21698 US HWY 160 W.
Durango, CO. 81301*

equitable servitude's which are for the purpose of protecting the value and desirability of, and which shall run with, the Property. The covenants, conditions, and restrictions contained in this Declaration shall:

- A. Be binding upon all persons having or acquiring any right, title, or interest in or to the Property or any Parcel, and their successors or assigns;
- B. Inure to the benefit of every portion of the Property and Parcel or any interest therein;
- C. Inure to the benefit and be binding upon Declarant, and its successors, and assigns and each grantee and his respective successors in interest; and
- D. Be enforced by Declarant or its agent, by any Owner or grantee or his successors in interest or by the Durango Ridge Ranch Property Owners Association ("Association").

2.02 RIGHTS OF DECLARANT. Notwithstanding the foregoing, no provision of this Declaration shall be construed to prevent or limit Declarant's right to complete development of the Property and to construct improvements thereon, nor Declarant's right to maintain construction, sales or similar facilities on any portion of the Property nor Declarant's right to post signs incidental to construction, sales or leasing.

2.03 OTHER RESTRICTION. The covenants, conditions, and restrictions contained in this Declaration are IN ADDITION TO any other land use restrictions, zoning ordinances, laws, rules, and decisions of other governmental authorities and governmental and judicial authorities including La Plata County. This Declaration does not supplant any such land use restrictions which are enforced, and must be satisfied, independent of this Declaration.

ARTICLE 3 DEFINITIONS

Unless the context requires otherwise, the following words and phrases when used in these Restrictions shall have the meanings hereinafter specified:

3.01 ARTICLES shall mean the Articles of Incorporation of the Association which have been or shall be filed in the office of the Secretary of the State of Colorado, as amended from time to time.

3.02 ASSESSMENTS shall mean those payments required of the Durango Ridge Ranch Property Owners Association, Inc. members, including regular and special assessments as further defined in this Declaration.

3.03 ASSOCIATION shall mean the Durango Ridge Ranch Property Owners Association, Inc., the non-profit Colorado corporation described in this Declaration, its successors and assigns

3.04 ASSOCIATION EASEMENTS shall mean easements granted to Owners and the Association for the benefit of its members.

3.05 ASSOCIATION RULES shall mean the rules and regulations of the Association as amended from time to time.

3.06 BASE ELEVATION shall mean the point of natural grade existing prior to any site preparation.

3.07 BENEFICIARY shall mean a mortgagee under a mortgage or a beneficiary or holder, of a deed of trust, which mortgage or deed of trust encumbers a parcel or parcels of real property on the Property.

3.08 BOARD shall mean the Board of Directors of the Durango Ridge Ranch Property Owner's Association.

3.09 BUILDING FOOTPRINT shall mean the area of a Parcel which is within the perimeter created by a vertical extension to the ground of the exterior walls of all enclosed portions or extensions of buildings (including, but not limited to attached garages, enclosed decks, porches, and similar enclosed extensions, attachments and accessory structures) and unenclosed portions or extension of buildings (including, but not limited to decks, porches, eaves and roof overhangs).

3.10 BUILDING ENVELOPE shall mean the area as shown on the Site Plan within which all building structures must be located.

3.11 BYLAWS shall mean the Bylaws of the Association which have been or shall be adopted by the Board, as such Bylaws may be amended from time to time.

3.12 DECLARANT shall mean Western Ranch Properties, LLC, a partnership or any person, persons, entity or entities to whom the rights of the Declarant under this Declaration are specifically transferred by the Declarant.

3.13 DECLARATION shall mean this instrument as it may be amended and supplemented from time to time.

3.14 DEED OF TRUST shall mean a mortgage or a deed of trust, as the case may be.

3.15 DESIGN REVIEW COMMITTEE RULES shall mean the rules adopted by the Design Review Committee pursuant hereto.

3.16 IMPROVEMENT shall mean all things constructed upon, above, or below the Property and appurtenances thereto of every type and kind, including, but not limited to, buildings, outbuildings, barns, garages, carports, roads, driveways, parking areas, fences, corrals, walls, stairs,

decks, landscaping, windbreaks, poles, signs, irrigation devices, antennae, sport courts, satellite dishes, or equipment, whether temporary or permanent, fixed or removable. Improvement shall also mean any alternation, excavation, or fill for any purpose to any Parcel, vegetation, diversion dam, stream, spring, seep, ditch, fill, or other device.

3.17 PARCEL. The Term "Parcel" shall refer to any lot within the Property described on Exhibit "A" hereto attached and incorporated by reference herein.

3.18 MEMBER shall mean any person who is a member of the Association.

3.19 MORTGAGE shall mean any mortgage or deed of trust or other conveyance of a Parcel to secure the performance of an obligation which will be void and reconveyed upon the completion of such performance.

3.20 NOTICE AND HEARING shall mean thirty (30) days notice and public hearing before the Board at which time the Owner concerned shall have an opportunity to be heard in person or by counsel at Owner's expense.

3.21 OWNER shall mean the person or persons or other legal entity or entities, including Declarant, holding a fee simple interest in a Parcel or, as the case may be, or the purchaser of a Parcel under an executory contract of sale (but excluding those having such interest merely as security for the performance of an obligation). For the purposes of Articles 4 and 5 only, unless the context otherwise requires, Owner shall also include the family, invitees, licensees, and lessees of any Owner.

3.22 PERSON shall mean an individual or any other entity with the legal right to hold title to real property.

3.23 RESTRICTIONS shall mean this Declaration, as said Declaration may be amended from time to time, and the Rules from time to time in effect.

3.24 SUPPLEMENTAL DECLARATION shall mean a supplemental declaration of covenants, conditions, and restriction which shall be recorded for the purposes of setting forth additional covenants, conditions, and restrictions.

ARTICLE 4 GENERAL AND SPECIFIC RESTRICTIONS

Except upon prior written approval of the Design Review Committee, the Property shall be held, used, and enjoyed subject to the following limitations and restrictions:

4.01 DESIGN REVIEW COMMITTEE. There shall be no excavation or alteration of any Parcel, no action to construct, place or erect any Improvement or structure on any Parcel (or which in any way alters the exterior appearance of any Improvements or Parcel or removal of any Improvement), without the prior written approval of the Design Review Committee ("DRC") in accordance with this Declaration and the Design Review Committee Rules which immediately follow this Declaration in this bound volume and which are incorporated herein by reference as is restated in full. These requirements shall apply only to the exterior appearance of said Improvements and not the interior thereof.

4.02 INSURANCE RATES. Nothing shall be done or kept on any Parcel or the Property which shall increase the rate, or result in the cancellation of insurance in favor of any Owner, the Association, or Declarant, or which would be in violation of any Association or La Plata County Regulation.

4.03 ANIMALS. No more than four (4) dogs and four (4) cats (and other indoor household pets) may be kept on a Parcel, except with the approval of the Board, and provided that they are not kept, bred, or maintained for any commercial purpose and not allowed to run at large, chase wildlife, or bark excessively. Owners with farm animals shall maintain pasture grasses and fence pastures. Farm animals shall not exceed one (1) animal per five (5) acres owned. No farm animals shall be allowed on any parcel unless contained by fencing except for cattle lease entered into by Declarant or the Association.

4.04 NUISANCES. No rubbish or debris of any kind shall be placed or permitted to accumulate upon the Property so as to render any portion thereof unsanitary, unsightly, offensive, or detrimental to any other Parcel or to its occupants. No noise, including but not limited to, noise created by people, animals, equipment, electronic device, audio receiver, television, stereo, musical instrument, and/or machinery, or any other audible nuisance shall be permitted which is offensive or detrimental to the occupants of any other Parcel in the vicinity thereof.

4.05 DISREPAIR. If any Owner permits any Improvement which he is responsible to maintain to fall into disrepair so as to create a dangerous, unsafe, unsightly, or unattractive condition, the Board, upon fifteen (15) days prior written notice to such Owner, may correct such condition and enter upon such Owner's Parcel for the purpose of doing so and such Owner shall promptly reimburse the Association for the cost hereof. Such Owner shall be personally liable, and his property may be subject to a mechanic's lien, for all costs and expenses incurred by the Association in taking such corrective acts, plus all costs incurred in collecting the amounts due. Each such Owner shall pay all amounts due for such work within ten (10) days after receipt of written demand therefore or the amounts may, at the option of the Board, be added to amounts payable by such Owner as a regular Assessment.

4.06 MAINTENANCE OF BUILDINGS AND LANDSCAPING. No Improvement upon any Parcel shall be permitted to fall into disrepair, and each such Improvement shall at all times be kept in good condition and repair and adequately painted or otherwise finished by the Owner thereof.

Any maintenance and/or repair of any Improvement shall not alter the appearance, color, or finish, of said Improvement without prior review and approval of the Design Review Committee.

4.07 WATERCOURSES, IRRIGATION DITCHES AND DRAINAGE. All watercourses, irrigation ditches, and drainage shall be managed in the best interest of the Association. There shall be no alteration, improvement, or interference with any established watercourse, irrigation ditch, or drainage pattern over any Parcel within the Property unless approved in writing by the Design Review Committee and the Board. Any alteration, Improvement, or interference with any watercourse, ditch, or drainage shall also comply with applicable local, state, and federal regulation.

For purposes of this Declaration, "alterations" shall mean to obstruct, diminish, fill, pond, dredge, destroy, alter, modify, relocate, or change. "Watercourses" (either natural or man-made) shall include: streams (both perennial and intermittent), lakes and ponds, springs, seeps, dry washes, and any associated culverts, ditches, or water control structures. Irrigation ditches shall include any ditch, canal and any associated culvert or water control structure used to convey water for irrigation purposes. "Established" is defined as the watercourse, ditch or drainage which exists at the time prior to any grading of the Parcel or Property, or as shown on any plans approved by the Design Review Committee or the Site Plan of the Property.

Any alteration of vegetation within seventy-five (75) feet of all watercourses, as measured from the mean high water mark, must have prior written approval of the Design Review Committee. No grass shall be mowed or otherwise disturbed within seventy-five (75) feet of the edge of any watercourse.

4.08 SEWAGE AND WATER SUPPLY FACILITIES. All residential structures on any Parcel shall be provided, at the owners expense, with adequate wells and sewage treatment facilities including septic tank and drainfield. Individual sewage shall be permitted on any Parcel provided such system is designed, located, constructed, and equipped in accordance with the requirements, standards and recommendations of the Design Review Committee and is approved by San Juan Basin Health Unit and all applicable governmental authorities. No septic tank or drain field shall be located within 100 feet of a watercourse, irrigation ditch, drainage or well unless approved by San Juan Health Unit and the DRC. Individual Parcels may require additional sewage treatment facilities based on soils types and hydrology conditions, the determination of which shall be the responsibility of the Parcel owner. All such facilities shall be adequately maintained so as to cause no offensive odors or above ground discharge. At such time as a sewer line for a sewer treatment facility or spreading field is available for hookup to structures on the Parcels, and the Board shall so determine, all Parcels shall cease utilizing septic tanks and drain fields and shall utilize such sewer treatment facility or spreading field.

4.09 NO HAZARDOUS OR OFFENSIVE ACTIVITIES. No activities shall be conducted on the Property and no Improvements constructed on any Parcel which might be unsafe or hazardous to any person or property. No firearms shall be discharged upon any Parcel or the Property. No hunting shall be allowed at any time. No open fires shall be lighted or permitted on any portion of

any Parcel except those controlled and attended fires required for clearing or maintenance of land and previously approved in writing by the Board and applicable regulatory agencies or those within a contained and safe area for cooking and recreational purposes. Campfires are allowed only if there is an adult present.

4.10 UNSIGHTLY ARTICLES. No unsightly articles shall be visible from any Parcel. Without limiting the generality of the foregoing, trailers, motor homes, trucks (other than pickups), boats, tractors, vehicles (other than automobiles), campers (on or off a vehicle), snowmobiles, snow removal equipment, garden or maintenance equipment, camping and recreational equipment, dilapidated or unrepaired vehicles and similar equipment shall be kept at all times screened from view, except for R. V.'s and campers in actual use by non-residents for a period not to exceed fourteen (14) days in any thirty (30) day period. All vehicles must be operational and must have current licenses.

Refuse, garbage, and trash shall be kept at all times in a covered container and appropriately screened from view. No lumber, grass, shrub or tree clippings, compost piles or plant waste, metals, bulk materials, unused building material, or refuse or trash or other materials shall be kept, stored or allowed to accumulate on any Parcel except if appropriately screened from view. Firewood shall be stored in a neat and orderly fashion.

4.11 NO TEMPORARY STRUCTURES. No temporary structure or Improvement shall be placed upon any Parcel. A recreation vehicle will be permitted to be used during construction on a Parcel, provided that it is located on the Parcel on which construction is occurring and it shall be removed within fourteen (14) days of substantial completion of the Improvement or placed in an enclosed garage or storage.

4.12 NO MINING OR DRILLING. No property shall be used for the purpose of mining, quarrying, drilling, boring or exploring for or removing water, oil, gas, or other hydrocarbons, minerals, rocks, stones, gravel, or earth, except that the Association may, by appropriate permit, grant, license or easement, allow the drilling of wells for the extraction of water for domestic use and landscape irrigation if such use is in accordance with applicable governmental authorities.

4.13 VEHICLES. The use of all on and off-road vehicles, including but not limited to, trucks, automobiles, motorcycles, and snowmobiles, ATV's, "dirt bikes", and other "off-road" type recreational vehicles shall be confined to designated roadways only, except on your own property.

4.14 CONSTRUCTION DEBRIS. No Owner shall allow person or persons constructing improvements upon his Parcel (or providing similar services) to deposit rubbish or debris of any kind or to allow litter to accumulate.

4.15 VIOLATION OF PROPERTY RESTRICTIONS. There shall be no violation of the Association Rules or the Design Review Committee Rules. If any Owner, his family, or any licensee, lessee, or invitee is in violation thereof, the Board may, in addition to any other legal remedies it may have, impose a special assessment upon such person of not more than One Hundred Dollars

(\$100.00) per day for each violation and/or may suspend the right of such person to use the Association Easements, under such conditions as the Board may specify, for a period not to exceed one (1) year for each violation. Before invoking any such assessment or suspension, the Board shall give such person reasonable notice of the violation and a reasonable opportunity to cure the violation and/or to be heard regarding the violation and any assessment or suspension of rights. Any assessment imposed which remains unpaid for a period of ten (10) days or more, shall become a lien upon the Owner's Parcel and the Improvements thereon upon its inclusion in a notice of assessment as hereinafter set forth.

4.16 EXISTING VEGETATION. "Vegetation" shall mean trees, shrubs and grasses of all types, whether natural or planted, and whether maintained by the Owner or the Association. No existing native vegetation shall be over-irrigated to the extent that it is damaged or dies. Any alteration of vegetation within seventy-five (75) feet of all watercourses, as measured from the mean high water mark, must have prior written approval of the Design Review Committee. To minimize impacts to existing vegetation all utilities, improvements, hook-ups, wires, pipes, conduit, lines, cables and the like shall follow the designated driveway to the building site, even if the distance is longer, except if otherwise approved by Declarant or DRC.

4.17 WILDLIFE MANAGEMENT. The Property will be managed to promote wildlife. The goal will be to maintain and enhance wildlife populations through a variety of management techniques including: restoration, establishment and maintenance of native vegetation and grass meadows; controls on dogs to prohibit wildlife harassment, and restrictions on artificial feeding programs and bans on hunting.

4.18 EXEMPTION OF DECLARANT. Nothing in the Restrictions shall limit the right of Declarant to complete excavation, grading and construction of improvements to any Parcel within the Property owned by Declarant, or to alter the foregoing or to make such additional Improvements as Declarant deems advisable in the course of development of the Property so long as any Parcel remains unsold. The rights of Declarant hereunder and elsewhere in these Restrictions may be assigned by Declarant.

This Declaration shall not limit the right of Declarant any time prior to acquisition of title to a Parcel by a purchaser from Declarant to establish on the Parcel additional licenses, reservations and rights-of-way to itself, to utility companies and to others as may from time to time be reasonably necessary to the proper development and disposal of the Property. Declarant need not seek nor obtain Design Review Committee approval of any Improvement constructed or placed by Declarant on any portion of the Property owned by Declarant.

4.19 TIMBER AND EXISTING VEGETATION REMOVAL. Timber and "existing vegetation" removal on individual Parcels shall be strictly prohibited except on approved building envelopes and driveway corridors in accordance with the Site Plan. Plans for timber and existing vegetation removal for building construction, driveway corridors, and view corridors must be

submitted for review and approved by the DRC prior to any removal activity and shall comply with landscaping and re-vegetation requirements.

4.20 NOXIOUS PLANT ABATEMENT. Lot owners are responsible for annual noxious weed or plant abatement. Musk weed, thistle or other noxious plants must be sprayed or removed to minimize or eradicate the spread of noxious weeds.

ARTICLE 5 PERMITTED USES AND RESTRICTIONS

5.01 RESIDENTIAL USE. All Parcels shall be approved and used for residential or agricultural purposes, except that a home occupation may be carried on in a residence provided it is expressly approved by the Board of Directors, does not interfere with the residential character of the dwelling or neighborhood, is secondary to the use of the residence as a dwelling place, causes no undue parking, traffic or telephone problems, and has no outward appearance of business or commercial use. No neon signs or advertising signs of any nature shall be allowed, other than signs advertising a home for sale.

5.02 LAND USE.

A. Hunting. Hunting is not permitted within Durango Ridge Ranch.

B. Firearms. Firearms may be discharged only to protect a property owner or guests from potential danger. Target practice is to be limited to public land according to rules of public land.

5.03 IMPROVEMENTS. All Improvements of any kind shall require written approval of the Design Review Committee in accordance with the terms hereof and the Design Review Committee Rules. Unless specifically approved in writing by the Design Review Committee:

A. Single Family Residence. Each Parcel may contain a single family residential structure (hereinafter "residence") designed to accommodate no more than a single family, domestic help, and occasional guests, a detached garage, *which may include guest quarters*, and detached guest housing or domestic help quarters. All structures must be within building envelope. All guest houses must be a minimum of 1,000 square feet and adhere to the rules of the Design Review Committee. Guest houses must be of the same design and architectural style as the main house.

Flood proofing measures, if applicable, shall be designed consistent with the flood-protection elevation of all Parcels. If necessary, the top of the foundation stem wall and the lower portion of the floor system shall be a minimum of two (2) feet above the 100 year floodplain. Avalanche concerns shall be reviewed by the Owner and if necessary, the residence shall be so located to avoid dangerous avalanche areas.

B. Minimum Size. All residential buildings erected upon the Parcels shall have a floor area of not less than one thousand five hundred (1,500) square feet, exclusive of garages, patios, decks, storage rooms, porches, overhangs, and similar areas. All guest houses must be a minimum of 1,000 square feet, subject to the source exclusions.

C. Height Limitation. No portion of any residence shall be more than thirty-five (35) feet measured vertically at any point above Base Elevation; provided, this limitation shall not apply to chimneys, lighting rods, and weather vanes. Ranch buildings may be higher than thirty-five (35) feet, if approved by the DRC.

D. Partition Fences. No partition fences shall be erected or placed on any Parcel unless approved in writing by the DRC as to materials and appearance, which approval will not be unreasonably withheld or delayed. Notwithstanding the provisions of §§35-46 112 and 113 of the Colorado Revised Statutes, neither the lessee under a grazing lease nor any Owner shall have any obligation to pay any portion of the cost of a partition fence erected by any other Owner.

E. Completion of Construction. Construction of all Improvements on any Parcel shall be pursued diligently and continuously from time of commencement thereof until all structures are fully completed inside and out, including finished painting, landscaping, paving and any other planned Improvements, all of which shall be completed within twelve (12) months of commencement of construction unless prevented by any natural cause beyond the control of the Owner or builder and then only for the period such cause continues. An extension of six months may be given by DRC to complete the inside of a house.

F. Utilities. All utilities upon any Parcel for the transmission of utilities, telephone service, the reception of audio or visual signals or electricity, and all pipes for water, gas, sewer, drainage, or other utility purposes, shall be installed and maintained below the surface of the ground. Improvements, hookups, wires, pipes, conduit, lines, cables and the like shall follow the designated driveway to the building site, even if the distance is longer, except if otherwise approved by Declarant or DRC.

5.04 Driveways. All driveways and parking areas shall be constructed of gravel, decomposed granite, concrete, brick pavers, or asphalt paving, unless the DRC determines otherwise. Access roads and driveways shall be at grade, or where required to exceed grade, shall be culverted to allow free flow of water in the event that watercourses and drainage exceed their banks.

ARTICLE 6

DURANGO RIDGE RANCH PROPERTY OWNERS ASSOCIATION

6.01 ASSOCIATION. The Association is a non-profit Colorado corporation charged with the duties and vested with the powers prescribed by law and set forth in its Articles, Bylaws, and this

Declaration. Neither the Articles nor the Bylaws shall, for any reason, be amended or otherwise changed or interpreted so as to be inconsistent with this Declaration.

6.02 MEMBERSHIP.

A. Qualifications. Each Owner (including Declarant), by virtue of being such an Owner and for so long as he is such an Owner, shall be deemed a member of the Association.

B. Transfer of Membership. The Association membership of each Owner (including Declarant) shall be appurtenant to a specific Parcel and shall be transferred, pledged, or alienated in any way except upon the transfer of legal and equitable title to said Parcel, and then only to the transferee of such title. Any attempt to make a prohibited transfer shall be void. Any transfer of legal and equitable title to said Parcel shall operate automatically to transfer said membership to the new owner thereof.

6.03 VOTING.

A. Number of Votes. The Association shall have a single class of voting membership, with each Parcel having a single membership which shall be entitled to one vote.

B. Joint Owner Disputes. The vote for any Parcel held jointly by multiple owners shall, if at all, be cast as 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 shall be cast, they shall lose their right to vote on the matter in question. If any Owner casts a vote representing a certain Parcel, it will thereafter be conclusively presumed for all purposes that he or they are acting with the authority and consent of all other Owners of the same Parcel.

C. Meetings of Owners. There shall be a meeting of the Owner's on the 15th of June each year at 6:00 'clock p.m. at the office of the Association or at such other reasonable place or time [not more than (30) days before or after such date] as may be designated by notice of the Board or by Owners by depositing the same in the Unites States mail, postage prepaid, not less than seven (7) days nor more than sixty (60) days prior to the date fixed for said meeting. A special meeting of the Owners may be called at any reasonable time and place by notice of the Board or by Owners having not less than twenty (20%) of the total votes. Such notice shall be delivered to all other Owners not less than fifteen (15) days prior to the date fixed for said meeting. The presence at any meeting, in person or by proxy, of Owners entitled to vote at least a majority of the total votes shall constitute a quorum.

The President of the Association (or the Vice President in his absence) shall act as chairman of all meetings of the Owners and the Secretary of the Association (or an Assistant Secretary thereof, acting in his absence) shall act as secretary of all such meetings. At each annual meeting, the Board shall present a written accounting of the Maintenance Fund, itemizing receipts and

disbursements for the preceding calendar year and the allocation thereof to each Owner. Within ten (10) days after the date set for each annual meeting, or as soon thereafter as practical, the assessment statement shall be delivered to the Owners not present at said meeting.

D. Voting. In any election of the members of the Board, every Owner (including Declarant) entitled to vote at such an election shall have one vote for each Parcel owned. The candidates receiving the highest number of votes, up to the number of the Board members to be elected, shall be deemed elected.

6.04 BOARD OF DIRECTORS AND OFFICERS. The affairs of the Association shall be conducted by the Board and such officers as the Board may elect or appoint, in accordance with the Articles and the Bylaws, as the same may be amended from time to time. The initial Board of Directors of the Association shall be appointed by Declarant and shall hold office until the first annual meeting, at which time a new Board may be elected in accordance with the provisions set forth in the Bylaws.

6.05 POWERS AND DUTIES OF THE ASSOCIATION

A. Powers The Association shall have all the powers of a non-profit corporation organized under the general non-profit corporation laws of the State of Colorado, subject only to such limitations upon the exercise of such powers as are expressly set forth in the Articles, the Bylaws, and this Declaration. It shall have the power to do any and all lawful things which may be authorized, required, or permitted to be done by the Association under this Declaration, the Articles, and the Bylaws, and to do and perform any and all acts which may be necessary or proper for, or incidental to the proper management and operation of the Association Easements and the performance of the other responsibilities herein assigned, including without limitation:

(1) **Assessments.** The power to levy Assessments on the Owners of Parcels and to force payment of such Assessments, all in accordance with the provisions of this Declaration.

(2) **Right of Enforcement.** The power and authority from time to time in its own name, its own behalf, or on behalf of any Owner or Owners who consent thereto, to commence and maintain actions and suits to restrain and enjoin (by mandatory injunction or otherwise) any breach or threatened breach of this Declaration, the Articles, or the Bylaws, including the Association rules adopted pursuant to this Declaration.

(3) **Delegation of Powers.** The authority to delegate its power and duties to committees, officers, employees, or to any person, firm or corporation to act as manager, and to contract for the maintenance, repair, replacement and operation of Association Easements. Neither the Association nor the members of its Board shall be liable for any omission or improper exercise by the manager of any such duty or power so delegated.

(4) **Association Rules.** The power to adopt, amend and repeal by majority vote of

the Board such rules and regulations as the Association deems reasonable (the Association Rules). The Association Rules shall govern the use of Association Easements including, but not limited to, the private roads by the Owners, by the families of the Owners, or by an invitee, licensee, lessee, or contract purchaser of an Owner; provided, however, that the Association Rules may not discriminate among Owners and shall not be inconsistent with this Declaration, the Articles or the Bylaws. A copy of the Association Rules as they may from time to time be adopted, amended, or repealed, shall be mailed or otherwise delivered to each Owner. Upon such mailing or delivery and posting, said Association Rules shall have the same force and effect as if they were set forth in and were a part of this Declaration. In the event of any conflict between any such Association Rules and any other provisions of this Declaration, the Articles, or the Bylaws, the provisions of the Association Rules shall be deemed to be superseded by the provisions of this Declaration, the Articles or the Bylaws to the extent of any such inconsistency.

(5) **Emergency Powers.** The Association or any person authorized by the Association may enter upon any Parcel in the event of any emergency involving illness or potential danger to life or property or when necessary in connection with any maintenance or construction for which it is responsible. Such entry shall be made with as little inconvenience to the Owners as practicable and any damage caused thereby shall be repaired by the Association.

(6) **Licenses, Easements and Rights-of-Way.** The power to grant and convey to any third party such licenses, easements, and rights-of-way in, on or under any non-exclusive Association Easement as may be necessary or appropriate for the orderly maintenance, preservation and enjoyment thereof and for the preservation of the health, safety, convenience and welfare of the Owners, for the purposes of constructing, erecting, operating, or maintaining:

(a) Underground lines, cables, wires, conduits or other devices for the transmission of electricity for lighting, heating, power, telephone, and other purposes;

(b) Public sewers, storm drains, water drains, and pipes, water systems, sprinkling systems, water, heating and gas lines or pipes; and

(c) Any similar public or quasi-public improvements or facilities.

(7) **Legal and Accounting Services.** To retain and pay for legal and accounting services for the operation of the Association, enforcement of the Restrictions and the Association rules, or performance of any other duties or rights of the Association.

B. Duties of the Association. In addition to power delegated to it by the Articles, without limiting the generality thereof, the Association or its agents, if any, shall have the obligation to conduct all business affairs of common interest to all Owners, and to perform each of the following duties:

(1) **Operation and Maintenance of Association Easements.** Operate, maintain, and otherwise manage or provide for the operation, maintenance and management of Association Easements including the repair and replacement of property damaged or destroyed by casualty loss and all other property acquired (by easement or otherwise) by the Association. The Board, on behalf of the Association, may contract for the operation, management, and maintenance of Association Easements. The Association shall also take such actions and arrange for such maintenance as may be necessary or desirable for the upkeep of landscape, watercourses, roads, and all other easements.

(2) **Insurance.** Unless otherwise determined by the Board, obtain from reputable insurance companies authorized to do business in the State of Colorado, and maintain in effect the following policies of insurance:

(a) **Fire Insurance** including those risks embraced by coverage of the type now known as "all risk" or special extended coverage endorsement on a blanket agreed amount basis for the full insurable replacement value of all improvements, equipment and fixtures located within the Association Easements managed by it.

(b) **Comprehensive public liability** insuring the Board, the Association, the Declarant, and the individual Owners and agents and employees of each of the foregoing against any liability incident to the use of the Association Easements managed by it. Limits of liability of such coverage shall be as follows: Not less than One Million (\$1,000,000) Dollars per person and One Million (\$1,000,000) Dollars per occurrence with respect to personal injury or death, and property damage.

(c) **Full coverage directors and officers liability insurance** with a limit of Two Hundred Fifty Thousand (\$250,000) Dollars.

(d) **Such other insurance** including Workmen's Compensation insurance to the extent necessary to comply with all applicable laws and indemnity, faithful performance, fidelity and other bonds as the Board shall deem necessary or required to carry out the Association functions or to insure the Association against any loss from malfeasance or dishonesty of any employee or other person charged with the management or possession of any Association funds or other property.

(e) **The Association shall be deemed trustee** of the interests of all Owners in any insurance proceeds paid to it under such policies, and shall have full power to receive their interests in such proceeds and to deal therewith.

(f) **Insurance premiums** for the above insurance coverage shall be deemed a common expense to be included in the Regular Assessments levied by the Association.

(3) **Rule Making.** Make, establish, promulgate, amend and repeal the Association rules.

(4) Design Review Committee. Appoint and remove members of the Design Review Committee, subject to the provisions of this Declaration.

(5) Enforcement of Restrictions and Rules. Perform such other acts, whether or not expressly authorized by this Declaration, as may be reasonably necessary to enforce any of the provisions of this Declaration and the Association rules.

(6) Roads. To snowplow and maintain, or provide for the snow plowing and maintenance, of all roads, bridges, and trail systems which are the subject of Association Easements and to keep all Improvements in good order and repair, as is necessary to maintain such easements in a neat and usable condition and to participate in any joint maintenance arrangement necessary to maintain access roads to the Property.

6.06 BOARD RULES. The Board may adopt such rules as it deems proper to enable it to properly perform its duties hereunder. A copy of said Rules, as they may from time to time be adopted, amended or repealed, may (but need not) be mailed or otherwise delivered to each Owner or recorded in La Plata County. Upon such mailing, delivery or recording, said Rules shall have the same force and effect as if they were set forth in and were a part of this Declaration.

6.07 PERSONAL LIABILITY. No member of the Board, or any committee of the Association, or any officer of the Association, or the Director, or any member of the Design Review Committee, or the manager of the Association, shall be liable for any damage, loss, or prejudice suffered or claimed on the account of any act, omission, error, or negligence of the Association, the Board, the manager, if any, or any other representative or employee of the Association, the Declarant or the Design Review Committee, or any other committee, or any officer of the Association, provided that such person has, upon the basis of such information as may be possessed by him, acted in good faith without willful or intentional misconduct.

6.08 BUDGETS AND FINANCIAL STATEMENTS. Financial Statements for the Association shall be regularly prepared and copies shall be distributed to each Owner of the Association as follows:

A. An operating budget for each fiscal year shall be distributed not less than sixty (60) days before the beginning of each fiscal year.

B. A balance sheet, as of an accounting date which is the last day of the month closest in time to six (6) months from the date of the closing of the first sale of a parcel and an operating statement for the period from the date of the first closing to the said accounting date, shall be distributed within sixty (60) days after the accounting date. This operating statement shall include a schedule of assessments received and receivable identified by the Parcel number and the name of the person or entity assessed.

C. Within thirty (30) days after the close of each fiscal year, the Association, or its agent

shall cause to be prepared and delivered to each Owner, a balance sheet as of the last day of the Association's fiscal year and an annual operating statement reflecting the income and expenditures of the Association for its fiscal year. Copies of said documents shall be distributed to each Owner within ninety (90) days after the end of each fiscal year.

6.09 AMENDMENT. The provisions of Sections 6.01, 6.02, and 6.03 hereof may only be amended with the unanimous vote or written consent of all of the Owners entitled to vote.

ARTICLE 7 ASSESSMENTS

7.01 COVENANT TO PAY ASSESSMENTS. Each owner hereby, and by acceptance of a deed to a Parcel, covenants and agrees to pay when due all Regular and Special Assessments or charges made by the Association. Such Assessments, together with interest, costs and reasonable attorney's fees which may be incurred in collecting the same, shall be a charge on the land and shall be a continuing lien upon the Property against which each such Assessment is made. Each such Assessment, together with interest, costs and reasonable attorney's fee, shall also be the personal obligation of the Owner of such Property at the time when the Assessment *falls* due. The personal obligation for delinquent Assessments shall not pass to his successor in title unless expressly assumed by them.

7.02 REGULAR ASSESSMENTS. Regular Assessments against each Parcel shall commence on the first day of January of each year, but will be prorated at the time of closing through that remainder of that year following the closing of the sale of a Parcel ("Initiation Date"). From and after the Initiation Date until January 1 of the calendar year immediately following the Initiation Date, there shall be assessed against each Parcel a prorated Regular Assessment per Parcel as determined by the Association.

Not less than thirty (30) days nor more than sixty (60) days prior to the beginning of each calendar year following the Initial Date, the Board shall estimate the total amount of funds necessary to defray the expenses of the Association and shall assess the Owner of each Parcel subject therein in December of each year for the following year. Said Assessment shall be prorated in accordance with the total number of Parcels which are subject to Assessment by such Association. Regular Assessments shall include an amount allocated to an adequate reserve fund which is to be established for maintenance, repairs, and replacement of the Association Easements. The entire Regular Assessment shall be paid annually by each Owner of a Parcel within thirty (30) days of the mailing date of the Assessment.

7.03 SPECIAL ASSESSMENTS.

A. In the event that the Board shall determine that the Regular Assessment for a given calendar year is or will become inadequate to meet the expenses of the Association for any reason

including, but not limited to, costs of maintenance and unexpected repairs upon the Association Easements, the Board shall determine the approximate amount necessary to defray such expenses and shall give notice to the Owners of a Special Meeting, describing the need for and the anticipated amount of the special assessment. Such notice shall be sent to all Owners, not less than ten (10) nor more than thirty (30) days in advance of the meeting.

Subject to the exceptions set forth in subparagraph B. of this Section 7.03, no Special Assessment shall be levied unless approved by a majority of the Owners in attendance, in person or by proxy, at a meeting at which a quorum is present. For purposes of this section, a quorum at a meeting at which a Special Assessment is to be considered shall be 66 $\frac{2}{3}$ %; provided, however, if a noticed meeting fails to produce a quorum, the Board of Directors may elect to re-notice the meeting to all Owners, in which event, the presence of 50% of the Owners, in person or by proxy, shall constitute a quorum.

B. Notwithstanding the foregoing, any Special Assessment required to:

(1) cover the costs of construction of acceleration and deceleration lanes at the intersection of Durango Ridge Drive and U.S. Highway 160 as required by the Colorado Department of Transportation.

(2) provide additional funds, in excess of funds held in escrow, to cover the costs of the installation of electrical trunk lines and telephone lines to all Parcels within the development,

shall be authorized and levied by the Board of Directors and need not be approved by the Owners.

C. Every Special Assessment shall be levied against all Parcels upon the same basis as that prescribed for the levying of Regular Assessments. The Board of Directors may, at its discretion, prorate such Special Assessments over the remaining months of the calendar year, or may levy such assessments against all Parcels for immediate payment.

7.04 UNIFORM RATE OF ASSESSMENT. Unless otherwise specifically provided herein, Regular and Special Assessments must be fixed at a uniform rate for all Owners. *Each Parcel, inclusive of any parcels owned by the Declarant, shall be assessed 1/33 or 3.03% of all Regular or Special Assessments approved by the Board of Directors, or, where applicable, approved by a majority of owners specified in Section 7.03.*

7.05 ASSESSMENT PERIOD. The Regular Assessment period shall commence on January 1 of each year and terminate December 31, of each year; provided, however, the initial Regular Assessment period shall commence on the Initiation Date and terminate on December 31 of the year in which the Initiation Date occurs.

7.06 NOTICE AND ASSESSMENT DUE DATE. Ten (10) days prior written notice of Regular and Special Assessments shall be sent to the Owner of every Parcel subject thereto. The due

dates for Regular Assessments and Special Assessments shall be established by the Board of the Association making the Assessment. Each monthly installment of the Regular Assessment or Special Assessment shall become delinquent if not paid within ten (10) days after the levy thereof. There shall accrue with each delinquent annual installment and Special Assessment, a late charge of One Hundred Dollars (\$100.00), together with interest at the maximum rate permitted by law calculated from the date of delinquency to and including the date full payment is received by the Association. The Association making the Assessment may bring an action at law against the Owner personally obligated to pay the same to foreclose the lien against his Parcel as is more fully provided herein. Each Owner is personally liable for said Assessment and no Owner of a Parcel may exempt himself from liability for his contribution by a waiver of the use or enjoyment of any of the Association Easements or by abandonment of his Parcel.

7.07 ESTOPPEL CERTIFICATE. The Association, upon not less than twenty (20) days prior written request, shall execute, acknowledge and deliver to the party making such request a statement in writing stating whether or not to the knowledge of such Association, a particular Owner is in default under the provisions of this Declaration, and further stating the dates to which Assessments have been paid by said Owners, it being intended that any such certificate delivered pursuant to this Section may be relied upon by any prospective purchaser or mortgagees of said Parcel.

ARTICLE 8 ENFORCEMENT OF ASSESSMENTS: LIENS

8.01 RIGHT TO ENFORCE. The right to collect and enforce the Assessments made by the Association is vested in the Association. In the event an attorney or attorneys are employed for the collection of any Assessment, whether by suit or otherwise, or to enforce compliance with or specific performance of the terms and conditions of this Declaration, each Owner agrees to pay reasonable attorney's fees or any other relief or remedy obtained against said Owner. The Board or its authorized representative may enforce the obligations of the Owners to pay the Assessments provided for in this Declaration by commencement and maintenance of a suit at law or in equity or the Board may exercise the power of sale pursuant hereto to enforce the liens created hereby. A suit to recover a money judgment for an unpaid Assessment shall be maintainable without foreclosing or waiving the lien hereinafter provided for.

8.02 ASSESSMENT LIEN

A. Creation. The Association shall have a lien with power of sale on each and every Parcel to secure payment of any and all Assessments levied against any and all Parcels in the Property pursuant to this Declaration and C.R.S., Section 38-33.3-316. Such Assessment, inclusive of fees, charges, late charges, attorney's fees, fines and interest thereon at the maximum rate permitted by law and all costs of collection which may be paid or incurred by the Association

making the Assessment in connection therewith, shall constitute a lien on such respective Parcels from the date assessed and may, but need not be, recorded with the appropriate County Clerk and Recorder. Said lien shall be prior and superior to all subsequently created liens or claims and may have priority over liens as provided in C.R.S., section 38-33.3-316.

B. Claim of Lien. Upon default of any Owner in the payment of any Regular or Special Assessment required hereunder, the Association may cause to be recorded in the Office of the County Recorder in the County in which the Property is situated a claim of lien. Said claim of lien shall state the amount of such delinquent sums and other authorized charges (including the cost of recording such notice), a sufficient description of the Parcel against which the same has been assessed, and the name of the record owner thereof. Each delinquency shall constitute separate basis for a notice and claim of lien, but any number of defaults may be included within a single notice and claim of lien. Upon payment to the Association of such delinquent sums and charges in connection therewith or other satisfaction thereof, the Association shall cause to be recorded a further notice stating the satisfaction and relief of such delinquent sums and charges. The Association may demand and receive the cost of recording of such release before recording the same. Any purchaser or encumbrancer, acting in good faith and for value, may rely upon such notice of satisfaction and relief as conclusive evidence of the facts recited therein.

8.03 METHOD OF FORECLOSURE. Such lien may be foreclosed by appropriate action in court or by sale by the Association, its attorney or other person authorized to make the sale. Such sale shall be conducted in accordance with the provisions of Colorado law applicable to the exercise of powers of sale permitted by law. The Board is hereby authorized to appoint its attorney, any officer or Director of the Association, or any title company authorized to do business in Colorado as trustee for the purpose of conducting such foreclosure.

8.04 RIGHTS OR MORTGAGEES. Notwithstanding any other provision of this Declaration, no amendment of this Declaration shall operate to defeat and render invalid the rights of the beneficiary under any deed of trust or mortgage upon a Parcel made in good faith and for value, and recorded prior to the recordation of such amendment, provided that after the foreclosure of any such deed of trust, such Parcel shall remain subject to this Declaration as amended.

ARTICLE 9 INSPECTION OF ASSOCIATION'S BOOKS AND RECORDS

9.01 OWNER'S RIGHT OF INSPECTION. The membership register, books of account and minutes of the Board and committees of the Association shall be made available for inspection and copying by an Owner or by his duly appointed representatives, at any reasonable time and for a purpose reasonably related to his interest as an Owner at the office of the Association or at such other place within the Property as the Board of such Association shall prescribe.

9.02 RULES REGARDING INSPECTION OF BOOKS AND RECORDS. The Board

shall establish reasonable rules with respect to:

- A. Notice to be given to the custodians of the records by the persons desiring to make the inspection.
- B. Hours and days of the week of such inspection.
- C. Payment of the cost of reproducing copies of documents requested pursuant to this article.

9.03 DIRECTOR'S RIGHT OF INSPECTION. Every current member of the Association Board of Directors shall have the absolute right at any reasonable time to inspect all books, records, and documents of the Association of which he is a Director, and the physical properties owned or controlled by such Association. The right of inspection by a Director includes the rights to make extracts and copies of documents.

ARTICLE 10 DESIGN REVIEW COMMITTEE

10.01 MEMBERS OF COMMITTEE. The Design Review Committee. (sometimes referred to as "DRC") shall consist of three (3) members. The following persons are hereby designated as the initial members of the Committee:

1. Ron Trujillo
2. Bob Joslen

Each of said persons shall hold office until such time as he has resigned or has been removed or his successor has been appointed, as provided herein.

10.02 DECLARANT'S RIGHTS OF APPOINTMENT. Up to the time that the Declarant has less than 50% ownership of the Parcels, Declarant shall have the right to appoint and remove all members of the Design Review Committee. When the Declarant no longer has 50% ownership of the Parcels the Board shall have the right to remove and appoint members of the Design Review Committee. Notwithstanding any other provision of this Declaration (including those allowing amendment of this Declaration) the Design Review Committee shall at no time have more than three (3) voting members.

10.03 DUTIES OF DRC. Except as to changes by Declarant in the Property, no changes in the existing state of any Parcel within the Property shall be made or permitted without the prior written approval of the DRC. The DRC shall issue Rules setting forth procedures for the submission of plans for approval, establishing the fee to accompany each application, and setting forth the standards and criteria for development of a Parcel against which all applications will be compared and

considered. The initial DRC Rules are attached hereto and incorporated herein by reference as is restated in full and may be amended from time to time in accordance with their terms.

The DRC shall have sole authority to determine the proper use, appearance, design and aesthetic quality of any proposed Improvement. For purpose of this paragraph, "changes in the existing state" of any Parcel include, but are not limited to, construction of dwellings, Improvements (including utilities), the excavation, alteration filing, or similar disturbance of the surface of the land, including without limitation the change of grade, stream bed, ground level, or drainage pattern, the clearing, marking, defacing, or damaging of trees, shrubs, or other vegetation, the landscaping or planting of trees, shrubs, lawns, or plants, the proposed use of a Parcel other than as a single family residential living quarter, and any change in color, texture, or exterior appearance of any previously approved change in the existing state or property.

The DRC shall consider and act upon any and all proposals or plans and specifications submitted for its approval pursuant to the terms of this Declaration and the DRC Rules, and perform such other duties as from time to time shall be assigned to it by the Board, including the inspection of construction in progress to assure its conformance with plans approved by the DRC.

The Design Review Committee shall have the authority to maintain a list of approved construction materials and to add or subtract therefrom from time to time. The DRC may condition its approval of proposals or plans and specifications or other information prior to approving or disproving materials submitted. The DRC may require such detail in plans and specifications submitted for its review as it deems proper including, without limitation, floor plans, site plans, landscape plans, drainage plans, elevation drawings and/or samples of exterior material and colors, and sworn affidavits as to intended use of the proposed Improvements.

Any Owner desiring DRC approval of any Improvement or other change in the existing state of any Parcel shall make application in writing together with three (3) sets of all plans required by the DRC for review. Until receipt by the DRC of any required plans and specifications, the DRC may postpone review of any plan submitted for approval. All approvals or disapproval's shall be in writing to the Owner.

10.04 MEETINGS OF THE DESIGN REVIEW COMMITTEE. The Design Review Committee shall meet from time to time as necessary to perform its duties hereunder. It may from time to time, by resolution unanimously adopted in writing, designate one of its members to take any action or perform any duties for and on its behalf, except the granting of variances. In the absence of such designation, the vote of any two (2) members of the DRC without a meeting, shall constitute an act of the DRC.

10.05 NO WAIVER OF FUTURE APPROVALS. The approval of the DRC to any proposals or plans and specifications or drawings for any work done or proposed or in connection with any other matter requiring its approval and consent, shall not be deemed to constitute a waiver of any right to withhold approval or consent as to any similar proposals, plans and specifications,

drawings, or matter whatever subsequently submitted for approval or consent.

10.06 COMPENSATION OF MEMBERS. The members of the DRC shall be compensated for their time expended through plan review fees and shall be entitled to reimbursement for out-of-pocket expenses incurred by them in the performance of their duties hereunder.

10.07 FINAL INSPECTION OF WORK. Inspection of work and correction of defects therein shall proceed as follows:

A. Upon the completion of any work for which approved plans are required under this Article, the Owner shall give written notice of completion to the DRC.

B. Within thirty (30) days thereafter, the DRC or its duly authorized representative may inspect such Improvement. If the DRC finds that such work was not done in substantial compliance with the approved plans, it shall notify the Owner in writing of such noncompliance within such thirty (30) day period, specifying the particulars of noncompliance, and shall require the Owner to remedy the same.

C. If upon the expiration of thirty (30) days from the date of such notification, if the Owner shall have failed to remedy such noncompliance, the DRC shall notify the Board in writing of such failure. Upon notice the Board shall schedule a hearing, at which the Board shall determine whether there is a noncompliance and, if so, the nature thereof and the estimated cost of correcting or removing the same. The Owner shall be given at least ten (10) day's written notice of the hearing and a full opportunity to attend and participate. If a noncompliance exists, the Owner shall remedy or remove the same within a period of not more than forty-five (45) days from the date of announcement of the Board ruling. If the Owner does not comply with the Board ruling within such period, the Owner shall reimburse the Association, upon demand, for all expenses incurred in connection therewith. If such expenses are not promptly repaid by the Owner to the Association, the Board shall levy an Assessment against such Owner for reimbursement and shall have the same rights to an assessment lien as set forth in Article 8 of this Declaration.

D. If the DRC fails to notify the Owner of any noncompliance within (60) days after the receipt of said written notice of completion from the Owner, the Improvement shall be deemed to be in accordance with said approved plans.

10.08 NON-LIABILITY OF DESIGN REVIEW COMMITTEE MEMBERS. Neither the Design Review Committee nor any member thereof shall be liable to the Association, or to any Owner for any loss, damage, or injury arising out of or in any way connected with the performance of the Design Review Committee's duties hereunder, unless due to the willful misconduct or bad faith of such member. The DRC shall review and approve or disapprove all plans submitted to it for any proposed Improvement, alteration, or addition, solely on the basis of its intended use, aesthetic considerations and the overall benefit or detriment which would result to the immediate vicinity and the Property in general. The DRC shall take in to consideration the aesthetic aspects of the

architectural design, placement of buildings, landscaping, color schemes, exterior finishes and materials and similar features, but shall not be responsible for reviewing, nor shall its approval of any plan or design be deemed approval of any plan or design from the standpoint of structural safety or conformance with building or other codes or any warranty that the Improvement is fit for any particular purpose of habitation.

10.09 VARIANCES. The DRC may authorize variances from compliance with any of the Design Review Committee Rules, including restrictions upon height, size, floor area, set backs or placement of structures, or similar restrictions, when circumstances such as topography, natural obstructions, hardship, aesthetic or environmental consideration may require. Such variances must be evidenced in writing and must be signed by at least two (2) members of the DRC. If such variances are granted, no violation of the covenants, conditions, and restrictions contained in this Declaration or of the Design Review Committee Rules shall be deemed to have occurred with respect to the matter for which the variance was granted. The granting of such variance shall not operate to waive any of the terms and provisions of this Declaration for any purpose except as to the particular property and particular provisions hereof covered by the variance, nor shall it affect in any way the Owner's obligation to comply with all governmental laws and regulations affecting this use of the premises including, but not limited to, zoning ordinances, the Parcel set-back lines, or requirements imposed by any governmental or municipal authority.

ARTICLE 11 EASEMENTS

11.01 GRANT OF EASEMENTS. Notwithstanding anything expressly or implied contained herein to the contrary, this Declaration shall be subject to all easements hereto before or hereafter granted by Declarant, including easements for the installation and maintenance of utilities and drainage facilities that are required for the development of the Property. In addition, Declarant hereby reserves for the benefit of the Association, the right of Declarant to grant additional easements and rights-of-way over the project to utility companies and public agencies as necessary, for the proper development of the Property until close of escrow for the sale of the last Parcel within the Property to a purchaser. Easements will be fully described on the legal description for each Parcel, as well as parcel boundaries and designated building envelopes.

11.02 UTILITY EASEMENT. The rights and duties of the Owners of the Parcels within the Property with respect to utilities shall be governed by the following:

A. Whenever utility house connections, if any, are installed within the Property, which connections or any portions thereof lie in or upon Parcels owned by other than the Owner of the Parcel served by said connections, Owners shall have the right, and are hereby granted an easement to the full extent necessary therefor, to enter upon the Parcels or to have their agent enter upon the Parcels within the Property in or upon which said connections or any portion thereof lie, to repair, replace, and generally maintain said connections as and when the same may be necessary.

B. Whenever utility house connections, if any, are installed within the Property which connections serve more than one Parcel, the Owner of each Parcel served by said connections shall be entitled to full use and enjoyment of such portions of said connections to service his Parcel.

11.03 DRIVEWAY AND ROAD EASEMENTS. Whenever a driveway is installed within the Property which in whole or in part lies upon Parcels owned by Owners other than the Owners of the Parcel served, or are installed to serve more than one Parcel, the Owners of the Parcels served or to be served by such driveways shall be entitled to full use and enjoyment thereof as required to service his Parcel or to repair, replace or maintain the same, and are hereby granted an easement to the full extent necessary therefor. Existing ranch roads may be used as driveway entries to individual building envelopes where shown on the Site Plan (easements may occur on these roads).

Declarant reserves a 60 foot easement for the right-of-access, utility, pedestrian and equestrian use. Declarant reserves the right of access and utilities for future expansion and development on all roads.

11.04 DISPUTES AS TO SHARING IN COSTS. In the event of a dispute between Owners with respect to the repair or rebuilding of utility connections or driveways, or with respect to the sharing of the costs thereof, upon the written request of one of such owners addressed to the Association, the matter shall be submitted to the Board of Directors, who shall decide the dispute and make an Assessment against any or all of the Owners involved, which Assessment shall be collected and enforced in the manner provided by this Declaration.

11.05 LANDSCAPE EASEMENT. An easement is hereby reserved to the Association, its contractors and agents, to enter portions of Parcels for the purpose of pest and weed control.

11.06 WATERCOURSE EASEMENT. The Declarant hereby reserves for the benefit of the Association an easement for all watercourses, irrigation ditches, and drainage (or other bodies of water) and related pipes, pumps, and other related equipment over, across, and under all Parcels and Association Easements owned by the Association to the extent reasonably required to protect the Associations water rights and to maintain and service the watercourses and irrigation system as existing or installed by Declarant on the Property or pursuant to plans and specifications approved by the Design Review Committee.

11.07 NO CONSTRUCTION WITHIN EASEMENTS. No Improvement shall be made within any easement without the prior written approval of the Design Review Committee.

11.08 RESERVATION OF EASEMENT. Declarant expressly reserves for the benefit of all the Property reciprocal easements of access, ingress and egress for all Owners to and from their respective Parcels for installation and repair of utility services, for drainage or water over, across and upon adjacent Parcels and Association Easements resulting from the normal use of adjoining Parcels or Association Easements, and for necessary landscape and other maintenance. Such easement may be used by Declarant, its successors, purchasers, the Association and all Owners, their guests, tenants and invitees, residing on or temporarily visiting the Property, for pedestrian walkways, vehicular

access and such other purposes reasonably necessary for the use and enjoyment of a Parcel or Association Easement.

ARTICLE 12 MISCELLANEOUS

12.01 TERM. The covenants, conditions, and restrictions of this Declaration shall run until the year two thousand twenty-five (2025) unless amended as herein provided. After such date, such covenants, conditions, and restrictions shall be automatically extended for successive periods of ten (10) years each, unless amended or extinguished by a written instrument executed by at least three-fourths (3/4) of the Owners, and such written instrument is recorded with the La Plata County Recorder.

12.02 AMENDMENT.

A. By Declarant. As long as Declarant owns 50% or more of the Parcels, the provisions of this Declaration *may be amended only by the Declarant; provided, however, Declarant's right to unilaterally amend this Declaration shall also expire pursuant to C.R.S., Section 38-33.3-303: (1) two years after the last conveyance of a Parcel by the Declarant in the ordinary course of business, or (2) two years after any right to add new parcels was last exercised by the Declarant.*

B. By Owners. When the Declarant no longer has 50% ownership of the Parcels the provisions of the Declaration, may be amended by an instrument in writing signed and acknowledged by the President and Secretary of the Association certifying that such amendment has been approved by the vote of a least three-fourths (3/4) of the Owners, and such an amendment shall be effective upon its recordation with the La Plata County Recorder.

C. Right of Beneficiary. Notwithstanding any other provision of this Declaration, no amendment of this Declaration shall operate to defeat and render invalid the rights of the Beneficiary under any recorded deed of trust or mortgage upon a Parcel made in good faith and for value, provided that after that foreclosure of any such deed of trust or mortgage of such Parcel shall remain subject to this Declaration, as amended.

12.03 NOTICES. Any notice permitted or required to be delivered as provided herein shall be in writing and may be delivered either personally or by mail. If delivery is made by mail, it shall be deemed to have been delivered seventy-two (72) hours after a copy of same has been deposited in the United States mail, postage prepaid, addressed to any person at the address given by such person to the Association for the purpose of service of such notice, or the residence of such person, if no address has been given to the Association. Such address may be changed from time to time by notice in writing to the Association.

12.04 INTERPRETATION. The provisions of this Declaration shall be liberally construed

to effectuate their purpose of creating a uniform plan for the development and preservation of the Property in a manner designed to protect and enhance the aesthetic and economic value of the Property. This Declaration shall be construed and governed under the laws of the State of Colorado.

12.05 ENFORCEMENT AND NONWAIVER.

A. Right of Enforcement. Except as otherwise provided herein, any Owner of any Parcel within the Property shall have the right to enforce any or all of the provisions of the Restrictions with respect to any Parcel within the Property.

B. Violations and Nuisance. Every act or omission whereby any provision of the Restrictions 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 Declarant or the Association or any Owner or Owners of Parcels with the Property.

C. 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 Property, is hereby declared to be a violation of the Restrictions and subject to any or all of the enforcement procedures set forth in said Restrictions.

D. Remedies Cumulative. Each remedy provided by the Restrictions is cumulative and not exclusive.

E. Non-waiver. The failure to enforce any of the provisions of the Restrictions at any time shall not constitute a waiver of the right thereafter to enforce any such provision or any other provisions of said Restrictions.

12.06 CONSTRUCTION.

A. Restrictions Construed Together. All of the provisions of the Restrictions shall be liberally construed together to promote and effectuate Declarant's goals in making this Declaration as set forth in the preamble.

B. Restrictions Severable. Notwithstanding the provisions of the foregoing Paragraph A, each of the provisions of the Restrictions 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. Unless the context requires a contrary construction, the singular shall include the plural and the plural the singular; and the masculine, feminine or neuter shall each include the masculine, feminine and neuter.

D. Captions. All captions and titles used in this Declaration are intended solely for convenience or reference and shall not affect that which is set forth in any of the provisions hereof.

IN WITNESS WHEREOF, Declarant has executed this Declaration the day and year first above written.

WESTERN RANCH PROPERTIES, LLC

R. Trujillo
RON TRUJILLO, Manager

Robert Joslen, Jr.
ROBERT JOSLEN, JR., Manager

State of Colorado
County of La Plata

The foregoing instrument was acknowledged before me this day of Aug 30, 1996, by Ron Trujillo, Manager and Robert Joslen, Jr. Manager for Western Ranch Properties, LLC, A Colorado Limited Liability Company

My commission expires 8/15/2000
Witness my hand and official seal.



Suzin M. Saba
Notary Public

EXHIBIT "A"

DURANGO RIDGE RANCH FILING NO. 1 FILED FOR RECORD JUNE 10,
1996 UNDER RECEPTION NO. 708357, COUNTY OF LA PLATA, STATE OF
COLORADO.

DESIGN REVIEW COMMITTEE RULES**FOR****DURANGO RIDGE RANCH**

THESE DESIGN REVIEW COMMITTEE RULES ("Rules") are effective this 30th day of AUGUST, 1996, and promulgated in accordance with the Declaration of Covenants, Conditions and Restrictions for Durango Ridge Ranch.

**ARTICLE 1
RECITALS**

1.1 Objectives. These Rules are promulgated by the Design Review Committee of the Durango Ridge Ranch (the "DRC") to control Improvements and alterations on Parcels and Property and to assist Owners through the design review process described in the Declaration.

These rules provide the Improvements, alterations, landscaping or construction of any kind shall require DRC approval. No construction shall commence on any new or existing building, structure, fence, Improvement, addition, alteration, or change to the exterior of any existing Improvement until the DRC has reviewed and approved the proposed construction, plans and specifications in writing. Removal or planting of vegetation requires DRC approval as does any modification, excavation, or filing of a Parcel, watercourse, irrigation ditch or drainage. Specific activities requiring DRC approval include: timber removal, driveway construction, site grading, location of drainfields, building construction, underground utilities, and fencing.

1.2 Definitions. All capitalized terms used in these Rules shall have the same meaning as set forth in the Declaration of Covenants, Conditions and Restrictions for the Durango Ridge Ranch, and amendments and supplements thereto. To the extent these Rules are inconsistent with said Declaration, the Declaration shall govern. These Rules are supplemental to the Declaration and each Owner is hereby advised to read the Declaration in full before proceeding with any application.

1.3 Power and Duties. The DRC shall have the power and the duty to review all plans, specifications, landscape proposals, new construction or Alteration of Improvements on the Property in accordance with the Declaration.

1.4 Disclaimer. The DRC does not consider, and assumes no responsibility for, the following:

1.4.1 The structural capacity or building codes compliance of the proposed Improvement.

WESTcliffe Prop. Inc
21698 US HWY 160 W.
Durango, CO 81301

1.4.2 Whether or not the location of the proposed Improvement on the building site is free from possible man-made or natural hazards occurring either on or off the Property. Such hazards shall include but are not limited to flooding and avalanche.

1.4.3 The internal operation or functional integrity of the improvement.

1.5 Other Restrictions. The Covenants, Conditions and Restrictions and DRC Rules are IN ADDITION TO any other land use restrictions, zoning ordinances, laws, rules, and decisions of other governmental and judicial authorities, including La Plata County. The Declaration and these Rules do not supplant any such land use restrictions which are enforced, and must be satisfied, independent of the Declaration and these Rules..

1.6 Fees. A fee of Three Hundred Dollars (\$300.00) will be charged for a DRC plan review for house and or guest house and shall be submitted in full with the application. A fee of \$60 will be charged for all other DRC plan reviews and shall be submitted in full with application.

ARTICLE 2 PRELIMINARY SUBMITTALS AND APPROVALS

2.1 Preliminary Submittals. The purpose of preliminary submittals is to afford the DRC an opportunity to review proposals, and preliminary plans and specifications at an early stage, regarding such things as the concept, compatibility, and layout of the proposal. This preliminary review will insure that the plans and designs follows DRC Rules prior to the expenditure of significant time and expense in preparing final working drawings. Preliminary submittals shall be made pursuant to the "Design Review Committee Submittal Form and Application," attached as Schedule 1, which shall be completed in full.

A. The preliminary submittal may consist of an informal presentation of materials since this stage of the review process is only advisory in nature. The DRC does not have the responsibility to approve designs in the preliminary submittal stage.

B. The preliminary submittal shall indicate the location of the proposed Improvement on the Parcel, the access road, elevations adequate to demonstrate the exterior character of the Improvement and any other information requested by the DRC.

2.2 Preliminary Approvals. The Owner shall be notified of the action of the DRC within thirty (30) days from the date of submittal. The preliminary approval shall not be deemed to be approval for the construction for the Improvements (s). The preliminary approval shall be valid for a period of six (6) months, at which time it shall expire and be of no force and effect.

ARTICLE 3
FINAL SUBMITTALS AND APPROVALS

3.1 Final Submittals. After preliminary approval of a DRC application, the Owner shall submit for final design review and approval the following:

A. **Location Map.** At a scale of not less than 1" = 400' showing the location of the proposed Improvement within Durango Ridge Ranch and the impact of the proposed Improvement on the principal view corridors of all neighboring dwellings or unimproved building envelopes located on any lots or parcels adjacent to the exterior boundaries of the Parcel for which approval is sought.

B. **Site Plan.** At a scale of not less than 1" = 100' showing the building lot or parcel and including the following information:

- (1) Property lines and dimensions.
- (2) Building centroid and dimension to property corners.
- (3) Building envelope (as shown on the Site Plan).
- (4) Proposed location of the Improvement for which approval is sought and its relationship to the building centroid and building envelope or property lines.
- (5) Grading or drainage plan at a scale not less than 1" = 100' for the Parcels at a contour interval of not greater than 40', and 1" = 50' for the building envelope at a contour interval of not greater than 2'. The Plan shall show all existing and proposed watercourses, drainage channels and patterns, swales, culverts, catch basins, and subsurface drainage systems. Clearly indicate any drainage or watercourses that may be altered or modified by the proposed project and how such water will be managed..
- (6) Location of elevation benchmark used to set all finish elevations, if applicable. This benchmark shall be tied to the topography plan.
- (7) Prominent site features within the building envelope such as rock out-croppings and existing vegetation.
- (8) Driveway location, width, grades and proposed surface material, proposed turnarounds and parking areas, and all areas intended for removal or storage of snow.
- (9) All existing maintenance, utility, and snow storage easements on or adjacent to the subject property including septic and drainfield and wells.

C. **Construction Drawings.** *Construction* Drawings shall include:

- (1) Floor plans at a scale of not less than 1/8" and 1' and showing all floors, basements, lofts, and spaces intended to be used or occupied. Square footage of each floor shall be indicated.
- (2) Exterior materials called out on the plans specifying color, type of materials and finish or siding, trim, doors, windows, roof, exposed foundation, skylights, decking, handrails, and all attached or recessed lighting. Color chips may be required.

(3) Exterior elevations at a scale of not less than 1/8" = 1' showing elevations of the proposed Improvement with texture and direction of surface materials clearly delineated. All proposed finish grades relative to each elevation as indicated on the grading plan shall be shown.

D. Landscape Drawings. The landscape drawings at a scale of 1" = 100' shall include, but not be limited to, the following:

(1) Landscape Plan. The landscape plans shall show the arrangement of all trees, shrubs, plants, lawn areas (seeded and sodded), natural areas, and areas to be revegetated after final grading and construction cleanup. Included on the plan shall be a plant list indicating species, variety, size, quantity, spacing, and location of all plant materials proposed for use on the project.

(2) Irrigation Plan. The irrigation plan shall clearly show the method and limits of irrigation for all landscaped areas. An adequate irrigation system is required for all planted areas and all such irrigation systems shall be provided.

(3) Landscape Features. Landscape features such as decks, retaining walls, privacy screens, awnings, canopies, gazebos, benches, steps, etc., shall be clearly delineated on the plans in sufficient detail to adequately demonstrate finished appearance.

(4) Exterior Lighting. Exterior lighting shall be clearly delineated on the plans indicating location, type, height, material, and type of light source.

3.2 Other submittals. The Owner shall also submit any other information reasonably requested by the DRC.

3.3 Final Plan Approvals. The Owner shall be notified of the action of DRC within twenty (20) days from the date of submittal of the location map, site plan, architectural drawings, landscape drawings, and any other required submittals. Failure of the DRC to notify an Owner of its action within twenty (20) days of complete submittal shall be deemed approval of the submitted plans. Approval shall expire three hundred sixty-five (365) days from the date thereof for new construction and on hundred eighty (180) days from the date of approval for alterations or existing structures. Construction must begin within said 365 or 180 day period, as appropriate. If construction is not begun in that time, plans must be resubmitted to the DRC for approval and an additional fee may be required.

ARTICLE 4 INSPECTION: CONSTRUCTION SUBMITTALS

4.1 Submittals. Prior to construction the Owner shall submit to the DRC a copy of the County building permit; Two (2) sets of final working drawings; a Fifteen Hundred Dollars (\$1,500.00) refundable compliance deposit to be returned after final inspection and compliance with DRC Rules and compliance with the Declaration of Covenants, Conditions and Restrictions.

4.2 Inspections. The DRC, or its agents, shall conduct on-site inspections during the course of construction as follows:

A. **Initial Inspection.** Generally conducted on the day the proposed Improvement is brought before the Committee for final approval. All members of the Committee in attendance that day may participate in the inspection. The Owner may be asked, prior to the inspection, to stake corners, centroid, envelope, and/or proposed drives to facilitate the DRC in visualizing the proposed Improvement on the site.

B. **Landscape Inspection.** Performed to determine a reasonable start date for implementation of the landscape program, including but not limited to the driveways paving and/or other hard-surfaced areas. This inspection is generally performed once the Improvement is substantially complete.

C. **Final Inspection.** Performed after final installation of all items on the approved architectural, site, and landscape plans to determine whether such work is in compliance with the approved plans. As set forth in the Construction Agreement, it is the sole responsibility of the Owner to notify the Committee in writing, at least five (5) days ahead of the required inspection, when the Parcel or Improvement is ready to be inspected.

4.3 Construction Submittals. The Owner shall be responsible for submitting to the Design Review Committee the following:

A. **Foundation and Grade Survey.** Within three (3) weeks after the foundations are completed an as-built survey of the foundation prepared by a licensed surveyor to determine whether the foundation is in the correct place as approved on the plans. An elevation benchmark, or the Base Elevation where applicable, that has been established and installed by a licensed surveyor, shall be set for use in determining that approved heights have been adhered to.

B. **Rough Opening and Roof Height Certification.** Within one (1) week after the roof structure is in place and all openings have been framed, a statement signed by a registered architect that the exterior of the structure is in compliance with the approved plans and that the roof system does not exceed the height shown on the approved plans.

NOTE: ANY CHANGE OR DEVIATION IN CONSTRUCTION OF ANY IMPROVEMENT, OR ANY PORTION THEREOF, OR DEVIATION FROM ANY APPROVED PLAN WITHOUT PRIOR WRITTEN APPROVAL OF THE COMMITTEE WILL RESULT IN THE OWNER BEARING THE COST OF CORRECTIONS REQUIRED TO BRING THE WORK INTO COMPLIANCE WITH THE APPROVED PLANS.

ARTICLE 5
DESIGN AND CONSTRUCTION GUIDELINES

The following Rules shall apply to construction of Improvements on all Parcels within Durango Ridge Ranch, and subject to such further restrictions contained in the Declaration of Covenants, Conditions and Restrictions and/or any Supplemental Declarations. These Rules are established for the purpose of defining certain aesthetic guidelines, architectural designs, placement of buildings, landscaping, color schemes, exterior finishes and materials, and similar features designed to maintain harmony with surrounding structures and prevent the construction of Improvements which may be detrimental to Durango Ridge Ranch and the surrounding area. These Rules may not be amended except by the direction of the Board and are meant to insure overall compatibility within the Property for the benefit of all Parcel owners.

5.0 Ranch Architecture and Building Types. All buildings on a particular Parcel must have a common theme and style of architecture. Acceptable styles of architecture and building types include: log homes, ranch style, and farm/Victorian. Unacceptable building types include: mobile homes, prefabricated homes (without DRC approval), modern homes, metal structures, and plastic greenhouses. Particular attention by the DRC will be given to the architectural character proposed and the relationship of the main residence with other structures planned within the approved building envelope.

5.1 Preservation of Significant Views. All views are important at Durango Ridge Ranch including: views from a Parcel to the mountains, watercourses and stream areas and to significant features beyond; and views from surrounding Parcels through the subject Parcel to the mountains, watercourses and stream areas and to significant features beyond. Views shall be preserved. The objective is to create as many opportunities for views as possible, within the constraints posed by the site.

5.2 Antennas and Utilities. No exterior antenna towers shall be placed upon, erected, or maintained on the Property. Satellite dishes or similar electronic reception transmission devices shall be black in color and see through wire mesh. The dish must be located within the building envelope and should be screened from view. All power, gas, electric, service access lines, telephone and cable TV and similar lines shall be located underground and shall follow designated driveways to the building site or as determined by the DRC. Disturbed areas shall be revegetated immediately after installation. Septic, drainfield and domestic wells located outside the building envelope shall be approved by the DRC and Board.

5.3 Exterior Lighting. In general, light sources should be shielded and directional (source of light should be visible). All exterior lighting must be approved by the DRC. No "mercury vapor light" or similar lighting shall be allowed. All exterior lights shall be down lighting and incandescent.

5.4 Scale of Building. Changing the plane of walls, changing direction and providing some variety in the roof form gives diversity and visual interest.

5.5 Roofs.

5.5.1 Slopes. Roof slopes should be between 5:12 and 12:12.

5.5.2 Shapes. The following roof styles are permitted: partial hip roof, gable roof, full hip roof, and joined shed roof. The following are not permitted: mansard roof, fake mansard roof, gambrel roof, curvilinear roof, domed roof, conical roof and A-frame.

5.5.3 Overhangs. Roofs should overhang walls a minimum of 24". Roof overhangs less than 24" shall require DRC approval.

5.5.4 Assembly. Cold roofs are required unless the DRC determines otherwise.

5.5.5 Surfacing Material. In general, roofing materials must be constructed of authentic materials. Only the following roof surfacing materials shall be allowed: copper, zinc, slate, Kor-ten steel, cedar shingles, and cedar shakes. The following materials may not be used to surface roofs: reflective metal, or sod. All roof flashing must be of a color harmonious with roof and upper wall surfacing unless approved by the DRC. Other roof materials to reflect new technology may be used if approved by DRC.

5.5.6 Appurtenances. Skylights higher than one (1) foot above the roof plane or placed at an angle to the roof plane are not permitted. Skylights should extend to the eave line. Wood, stucco, concrete, and masonry-finished flues are permitted. Exposed metal chimneys are not permitted. Solar designs, collectors, and windmills shall be approved or disapproved on a case by case basis by the DRC.

5.6 Building Exteriors

5.6.1 Number of Exterior Wall Materials. Exterior walls can be surfaced with one or two different materials.

5.6.2 Color of Exterior Walls. The color of exterior walls shall be earth tones. Bright and dramatic colors can be used for accent on exterior wall areas hidden from general view.

5.6.3 Windows. Windows may be constructed of wood or of wood covered with color-fast vinyl or anodized aluminum. Metal or metal covered windows must be coated with an approved finish.

5.6.4 Appurtenances. No wall decoration, painted, relief or trimmed design work is recommended. Where it occurs, it should be confined to wall surfaces that are not in public view.

5.6.5 Siding Materials. All exterior material shall be authentic and artificial material shall not be approved. Materials permitted as siding shall be: redwood, cedar, stone, log, brick, and stucco. Brick finished fireplace flues are permitted. Materials not permitted are: vinyl siding, metal siding, concrete block, or log-like siding, and texture 1-11 siding.

5.7 Retaining Walls. All retaining walls are subject to DRC approval. All foundation walls or retaining walls with more than 12" visible above grade shall have a surface treatment on the surface above finish grade, as approved by the Committee.

5.8 Fencing. All fencing shall be wood post and rail except as approved by the DRC. Fence height may not exceed 60."No barbed wire fencing shall be allowed, except where currently existing

adjoining public land or to replace currently existing fence adjoining public land. Fencing shall be located in accordance with the Site Plan and the Covenants, Conditions and Restrictions.

5.9 Landscaping. Landscaping on individual parcels should blend with the natural character of the Property. The use of native trees is required and native shrubs and grasses is preferred; all requests to disturb vegetation will be reviewed and approved on an individual basis. Sod shall be allowed only within the building envelope. Landscaping in open meadows except for native grasses is prohibited. All landscaped areas shall be irrigated by an underground irrigation system and central pivots and wheel lines will not be allowed. Landscaping shall be designed and installed so as to reduce or eliminate the blocking or potential blocking of solar access and scenic view of adjacent property. Landscaping shall be implemented within ninety (90) days after substantial completion of an owners residence, weather permitting. The DRC may establish a reasonable start date upon written notice submitted to the Owner.

5.10 Driveways. All driveways shall be located within the driveway corridor and shall be constructed of an approved surface material. Decomposed granite, asphalt, concrete, bricks or masonry pavers are acceptable, and gravel, if maintained, is also acceptable. Cut and fills shall be held to minimum and in no case shall exceed 4 to 1 slopes.

5.11 Dog Runs. All dog runs must be within the building envelope.

5.12 Signs. No sign of any kind shall be displayed to the public view without the approval of the DRC except as may be used by Declarant for sale of the Parcels. Any "For Sale" or "For Lease" signs not more than 18" by 24" shall not require DRC approval. Design standards of signs may be established by the DRC in Rules promulgated from time to time.

5.13 Temporary Construction Facilities and Site Maintenance. Temporary construction items required to be on-site within the approved building envelope prior to the beginning of construction shall include: water, electric, toilet, and dumpster. The general contractor shall maintain the construction site in an orderly condition and all construction materials shall be located within the building envelope during the construction process.

ARTICLE 6 MISCELLANEOUS

6.1 Severability. If any section, subsection, paragraph, sentence, clause, or phrase of these Rules is for any reason held by a court of competent jurisdiction to be invalid, such decision shall not affect the validity of the remaining portions of these Rules.

6.2 Non-waiver. Consent by the DRC to any matter to it or within its jurisdiction, or failure by the DRC or the Association to enforce any violation of these Rules, shall not be deemed to constitute a precedent or waiver impairing the DRC's right to withhold approval as to any similar matter

thereafter proposed or submitted to it for consent or to enforce any subsequent or similar violation of these Rules.

6.3 Non-Conforming Uses. If any Owner shall have any Improvement located on a Parcel which is not in compliance with these Rules as adopted or hereafter amended, even though said Improvement existed prior to the adoption of these Rules, the Owner shall have six (6) months from the date of notification by the DRC to comply with these Rules, provided, however, that each Owner shall not be required to expend more than two (2) times the then prevailing annual dues of the Durango Ridge Ranch Property Owners Association, Inc. per violation if said non-complying Improvement existed prior to the adoption of these Rules or prior to the adoption of any applicable amendment to these Rules.

6.4 Amendment. These Rules may be amended at anytime by a majority vote of the DRC. A current copy of these Rules shall be maintained at the office of the Durango Ridge Ranch Property Owners Association, Inc.

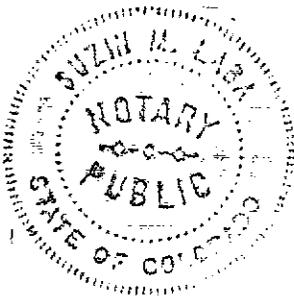
DATED this 30th day of August, 1996.

DECLARANT:

WESTERN RANCH PROPERTIES, LLC

RR Trujillo
RON TRUJILLO, Manager

Robert Joslen, Jr.
ROBERT JOSLEN, JR., Manager



State of Colorado
County of La Plata

The foregoing instrument was acknowledged before me this day of Aug 30, 1996, by Ron R. Trujillo, Manager and Robert Joslen, Jr. Manager for Western Ranch Properties, LLC, A Colorado Limited Liability Company.

My commission expires 8/15/2000
Witness my hand and official seal.

Suzin M. Laba
Suzin M. Laba

SCHEDULE 1

**DURANGO RIDGE RANCH DESIGN REVIEW COMMITTEE
SUBMITTAL FORM AND APPLICATION**

Date Received: _____ By: _____ Fee: _____
Property Owner(s): _____

Address: _____

Telephone: _____

Architect/Designer: _____ Phone: _____

Contractor: _____ Phone: _____

Type of Submittal: New Construction () Alteration ()

Legal Description: _____

Square Footage of Home: _____

Reason for Proposed Improvement: _____

The undersigned certifies that he/she has read the current Declaration of Covenants, Conditions and Restrictions for the Durango Ridge Ranch and the Design Review Committee Rules pertaining to construction and alteration of improvements at Durango Ridge Ranch and understands and agrees to abide by the design review processes and restrictions set forth therein. (Both spouses must sign this application).

HOMESITE IDENTIFICATION: Parcel No. _____

OWNER:	SIGNATURE:	DATE:
_____	_____	_____
_____	_____	_____

STATE OF COLORADO



1020219 9/23/2010 9:09 AM
1 of 41 DPC R\$211.00 D\$0.00

Linda Daley
Laplata County Clerk

**AMENDED AND RESTATED
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
DURANGO RIDGE RANCH**

September 22, 2010

Gregory Golden - Lg ENV

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**AMENDED AND RESTATED
DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS
FOR
DURANGO RIDGE RANCH**

THIS AMENDED AND RESTATED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR DURANGO RIDGE RANCH, La Plata County, Colorado, (this "Declaration") is made as of _____, 2010 by the undersigned persons, who are duly authorized to execute this document on behalf of the Durango Ridge Property Owners Association, Inc. (the "Association") a Colorado nonprofit corporation located at 1961 Durango Ridge Rd, Unit B, Durango, Colorado 81301.

RECITALS

A. The owners of parcels or lots within Durango Ridge Ranch desire to amend and restate that certain Declaration of Covenants, Conditions, and Restrictions for Durango Ridge Ranch recorded on August 30, 1996 at Reception No. 713105 (the "Original Declaration") and an amendment to the Original Declaration dated October 28, 1997 and recorded on September 10, 1998 at Reception No. 753229. (The foregoing instruments recorded at Reception Nos. 713105 and 753229 shall be collectively referred to as the "Original Declaration.")

B. Among other things, the purpose for amending and restating the Original Declaration is to (i) eliminate provisions which are no longer applicable; (ii) correct conflicting provisions; (iii) consolidate design review criteria and procedures into a document entitled: Design Review Criteria for Durango Ridge Ranch; and (iv) amend and 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 Original Declaration of record in the La Plata County real property records.

D. The Association desires to protect and maintain Durango Ridge 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 67% of the affirmative Allocated Votes of the Owners, and pursuant to 38-33.3-217 of the Act, have approved and hereby adopt this Declaration.

**ARTICLE I
DECLARATION AND SUBMISSION**

The Association and its Owners hereby declare that 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, restrictions and easements, 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. Additionally, the Owners and Association hereby submit the Property identified herein to the provisions of the Act.

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 "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 XII.

Section 2.3 "Articles" means the Articles of Incorporation for Durango Ridge Property Owners Association, Inc. which is on file with the Colorado Secretary of State, and any amendments made to those Articles from time to time.

Section 2.4 "Assessments" means the Annual, Special, and Default Assessments levied pursuant to Article VIII.

Section 2.5 "Association" means Durango Ridge Property Owners Association, Inc.

Section 2.6 "Association Documents" means this Declaration, the Articles of Incorporation, and the Bylaws of the Association, and any design guidelines or design committee rules, or policies adopted under such documents by the Association.

Section 2.7 "Building Envelope" means the buildable area upon which development activity may occur. The Building Envelope for each Lot is shown on the Plat(s).

Section 2.8 "Bylaws" means the Bylaws adopted by the Association, as amended from time to time.

Section 2.9 "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 Roads and any other easements for ingress and egress, utility easements, entrance mailboxes, common garbage dumpsters and entrance and Road signage.

Section 2.10 "Common Expense" means (i) all expenses expressly declared to be common expenses by this Declaration, or the Bylaws of the Association; (ii) all other expenses of

administering, servicing, conserving, managing, maintaining, or repairing the Common Elements; the fees or contract arrangements for the maintenance and snow plow of the Roads, spraying and eradication of weeds, and trash haul-out; (iii) insurance premiums for the insurance carried under Article VII; and (iv) all expenses lawfully determined to be common expenses by the Executive Board of the Association, including, but not limited to, any allocations to reserves.

Section 2.11 "Common Interest Community" means the planned community created by this Declaration, consisting of the Property and all of the improvements constructed on it and otherwise known as Durango Ridge Ranch.

Section 2.12 "Declarant" means Western Ranch Properties, LLC and/or its successors and assigns, and is further defined in § 103(12) of the Act. The Declarant no longer owns any lots or Declarant rights within the Common Interest Community as of the date of this Declaration.

Section 2.13 "Declaration" means and refers to this Amended and Restated Declaration of Covenants, Conditions, and Restrictions for Durango Ridge Ranch, including any amendments or supplements thereto.

Section 2.14 "Director" means a member of the Executive Board of the Association.

Section 2.15 "Design Review Committee" or the "DRC" means the committee formed pursuant to Article VI for the purpose of maintaining the quality and architectural harmony of improvements and structures within Durango Ridge Ranch and for the purpose of reviewing and approving the design and construction of improvements or changes to lands within Durango Ridge Ranch.

Section 2.16 "Design Review Criteria" shall mean those procedures, rules, and guidelines set forth in the Durango Ridge Ranch Design Review Criteria established by the DRC and approved by the Executive Board for the purpose of providing persons who desire to construct improvements on Lots with design and construction criteria guidelines and regulations.

Section 2.17 "Division of Wildlife Tract" means that portion of the Property which is identified as consisting of a 210 acre tract as shown on the Durango Ridge Ranch Filing No. 1, 2nd Amendment Plat, recorded on January 17, 1997 at Reception No. 720603. A portion of the Division of Wildlife Tract formerly comprised Parcels 7, 8, 9, and 10 as shown on the plat recorded at Reception No.708357.

Section 2.18 "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 2.19 "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 2.20 "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 facilities.

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.

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

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 as Durango Ridge Ranch Filing No.1 recorded on March 24, 1996 at Reception No. 707532; Durango Ridge Ranch Filing No. 1 Amended Plat recorded on June 10, 1996 at Reception No. 708357; Durango Ridge Ranch Filing No. 1 2nd Amendment Plat recorded on January 17, 1997 at Reception No. 720603; Durango Ridge Ranch Filing No. 2 recorded on January 9, 1997 at Reception No. 720373; and Durango Ridge Ranch Filing No. 3 recorded on June 27, 2001 at Reception No. 808183.

Section 2.26 "Roads" means those access roads and ingress and egress easements, including such improvements as bridges, culverts, and like, throughout Durango Ridge Ranch as shown on the Plats which provide general access to Durango Ridge Ranch and its Lots. Roads shall include: Durango Ridge Road, Durango Ridge Road West, Sheep Springs Road, Perins Peak Lane, Pariss Lane, and Tristan Trail insofar as said Roads are located within the boundaries of the Property.

Section 2.27 "Rules and Regulations" means those rules and regulations adopted, amended or repealed by the Executive Board, from time to time, for Durango Ridge Ranch. Any general reference to Rules and Regulations shall also include the Durango Ridge Ranch Rule and Regulation As To Hwy 160 CDOT Improvements and Costs Relating To Same adopted by the Executive Board on September 15, 2009 (the "Hwy 160 Improvements Rule.") A copy of the Hwy 160 Improvements Rule is attached hereto and incorporated herein as Exhibit B.

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

ARTICLE III NAME, LOCATION, NUMBER AND SIZE OF LOTS

Section 3.1 Name. The name of the common interest community is Durango Ridge 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 Durango Ridge 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 Durango Ridge Ranch is 34. The Lots are identified on the Plats as follows: Plat Filing No.1, as amended by the first and second amendments thereto, consists of Parcels 1 through Parcel 6, Parcel 11; Plat Filing No. 2 consists of Lots 12 through 31; Plat Filing No.3 consists of Lots 32 - 38.

ARTICLE IV MEMBERSHIP, VOTING RIGHTS; ASSOCIATION OPERATIONS

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.

Section 4.2 Voting. The Association shall have one class of voting membership, which shall consist of all Owners. Except as otherwise provided in this Declaration, each Member shall be entitled to vote in Association matters on the basis of his or her Allocated Interests, defined 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 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.

Section 4.3 Period of Declarant Control. The Period of Declarant Control as defined by the Act has expired as of the date of this Declaration.

Section 4.4 Books and Records. The Association shall make available for inspection, upon request, during normal business hours or under other reasonable circumstances, to Owners and to Mortgagees, current copies of the Association Documents, the books, records, and financial statements of the Association prepared pursuant to the Bylaws, 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.

Section 4.5 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 Implied Rights and Obligations. 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 effect 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 or necessary to reasonably satisfy any such duty or obligation.

Section 4.7 Association Rules. The Association may, by a majority vote of the Executive Board, adopt, amend and repeal rules and regulations for Durango Ridge 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.

Section 4.8 Powers of the Association. The Association shall have the power to:

- A. administer and enforce the covenants, conditions, restrictions, easements, uses, limitations, obligations, and all other provisions set forth in the Declaration, and supplements thereto;
- B. adopt and amend Bylaws and Rules and Regulations;
- C. adopt and amend budgets for revenues, expenditures and reserves in accordance with the Act;
- D. collect Assessments from Lot Owners;
- E. collect delinquent Assessments by suit or otherwise and to impose liens, or enjoin or seek damages from an Owner as provided in the Bylaws and this Declaration;
- F. hire and discharge managing agents;
- G. hire and discharge independent contractors, employees and agents other than managing agents;

H. institute, defend or intervene in litigation or administrative proceedings, file liens or seek injunctive relief for violations of or otherwise enforce the Association's Declaration, Bylaws or Rules in the Association's name, on behalf of the Association or two or more Lot Owners on matters affecting the Common Interest Community;

I. make contracts and incur liabilities;

J. regulate the use, maintenance, repair, replacement and modification of the Common Elements;

K. incur such costs and expenses, to designate and remove personnel, and to enter into contracts as may be necessary to keep in good order, condition, and repair all of the Common Elements and items of common personal property as provided in the Bylaws and this Declaration;

L. establish a bank account or accounts for the common treasury and for all separate funds which are required or may be deemed advisable;

M. keep and maintain full and accurate books and records showing all of the receipts and disbursements and to permit examination thereof at any reasonable time by each of the Owners and their mortgagees.

N. meet at least annually;

O. cause additional Improvements to be made as a part of the Common Elements;

P. acquire, hold, encumber and convey, in the Association's name, any right, title or interest to real estate or personal property, but Common Elements may be conveyed or subjected to a security interest only pursuant to this Declaration and § 312 of the Act;

Q. grant easements, leases, licenses and concessions through or over the Common Elements;

R. impose a reasonable charge for late payment of Assessments and levy reasonable fines for violations of the Declaration, the Bylaws, or the Rules and Regulations;

S. impose a reasonable charge for the preparation and recording of amendments to the Declaration and for a statement of unpaid assessments;

T. provide for the indemnification of the Association's officers and Executive Board, and maintain Directors' and officers' liability insurance;

U. assign the Association's right to future income, including the right to receive Assessments;

V. adopt and publish rules and regulations governing the use of the Common Elements

and governing the personal conduct of the Members and their guests, and the Association may establish penalties, including, without limitation, the imposition of fines for the infraction of such rules and regulations;

W. suspend the voting rights of a Member during any period in which such Member is in default on payment of any Assessment;

X. borrow monies for construction of Hwy 160 road improvements or for Association maintenance of Roads and snow plowing, and the right to pledge future income in order to secure such borrowings. The term "pledge of future income" shall include the right to impose a Special Assessment for repayment of such borrowings and to assign such Special Assessment (and all lien and collection rights appurtenant thereto) to the lender as security for repayment thereof.

Y. upon recommendation of the DRC, approve the Design Review Criteria and any amendments thereto, from time to time.

Z. exercise any other powers conferred by this Declaration, the Bylaws or the Act;

AA. exercise any other power that may be exercised in the state by a legal entity of the same type as the Association; and

BB. exercise any other power necessary and proper for the governance and operation of the Association.

Section 4.9 Executive Board Powers and Duties; Limitations. The Executive Board shall have, subject to the limitations contained in this Declaration 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 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.

ARTICLE V LOT DESCRIPTIONS

Section 5.1 Lot Boundaries. Boundaries of each Lot created by the Declaration are shown on the Plat, and may hereafter be transferred by using the following legal description:

Lot____, Durango Ridge Ranch, Filing No. ____, according to the plat recorded at Reception No. _____ on ____ (date) _____, (year)____, in the office of the Clerk and Recorder of La Plata County, Colorado.

Section 5.2 Relocation of Lot Boundaries. The boundaries between adjoining Lots may be relocated by an amendment to the Declaration and the Plat upon application to the Association by the Owners of the Lots affected by the relocation. If the Owners of the adjoining Lots have

specified a reallocation between their Lots, the application shall state the proposed reallocation. Unless the Association determines, within 60 days after receipt of the application, that the reallocations are unreasonable, the Association and the appropriate Lot Owners shall prepare and record an amendment that identifies the Lots involved, shows the boundaries as altered, states the reallocations of interests, if applicable, and indicates the Association's consent. The applicants will pay for the costs of preparation of the amendment and its recording, as well as the reasonable consultant fees incurred by the Association if the Association deems it necessary to employ a consultant. In no event shall relocation of a Lot boundary result in less than a 35 acre parcel.

Section 5.3 Division of Wildlife Tract. A portion of the Common Interest Community (formerly that portion consisting of Lots 7, 8, 9, and 10) consists of a tract of real property owned by the Division of Wildlife. The Division of Wildlife Tract was excluded from Durango Ridge Ranch and the applicability of this Declaration pursuant to a Resolution of the Durango Ridge Property Owners Association, Inc. recorded on January 17, 1997 at Reception No. 720721 in the real property records of La Plata County, Colorado.

ARTICLE VI DESIGN REVIEW COMMITTEE

Section 6.1. Powers. There is hereby established a Design Review Committee ("DRC" or "Committee") which shall be responsible for the establishment and administration of design guidelines and to facilitate the purposes of this Declaration. All plans and specifications for any structure or improvement whatsoever to be erected upon the Property, and the proposed location thereof, the construction material, the roofs and exterior color schemes, any later changes or additions after initial approval thereof and any remodeling, reconstruction, alterations, or additions thereto on any Lot shall be subject to and shall require the approval in writing, before any such work is commenced, of the DRC, as the same is from time to time composed. The DRC shall have the authority to establish design criteria or regulations as to the materials, height and size requirements for all other types of buildings, outbuildings and structures, including barns, fences, walls, gazebos, patios and decks, etc., so long as they are not inconsistent with these Declarations. The DRC shall have the authority to establish criteria and regulations pertaining to temporary construction facilities and storage of construction materials, grading and erosion control, landscaping and vegetation, fencing, lighting signs, paths, preservation of wildlife, privacy, view corridors, and general visual characteristics. The DRC shall also have the authority to establish, from time to time, such additional rules and regulations as are appropriate or necessary to govern its proceedings and fulfill its obligations under this Article. All design review criteria and guidelines shall be set forth in the Design Review Criteria for Durango Ridge Ranch which shall be approved by the affirmative majority vote of the Association's Executive Board. Any amendments to the Design Review Criteria shall be approved by the majority vote of the Association's Executive Board.

Section 6.2 Committee Membership and Organization. The Committee shall consist of 3 persons who shall be appointed by the Executive Board. The Executive Board may remove a member of the DRC and appoint a new Member at any time, provided there shall be three (3) members serving on the DRC at all times. Executive Board members may also serve as members of the DRC. The term of office of each member of the Committee shall be one year, commencing on the date of appointment, and continuing until his or her successor shall have been appointed. 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, and the Committee may delegate its plan review responsibilities, except final review and approval, to one or more of its members or to consultants retained by the Committee. All expenses of the Committee shall be paid by the Association and shall constitute a Common Expense.

Section 6.3 Purpose. The Committee shall review, study and either approve or reject proposed Improvements, all in compliance with this Declaration and as further set forth in any Design Review Criteria and such rules and regulations as the Committee may establish from time to time to govern its proceedings. No Improvement shall be erected, placed, reconstructed, replaced, or otherwise altered, nor shall any construction or reconstruction be commenced until plans for the Improvements shall have been approved by the Committee. All Improvements shall be constructed only in accordance with approved plans. No variance or other allowance granted by the Committee will excuse the particular Owner receiving the grant or any other Owner from compliance with this Declaration or the design guidelines in all other instances.

Section 6.4. Submission of Plans. Anyone wishing to build Improvements on their Lot shall submit plans, including preliminary plans, to the DRC in accordance with the guidelines, rules and regulations then in effect and as set forth in the Design Review Criteria for Durango Ridge Ranch.

Section 6.5 Approvals. Any Owner who desires to construct Improvements on their Lot must make the submittals and follow the procedures required by the Design Review Criteria. The DRC shall not be committed or bound by any preliminary or informal approvals or disapprovals. All submittals may be disapproved if such submittals do not contain sufficient information for the DRC to exercise the judgment required of it. In addition to the approval requirements of the DRC, each Owner is responsible for obtaining all approvals, licenses and permits as may be required by La Plata County, Colorado, and any entity or district having jurisdiction over a Lot prior to the commencement of construction. The DRC shall use best efforts to review and approve submittals within 30 days after the date upon which a COMPLETE submittal package has been delivered to the DRC.

Section 6.6. Disapprovals. The DRC shall have the right to disapprove any plans, specifications or details submitted to it in the event the same are not in accordance with all the provisions of these Declarations or the Design Review Criteria, if the design materials or color scheme of the proposed building or other structure is not in harmony with the general surroundings of the Lot or with the adjacent buildings or structures, if the plans and specifications submitted are incomplete, or in the event the DRC deems the plans, specifications or details, or any part thereof, to be contrary to the interest, welfare or rights of all or any part of the Property subject hereto, or the Owners thereof. A disapproval by the DRC on any construction or architectural issue, including request for modification of a Building Envelope, may be appealed to the Executive Board for rehearing. The decision of the Executive Board shall be final.

Section 6.7 Building Permit. An Owner may apply for a building permit from the County at any time; provided, however, the plans submitted to the County shall not in any way differ from the plans approved by the DRC. If the plans submitted to the County differ in any way from the plan approved by the DRC, all approvals of the DRC shall be deemed automatically revoked.

Section 6.8. **Non-Liability.** Neither the Association, the Executive Board, the DRC nor any architect, member, officer or agent thereof shall be responsible in any way for any defects in any plans or specifications submitted, revised or approved in accordance with the foregoing provisions, nor for any structural or other defects in any work done according to such plans and specifications. In all events the DRC shall be defended and indemnified by the Association in any such suit or proceeding which may arise by reason of the DRC's decision. The Association, however, shall not be obligated to indemnify each member of the DRC to the extent any such member of the DRC is adjudged to be liable for gross negligence or willful misconduct in the performance of his duty as a member of the DRC.

Section 6.9 **Variances.** The DRC, by an affirmative vote of the majority of its members and with the prior approval of the Executive Board, may approve reasonable variances and adjustments to its design review criteria in order to overcome practical difficulties and prevent unnecessary hardships in the application of the provisions contained herein; provided, however that such is done in conformity with the intent and purposes hereof and provided also that in every instance such variance or adjustment will not be materially detrimental or injurious to other property or improvements in the neighborhood. Any matter requiring a variance from County land use or building regulations shall also require approval from the DRC.

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.

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 equal to at least 150% of the estimated annual operating expenses of the Association, including reserves. 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 Personal 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 DRC 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 with respect to the Association's responsibilities and duties in such amounts and in such form as required by law.

Section 7.5 General Insurance Provisions. All insurance coverage obtained by the Association shall be governed by the following provisions:

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.

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.

C. 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.

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.

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.

ARTICLE VIII ASSESSMENTS FOR COMMON EXPENSES

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. Within 30 days after the adoption of any proposed budget for the Association, the Executive Board shall mail, by ordinary first class mail, or otherwise deliver a summary of the budget to all Owners and shall set a date for a meeting of the Owners to consider ratification of the budget not less than 14 or more than 50 days after mailing or other delivery of the summary. Unless at that meeting 51% of all Owners (of those Owners who are eligible to vote within the Association) reject the budget, the budget is ratified, whether or not a quorum is present. In the event the proposed budget is rejected, the periodic budget last ratified by the Owners must be continued until such time as the Owners ratify a subsequent budget proposed by the Executive Board.

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. 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 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, 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 and shall be due on the first day of January of each year, or such other periods 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. The Executive Board shall have the right, but not the obligation, to make prorated refunds of any Annual Assessments in excess of the actual expenses incurred in any fiscal year.

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 and except as otherwise provided in Section 8.6 C, 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.

C. The Owners acknowledge that the Association has a restricted access permit allowing for access onto Hwy 160 by no more than 34 residences. In the event Durango Ridge Ranch is comprised of more than 34 residences or if CDOT otherwise determines that there is a need for Hwy 160 improvements, CDOT may require that the Association construct certain improvements to Hwy 160 (including an acceleration and/or deceleration lane). In the event CDOT determines that there is a need for Hwy 160 improvements, the Board of Directors (by majority vote of the Board) shall approve a Special Assessment for the construction and installation of such Hwy 160 access improvements. No vote by the Owners shall be required for the levy of the Special Assessment pursuant to this Section 8.6C. This paragraph 8.6C may be amended only with the vote of 67% of the Lot Owners within the Association.

D. If, for whatever reason, the Board of Directors (by majority vote) determines, at its election to make Hwy 160 access improvements (as opposed to being required by CDOT to make such improvements), a Special Assessment for such improvements shall be made only with the prior

approval of at least 51% of all Lot Owners within the Association consistent with Section 8.6B above.

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, 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. If an Assessment installment becomes delinquent, the Association, in its sole discretion, may take any or all of the following actions:

A. **Late Charge.** Assess a late charge for each delinquency in the amount of \$100.00 or such other amount as the Association deems appropriate;

B. **Default Interest.** Assess a default interest charge from the date of delinquency at the yearly rate established by the Executive Board, not to exceed 21% per annum;

C. **Suspension.** Suspend the voting rights of the Owner during any period of delinquency;

D. **Acceleration.** Accelerate all remaining Assessment installments, if applicable, so that unpaid Assessments for the remainder of the fiscal year shall be due and payable at once;

E. **Judgment.** Bring an action at law against any Owner personally obligated to pay the delinquent Assessments; and

F. **Lien.** File a statement of lien with respect to the Lot and proceed with foreclosure as set forth in this subsection (F). 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 by certified mail to the address of the Lot or to such other address as the Association may have in its files for such Owner and to the address of the legal Owner as shown on the deed recorded with La Plata County Clerk and Recorder. 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. Thirty days following the date the Association mails the notice, the Association may institute foreclosure proceedings against the defaulting Owner's Lot in the manner for foreclosing a mortgage on real property under Colorado 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) 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 shall 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.

Section 8.13 Statement of Status of Assessment Payment. The Association shall furnish to an Owner or such Owner's designee or to a holder of a security interest or its designee, upon written request, delivered personally or by certified mail, first class postage prepaid, return receipt, to the Association's registered agent, a written statement setting forth the amount of unpaid assessments currently levied against such Owner's Lot. The statement shall be furnished within 30 calendar days after receipt of the request and is binding on the Association, the Executive Board and every Owner. If no statement is furnished to the Owner or holder of a security interest or their designee, delivered personally or by certified mail, first class postage prepaid, return receipt requested, to the inquiring party, the Association shall have no right to assert a lien upon the Lot for unpaid assessments which were due as of the date of the request.

Section 8.14 Procedure for Collection of Assessments.

A. Due Date: Unless otherwise determined by the Board, Annual Assessments are due on the 1st day of each January and become delinquent if not paid within 30 days thereafter. Special and Default Assessments are due as established by the Board. All assessments are payable to the Association and are mailed as directed by the Executive Board or Manager.

B. Delinquency. When an Owner fails to pay an Association Assessment within thirty (30) days of the due date, the Executive Board or the Manager, acting on behalf of the Board, will notify such Owner that his voting rights in the Association have been suspended until the delinquent Assessment has been paid. The Association may also, at any time after expiration of thirty (30) days after the due date, file a Statement of Lien with the La Plata County Clerk and Recorder. Further, the Association may attempt to send a written notification to the Mortgagee or holder of the first deed of trust, if any on the delinquent Owner's Unit.

C. Definition of Assessment. Any fine, late charge or other monetary charge or penalty levied by the Association pursuant to the Declaration, including attorney's fees and costs incurred by the Association and for which the Owner is liable, shall be collectible as an Assessment as that term is defined by the Act.

D. Application of Payment. Payments received from an Owner shall be applied to the Owner's account in the following order:

- a. Attorney's fees and costs incurred by the Association and for which the Owner is responsible pursuant to the Act or the Declarations;
- b. Interest which has accrued on all unpaid charges;
- c. Fines, late charges or other monetary charges or penalties;
- d. Past due Default Assessments;
- e. Past due Special Assessments;
- f. Past due Annual Assessments;
- g. Current Special Assessments; and
- h. Current Annual Assessments.

ARTICLE IX LAND USE RESTRICTIONS

The Property shall be held, used, and enjoyed subject to the following limitations and restrictions:

Section 9.1 Insurance Rates. Nothing shall be done or kept on any Lot or the Property which shall significantly increase the rate, or result in the cancellation of insurance in favor of any Owner, the Association, or which would be in violation of any Association or La Plata County land use regulation, code, building or zoning regulation.

Section 9.2 Animals. No more than four (4) dogs and four (4) cats (and other indoor household pets) may be kept on a Lot, and provided that they are not kept, bred, or maintained for any commercial purpose and not allowed to run at large, chase wildlife, or bark excessively, except with the written approval of the Board. Owners with farm animals shall maintain pasture grasses and fence pastures. Farm animals shall not exceed one (1) animal per five (5) acres owned except with written approval of the Board. No farm animals shall be allowed on any Lot unless contained by fencing except for cattle leases that may be entered into by the Association.

Section 9.3 Nuisances. No rubbish or debris of any kind shall be placed or permitted to accumulate upon a Lot or anywhere within the Property so as to render any portion thereof unsanitary, unsightly, offensive or detrimental to any other Lots or its occupants. No noise including, but not limited to, noise created by people, animals, equipment, electronic devise, audio receiver, television, stereo, musical instrument, and/or machinery, or any other audible nuisance shall be permitted which is offensive or detrimental to the occupants of any other Lot in the vicinity thereof.

Section 9.4 Maintenance and Disrepair. No Improvements upon any Lot shall be permitted to fall into disrepair, and each such Improvement shall at all times be kept in good condition and repair and adequately painted or otherwise finished by the Owner thereof. Any maintenance and/or repair of any Improvements shall not alter the appearance, color, or finish, of said Improvement without prior review and approval of the DRC.

If any Owner permits any Improvement for which he is responsible to maintain to fall into disrepair so as to create a dangerous, unsafe, unsightly or unattractive condition, the Executive Board, upon 30 days prior written notice to the Owner, may correct such conditions and enter upon such Owner's Lot for the purpose of doing so and such Owner shall promptly reimburse the Association for the cost thereof. Such Owner shall be personally liable, and his Lot may be subject to a lien for all costs and expenses incurred by the Association in connection with taking such corrective acts, plus all costs incurred in collection, including attorney's fees. Owners shall pay all amounts due for such work within thirty (30) days after receipt of written demand therefore or the amounts may, at the option of the Board, be added to amount payable by such Owner as an Assessment.

Section 9.5 Water Courses, Irrigation Ditches and Drainage. All watercourses, irrigation ditches, and drainage shall be managed in the best interest of the Association. There shall be no

alteration, improvement, or interference with any established watercourse, irrigation ditch, or drainage pattern over any Lot within the Property unless approved in writing by the Design Review Committee and the Board. Any alteration, Improvement, or interference with any watercourse, ditch or drainage shall also comply with applicable local, state and federal regulation.

For purposes of this Declaration, "alterations" shall mean to obstruct, diminish, fill, create a pond, dredge, destroy, alter, modify, relocate, or change. "Watercourses" (either natural or man-made) shall include: streams (both perennial and intermittent), lakes and ponds, springs, seeps, dry washes, and any associated culverts, ditches, or water control structures. Irrigation ditches shall include any ditch, canal and any associated culvert or water control structure used to convey water for irrigation purposes. "Established" is defined as the watercourse, ditch or drainage which exists at the time prior to any grading of the Lot or Property, or as shown on any plans and site plans approved by the Design Review Committee or on any recorded Plat(s).

Section 9.6 Sewage and Water Supply Facilities. All residential structures on any Lot shall be provided, at the Owner's expense, with adequate wells and sewage treatment facilities including septic tank and drain field. Individual sewage shall be permitted on Lots provided such system is designed, located, constructed, and equipped in accordance with the requirements, standards and recommendations of the DRC and is approved by San Juan Basin Health and all applicable governmental authorities. No septic tank or drain field shall be located within 100 feet of a watercourse, irrigation ditch, drainage or well unless approved by San Juan Health Unit and the DRC. Individual Lots may require additional sewage treatment facilities based on soils types and hydrology conditions, the determination of which shall be the responsibility of the Lot Owner. All such facilities shall be adequately maintained so as to cause no offensive odors or above ground discharge. At such time as a sewer line for a sewer treatment facility or spreading field is available for hookup to structures on the Lot, and the Board shall so determine, all Lots shall cease utilizing septic tanks and drain fields and shall utilize such sewer treatment facility or spreading field.

Section 9.7 No Hazardous or Offensive Activities. No activities shall be conducted on the Property and no Improvements constructed on any Lot which might be unsafe or hazardous to any person or property. No open fires shall be lighted or permitted on any portion of any Lot except those controlled and attended fires required for clearing or maintenance of land and previously approved in writing by the Board and applicable regulatory agencies or those within a contained and safe area for cooking and recreational purposes. Campfires are allowed only if there is an adult present. Hunting is not permitted anywhere within the Property comprising Durango Ridge Ranch. Firearms may be discharged only to protect a property owner or guests from potential danger. Target practice is to be limited to public lands according to rules of public land and shall not be permitted within Durango Ridge Ranch.

Section 9.8 Unsightly Articles; Screening. No unsightly articles shall be visible from any Lot. Without limiting the generality of the foregoing, trailers, motor homes, trucks (other than pickups), boats, tractors, vehicles (other than automobiles), campers (on or off a vehicle), snowmobiles, snow removal equipment, garden or maintenance equipment, camping and recreational equipment, dilapidated or unrepaired vehicles and similar equipment shall be kept at all times screened from view, except for R.V.'s and campers in actual use by non-residents for a period not to exceed fourteen (14) days in any thirty (30) day period. All vehicles must be operational and

must have current licenses.

No lumber, grass, shrub or tree clippings, compost piles or plant waste, metals, bulk materials, unused building material, or refuse or trash or other materials shall be kept, stored or allowed to accumulate on any Lot except if appropriately screened from view. Firewood shall be stored in a neat and orderly fashion.

Section 9.9 No Temporary Structures. No temporary structure or Improvement shall be placed upon any Lot. A recreational vehicle will be permitted to be used during construction on a Lot, provided that it is located on the Lot on which construction is occurring and it shall be removed within fourteen (14) days of substantial completion of the Improvement or placed in an enclosed garage or storage.

Section 9.10 No Mining or Drilling. No Lot or any portion of the Property shall be used for the purpose of mining, quarrying, drilling, boring or exploring for or removing water, oil, gas, or other hydrocarbons, minerals, rocks, stones, gravel or earth. The foregoing restriction shall not apply to drilling of wells for domestic water purposes.

Section 9.11 Vehicles. The use of all on and off-road vehicles, including but not limited to, trucks, automobiles, motorcycles, and snowmobiles, ATV's, "dirt bikes", and other "off-road" type recreational vehicles shall be confined to use on Roads only, except that a Lot Owner may utilize or authorize such a vehicle on his own Lot.

Section 9.12 Trash; Construction Debris. Refuse, garbage, and trash shall be kept at all times in a covered "bear-proof" container and appropriately screened from view. Trash shall be stored in accordance with applicable County ordinances. No Owner shall allow a person or persons constructing improvements upon his Lot (or providing similar services) to deposit rubbish or debris of any kind in the community dumpsters or to allow litter to accumulate on a Lot. Construction debris shall be stored in dumpsters provided by the Owner throughout the period of construction and food waste shall be removed on a daily basis unless deposited in a wildlife-proof or bear-proof container.

Section 9.13 Violation of Property Restrictions. There shall be no violation of any restrictions, covenants or conditions within this Declaration, the Bylaws, the Design Review Criteria or any other rules and regulations of the Association. If any Owner, his family, or any tenant, licensee, lessee, or invitee is in violation thereof, the Board may, in addition to any other legal remedies it may have, impose a fine upon such person of not more than One Hundred Dollars (\$100.00) per day for each day the violation persists. Before invoking any such fine, the Board shall give such person reasonable notice of the violation and a reasonable opportunity to cure the violation and/or to be heard regarding the violation as provided for in the Bylaws. Unpaid fines shall be treated as a Default Assessment and may become a lien upon the delinquent Owner's Lot as provided for in Section 8.8 above.

Section 9.14 Existing Vegetation. "Vegetation" shall mean trees, shrubs and grasses of all types, whether natural or planted, and whether maintained by the Owner or the Association. No existing native vegetation shall be over-irrigated to the extent that it is damaged or dies. Any

alteration of vegetation within seventy-five (75) feet of all watercourses, as measured from the mean high water mark, must have prior written approval of the DRC. To minimize impacts to existing vegetation all utilities, improvements, hook-ups, wires, pipes, conduit, lines, cables and the like shall follow the designated driveway to the building site, even if the distance is longer, except if otherwise approved, in writing, by the DRC.

Section 9.15 Wildlife Management. The Property will be managed to promote wildlife. Wildlife management shall include the maintenance and enhancement of wildlife populations through a variety of management techniques including: restoration, establishment and maintenance of native vegetation and grass meadows; controls on dogs to prohibit wildlife harassment, and restrictions on artificial feeding programs and bans on hunting. Any costs associated with the foregoing may be a Common Expense of the Association, as determined by the Executive Board.

Section 9.16 Timber and Existing Vegetation Removal. Clear-cutting of timber on a Lot shall be strictly prohibited. Removal of existing trees and vegetation for building construction, driveway and view corridors or fire mitigation purposes is permitted with the prior approval of the DRC.

Section 9.17 Noxious Plant Abatement. The Association is responsible for the abatement of noxious plants on the common easements (approximate 20-foot width) bordering each side of all Roads.. Individual Lot Owners are responsible for noxious plant abatement on all areas of their Lot (excluding common road easements) and are to proceed with such abatement, using a step-wise approach of first controlling, then reducing and finally eradicating noxious plants on their properties. The final goal is to maintain the property free of all noxious plants, including, but not limited to, Canada thistle, musk thistle, yellow toadflax, houndstongue, cheatgrass, yellow clover and field bindweed. Noxious plant abatement is regulated by La Plata County and detailed policies are found on the County website (ipcweeds.org) and in the La Plata County Weed Management and Enforcement Plan (reviewed annually) pursuant to Chapter 58, Article II of the La Plata County Code and the Colorado Noxious Weed Act.

At the discretion of the Executive Board, the Association may undertake the abatement of noxious plants within an Owner's Lot, with any costs incurred by the Association with respect to such noxious plant abatement being the responsibility of the Owner, in the manner provided in Section 9.4 above.

To eliminate the spread of noxious plants, Owners are responsible for re-vegetating and maintaining areas within their Lots where native vegetation has been disturbed (eg., septic fields, well areas, trenches or roads) and are responsible for controlling noxious plants in these areas.

Section 9.18 Residential Use. All Lots shall be used for residential or agricultural purposes only, except that a home occupation may be carried on in a residence; provided, it does not interfere with the residential character of the dwelling or neighborhood, is secondary to the use of the residence as a dwelling place, causes no undue parking, traffic or telephone problems, and has no outward appearance of business or commercial use. No neon signs or advertising signs of any nature shall be allowed, other than signs advertising the home for sale. No short- term or vacation rentals or time-shares shall be permitted on a Lot.

Section 9.19 Restriction on Further Subdivision. No Lot shall be further subdivided or separated into smaller Lots by an Owner without the consent and approval of the Executive Board and La Plata County.

Section 9.20 Lease. An Owner of a Lot may rent or lease the primary residence at any time. No short-term or vacation rentals or time-shares shall be permitted on a Lot. Regardless of any lease of a residence hereunder, an Owner shall remain directly liable for all obligations imposed by this Declaration and any violations of its tenants.

Section 9.21 Grant of Access to Other Properties. No Lot Owner shall have the right to grant access easements across such Owner's Lot to the owner(s) of any property located outside of Durango Ridge Ranch unless prior approval of the Executive Board is obtained. .

Section 9.22 Signs. No signs of any kind shall be displayed to the public view on or from any portion of the Property except, "For Sale" or "For Rent" signs, the size, number, design and location of which must be first approved by the Executive Board. The Association shall not prohibit the display of a political sign, not to exceed 36 inches by 48 inches, so long as such sign is displayed on a Lot no earlier than 45 days before the day of an election and no later than seven days after an election day.

ARTICLE X GENERAL BUILDING RESTRICTIONS

Section 10.1 Permitted Improvements. The following Improvements are permitted on each Lot:

- A. One single-family structure, along with a garage, (the "Primary Residence") as approved in writing by the DRC;
- B. A single Guest Residence as approved in writing by the DRC and as approved according to applicable La Plata County land use regulations;
- C. Enclosed service areas for garbage, trash, utilities and other maintenance facilities as approved in writing by the DRC;
- D. Fences, walls, driveways and parking areas as approved in writing by the DRC;
- E. Landscaping improvements as approved in writing by the DRC;
- F. Swimming pools, hot tubs, solar devices and greenhouses as approved in writing by the DRC;
- G. Storage sheds, barns and such other outbuildings as approved in writing by the DRC.

Section 10.2. Primary Residence. Each Lot may contain a single family residential structure (hereinafter "Primary Residence") designed to accommodate no more than a single family, domestic help, and occasional guests, including a detached garage. All primary residences and related Improvements must be located within the Building Envelope of the Lot.

Section 10.3 Guest Residences.

A. Approval of Guest Residence. A single guest house or secondary residence ("Guest Residence") may be permitted on a Lot only with the prior written approval of the Board of Directors and with a land use permit as required by the La Plata County Planning Department. The Board "approval" provisions of this Section 10.3(A) shall not retroactively apply to the Guest Residence located on Lot 6 which was approved by the Board and which was completed prior to the recordation of this Declaration. Notwithstanding anything to the contrary in this Section 10.3(A), an approval of a Guest Residence by the Board of Directors does not mean that such Guest Residence is in compliance with all applicable County land use and governmental regulations to which all Lots are subject. Lot Owners are responsible for complying with all standards and conditions necessary for having a secondary residence on a Lot.

B. Compliance with Hwy 160 Improvements Rule. All Owners desiring to construct a Guest Residence, or obtain a land use permit for the existing Guest Residence on Lot 6, shall comply with the Owner obligations set forth in the Hwy 160 Improvements Rule the terms and conditions of which are incorporated herein and made a part of this Section 10.3. The Executive Board may request from the Owner such written assurances, bond, or other security as it deems necessary to ensure Owner's compliance with the terms of the aforementioned rule.

C. Guest Residence Restrictions and Limitations. Guest Residences shall have a habitable floor space of no less than one-thousand (1000) square feet, exclusive of a basement, garage, patio, deck, storage room, porch, overhang and similar areas. All Guest Residences must be located within the Building Envelope and must comply with the applicable restrictions of this Declaration, applicable rules and regulations of the Design Review Criteria, and any applicable County building and land use regulations. Guest Residences must be of the same design and architectural style as the primary residence. The Primary Residence on a Lot must be substantially completed prior to the commencement of construction of a Guest Residence.

Section 10.4 Minimum Square Footage Requirements. All Primary Residences erected upon a Lot shall have a habitable floor area of not less than one-thousand, five-hundred (1,500) square feet, exclusive of basement, garages, patios, decks, storage rooms, porches, overhangs, and similar areas.

Section 10.5 Height Limitations. No portion of any residence shall be more than thirty-five (35) feet measured vertically at any point above Base Elevation; provided, this limitation shall not apply to chimneys, lightning rods and weather vanes. Ranch buildings may be higher than thirty-five (35) feet, if approved by the DRC. Base Elevation shall mean the point of natural grade existing prior to any site preparation.

Section 10.6 Building Envelopes. The primary residence, garage, guest house and any

related residential Improvements shall be located in the Building Envelopes designated on the Plat. No person or entity may ask the County to change or move Building Envelopes or setbacks without the prior written approval of the DRC. In the event an Owner of multiple Lots irrevocably couples said Lots into a single Lot, the resulting Lot may then have constructed thereon one primary residence. The primary residence shall be built on one of the original Building Envelopes.

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

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.

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 Durango Ridge Ranch. (The total number of Lots at the time of recordation of this Declaration is thirty-four; hence, the Allocated Interest for each Lot is 1/34) 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 a corresponding change in the Allocation of Interests.

Section 12.3 Voting Rights. Each Owner shall be allocated one vote for every Lot.

**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.

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 67% of the votes. 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 Nonmaterial Amendments. The Association may amend, without the consent of the Owners, the Declaration or the Plat to correct typographical, clerical, or technical errors and to comply with the standards, requirements, or guidelines of recognized secondary mortgage markets and similar agencies, the department of housing and urban development, the federal housing administration, the veterans administration, the federal home loan mortgage corporation, the government national mortgage association, or the federal national mortgage association.

Section 13.4 Termination. This Declaration shall not be revoked, nor shall the Common Interest Community be terminated, except as provided in Article XI 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 13.5 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.

**ARTICLE XIV
EASEMENTS AND LICENSES**

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 Durango Ridge 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 14.3 Utility Easement. The rights and duties of the Owners of the Lots within the Property with respect to utilities shall be governed by the following:

A. Whenever utility house connections, if any, are installed within the Property, which connections or any portions thereof lie in or upon Lots owned by other than the Owner of the Lot served by said connections, Owners shall have the right, and are hereby granted an easement to the full extent necessary therefore, to enter upon said Lot or to have their agent enter upon the Lot in which said connections or any portion thereof lie, to repair, replace, and generally maintain said connections as and when the same may be necessary.

B. Whenever utility house connections, if any, are installed within the Property which connections serve more than one Lot, the Owner of each Lot served by said connection shall be entitled to full use and enjoyment of such portions of said connections to service his Lot.

Section 14.4 Driveway and Road Easements. Whenever a driveway is installed within the Property which in whole or in part lies upon Lots owned by Owners other than the Owners of the Lot served, or are installed to serve more than one Lot, the Owners of the Lots served or to be served by such driveways shall be entitled to full use and enjoyment thereof as required to service his Lot or to repair, replace or maintain the same, and are hereby granted an easement to the full extent necessary therefore. Existing Roads may be used as driveway entries to individual Building Envelopes where shown on the Plats.

Section 14.5 Reserved Easements for Watercourse. The Declarant also reserved to the Association, in the Original Declaration, an easement for all watercourses, irrigation ditches, and drainage (or other bodies of water) and related pipes, pumps, and other related equipment over, across, and under the Property for the purposes of protecting the Association's water rights (if any) and to maintain and service any watercourses and irrigation system that may be installed on the Property by the Association.

Section 14.6 Reserved Easement for Utilities and Drainage. Declarant has also reserved to the Association, in the Original Declaration, an easement for access, ingress and egress for all Owners to and from their respective Lots for installation and repair of utility services, for drainage or water over, across and upon adjacent Lots resulting from the normal use by adjoining Lots and for landscaping maintenance.

Section 14.7 Easement for Weed Control. The Declarant reserved to the Association, in the Original Declaration, an easement to enter upon a Lot for the purpose of pest and weed control which expressly includes the spraying and eradication of weeds.

ARTICLE XV ALTERNATIVE DISPUTE RESOLUTION

Section 15.1 Alternative Dispute Resolution. The purpose of the Declaration is to establish a harmonious Common Interest Community. Because the prompt, efficient, fair and non-belligerent

resolution of any disputes is desirable, any controversy arising out of or relating to this Declaration, the Bylaws, Rules and Regulations (the "Governing Documents"), or a breach thereof, or any other dispute between Association or any Owner shall be resolved as set forth in this Article. This Article shall satisfy the requirement for an alternative dispute resolution (ADR) policy set forth in the Act, C.R.S. 38-33.3-124(b).

Section 15.2. Prerequisite. The parties to a dispute shall exhaust all remedies and procedures required by the Governing Documents prior to resolving the dispute through this ADR policy. Moreover, this ADR policy and compliance with the procedures set forth herein, is a prerequisite to the filing of a complaint or other court action, in any applicable court of competent jurisdiction.

Section 15.3 Direct Communication. If the dispute is not governed by a procedure for resolution as provided in the Governing Documents, the parties to the disagreement shall set forth their respective positions in the dispute in correspondence. Each party shall respond within seven days after receipt of a letter from the other until agreement is reached.

Section 15.4 Mediation. If the dispute cannot be resolved through direct communication of the parties, either party may request appointment of a neutral and properly credentialed mediator. Both parties shall participate in the mediation in good faith until the dispute is resolved for a period not to exceed thirty days with the consent of all parties. The cost of the mediation shall be divided equally among the parties. If a mediation agreement is reached, the mediation agreement, by consent of the parties, may be presented to a court as a stipulation. If a mediation agreement is not reached, either party may terminate the process without prejudice.

Section 15.5 Arbitration.

A. Method. If the dispute cannot be resolved through mediation, either party may request appointment of one or more neutral and properly credentialed arbitrators with expert knowledge and experience regarding the subject in dispute. The initiating person shall give written notice of its decision to arbitrate by providing a specific statement setting forth the nature of the dispute, the amount involved and the remedy sought. The initiating person shall be responsible for all filing requirements and the payment of any fees according to the rules of the Uniform Arbitration Act, Part 2 of Articles 22 of Title 13, C.R.S. The parties shall have an equal and fair opportunity to present their respective positions to the arbitrators, orally or in writing, as the arbitrators may specify depending on the nature of the dispute. The arbitrators may require such testimony, materials and documentation as they may determine to be appropriate. The arbitrators shall provide a written resolution within thirty days after the conclusion of the presentations of the parties and receipt of requested materials and documents. Any dispute shall be settled by binding arbitration administered according to the Uniform Arbitration Act, Part 2 of Articles 22 of Title 13, C.R.S.

B. Costs. The arbitrator shall award to the prevailing party, if any, as determined by the arbitrator, all of its costs and expenses including any attorney's fees, arbitrator's fees and out-of-pocket expenses of any kind. The term "prevailing party" shall mean the party whose position is most nearly upheld in arbitration. Notwithstanding the foregoing, if it has been determined that a Lot Owner has not committed the alleged violation, the Association shall not allocate to the Lot

Owner, any of the Association's costs or attorneys' fees incurred in asserting or hearing the claim.

C. **Binding Nature; Applicable Law.** The consideration of the parties to be bound by arbitration is not only the waiver of access to determination by a court and/or jury, but also the waiver of any rights to appeal the arbitration finding. A judgment upon an award rendered by the arbitrator may be entered in any court having jurisdiction.

D. **Location.** The alternative dispute resolution proceeding shall be held within La Plata County, Colorado unless otherwise mutually agreed by the parties.

E. **Sole Remedy; Waiver of Judicial Rights.** The Association, and each Owner of a Lot expressly consent to these procedures established in this Article as their sole and exclusive remedy, and expressly waive any right they may have to seek resolution of any dispute contemplated by this Article in any court of law or equity, and any right to trial by judge or jury. If a dispute involves the Association, no person shall file a memorandum of lis pendens or similar instrument that would encumber or create a lien upon the land owned by the Association.

F. **No Agreement by Association.** Notwithstanding any provision in this Article 15 to the contrary, the Association shall have the right to enforce all covenants set forth herein, as provided in this Declaration, the Governing Documents and the Act, and the Association does **not** agree to mediate or arbitrate its claims against Owners in such enforcement actions.

G. **No Conflicts.** This ADR Policy is not intended to modify or alter any portion of the Declaration or any "notice and hearing procedure" established in the Association's Bylaws for the resolution of covenant violations.

ARTICLE XVI GENERAL PROVISIONS

Section 16.1 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.

Section 16.2 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 16.3 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 Governing Documents are intended to comply with the requirement of the Act. If there is any conflict between the Governing Documents and the provisions of the Act, the provisions of the Act shall control.

Section 16.4 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 16.5 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.

Exhibit A
(Legal Description of Property
Of
Durango Ridge Ranch)

All of the real property within the boundaries of the following Plats recorded in the office of the clerk and recorder of La Plata County, Colorado:

Durango Ridge Ranch Filing No.1 recorded on March 24, 1996 at Reception No. 707532;

Durango Ridge Ranch Filing No. 1, Amended Plat, recorded on June 10, 1996 at Reception No. 708357;

Durango Ridge Ranch Filing No. 1, 2nd Amendment Plat, recorded on January 17, 1997 at Reception No. 720603;

Durango Ridge Ranch Filing No. 2 recorded on January 9, 1997 at Reception No. 720373;
and

Durango Ridge Ranch Filing No.3 recorded on June 27, 2001 at Reception No. 808183.

Exhibit B
Durango Ridge Ranch Rule and Regulation As To Hwy 160 CDOT Improvements and Costs
Relating To Same adopted by the Executive Board on September 15, 2009



**DURANGO RIDGE RANCH
RULE AND REGULATION
AS TO
HWY 160 CDOT IMPROVEMENTS AND COSTS RELATING TO SAME**

A. The Colorado Common Interest and Ownership Act (the "Act"), C.R.S. 38-33.3-302, authorizes associations to adopt responsible governance policies and procedures and rules and regulations concerning the management of common interest communities.

B. Pursuant to the authority granted in the Declaration of Covenants, Conditions, and Restrictions for Durango Ridge Ranch recorded on August 30, 1996 at Reception No. 713105 (the "Declaration") and pursuant to Section 2.2(a) of the Amended and Restated Bylaws of Durango Ridge Ranch (the "Bylaws") the Board of Directors of Durango Ridge Property Owners Association, Inc (the "Board") hereby adopts the following rule and regulation pertaining to costs related to Hwy 160 CDOT improvements.

NOW THEREFORE, the undersigned hereby agree as follows:

1.1 Explanatory Statement.

The Colorado Department of Transportation, (CDOT) issued the Durango Ridge Property Owner's Association (the "Association") an access permit (Permit No.507186) allowing the Durango Ridge Ranch subdivision access onto Hwy 160 for use by up to 34 single family homes per the lots platted of record in La Plata County Colorado, for the Durango Ridge Ranch subdivision.

By letter dated August 10, 2009, CDOT responded to additional inquiries by the Association requesting clarification of the terms and conditions of the access permit. Of concern to the Association was whether the addition of a guest home would constitute a single family home within the maximum permitted by the permit.

In its letter, CDOT notified the Association, with a copy to the La Plata County Planning Department, that development of an additional single family home i.e., a home which is in addition to the 34 maximum permitted homes - would trigger the requirement for auxiliary lanes and possibly a westbound and eastbound deceleration lane. CDOT further informed the Board that the auxiliary lanes which were warranted by the additional development must be paid for by the entity (or "person") initiating the request for development. (A copy of the letter is available for review by the Owners.)

CDOT expressly stated in its letter that a "guest home", "vacation home". or "secondary home" would qualify as a single family home under the terms of the CDOT permit. Guest homes, secondary homes or vacation homes require a Class I permit to be issued by the La Plata County planning commission. At present, the Association is

*Durango Ridge Ranch POA
1961 Unit B, Durango Ridge Rd, Durango Co.*

unaware that any such Class I permits have been obtained within the Durango Ridge Ranch subdivision.

The Board believes it to be in the interest of the Association to notify the members of the Association of the terms and conditions of the CDOT permit and to adopt this rule and regulation for the purpose of implementing CDOT permit restrictions.

1.2 Rule.

A. Any lot Owner(s) who desires to construct, add, improve, renovate or otherwise develop a guest home, vacation home or other form of secondary home upon their Lot, must obtain prior approval from the Durango Ridge Ranch Design Review Committee and comply with all applicable procedures relating to Class I permits as required by the La Plata County Planning Department.

B. Any lot Owner(s) who desires to construct, add, improve, renovate or otherwise develop a guest home, vacation home or secondary home ("Additional Development") upon their Lot, agrees that it shall pay for all costs and expenses related to the construction of improvements to the Highway 160 access to Durango Ridge Ranch, including but not limited to, auxiliary lanes, deceleration lanes, traffic signals or any other highway improvement required by CDOT as a result of the Additional Development.

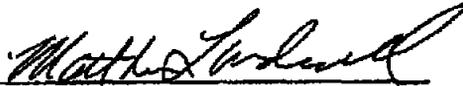
C. Any improvements to access roads or utilities within Durango Ridge Ranch that may be required by La Plata County or any other governmental agency as a result of the Additional Development shall be the responsibility and cost of the Owner(s) requesting the Additional Development.

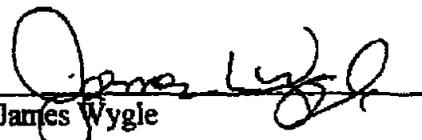
D. All improvements required under B or C above shall be completed prior to the commencement of the Additional Development or Owner shall be required to post a bond or letter of credit, in a form acceptable to CDOT and La Plata County, in the amount of at least 110% of the cost of said improvements.

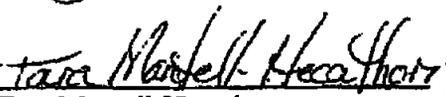
E. To the extent an Owner(s) fails to comply with this Rule; creates an illegal guest home, vacation home or secondary home; and/or otherwise acts so as to trigger the need for the improvements contemplated under B or C, said Owner shall indemnify and hold the Association harmless for any claims or damages brought against the Association relating to Owner's violation, including reasonable attorneys fees incurred by the Association in connection with the enforcement of this Rule.

THIS RULE AND REGULATION was adopted at the meeting of the Board of Directors on September 15 2009 by an affirmative vote of the majority of Board of Directors for Durango Ridge Property Owners Association, Inc.

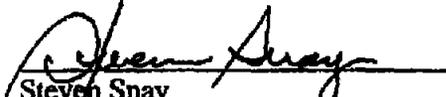
BOARD OF DIRECTORS:


Matthew Lindvall


James Wygle


Tara Mantell-Hecathorn


Ted Weirather


Steven Snay

DURANGO RIDGE RANCH FILING NO. 3

LOCATED IN SECTIONS 19 & 24, T 35 N, R 10 W, N.M.P.M.

CERTIFICATE OF OWNERS: KNOW ALL MEN BY THESE PRESENTS:

That Western Ranch Properties, a Limited Liability Company whose address is 600 Main Avenue, Suite 111, Durango, Colorado, 81301, being the legal and record owner of the following tract of land to wit:
A tract of land located in Sections 19 and 24, Township 35 North, Range 10 West, New Mexico Principal Meridian, in La Plata County, Colorado, being a portion of that tract of land as described in the Deed recorded in the Office of the La Plata County, Colorado, Clerk and Recorder under Reception Number 878668, being more particularly described as follows:

Beginning at a point on the South line (center line of Sheep Springs Road) of the Durango Ridge Ranch Filing No. 1, 2nd Amendment Plat as recorded in the Office of said Clerk and Recorder under Reception Number 720603, whence the Northwest corner of said Section 19 bears N 06° 52' 38" W, 1355.21 feet;
Thence S 06° 34' 46" E, 39.20 feet along said South line (center line of Sheep Springs Road) of the Durango Ridge Ranch, Reception Number 720603;
Thence along said South line of Durango Ridge Ranch, Reception Number 720603, along the arc of a non-tangent curve to the left with a delta angle of 83° 50' 12" and a radius of 150.00 feet for a distance of 219.48 feet, the long chord bears S 48° 29' 58" E, 200.42 feet;
Thence along said South line of Durango Ridge Ranch, Reception Number 720603, along the arc of a non-tangent curve to the right with a delta angle of 49° 05' 21" and a radius of 300.00 feet for a distance of 257.03 feet, the long chord bears S 65° 52' 32" E, 249.24 feet;
Thence S 41° 19' 51" E, 289.46 feet, along said South line of Durango Ridge Ranch, Reception Number 720603;
Thence along the arc of a tangent curve to the left with a delta angle of 39° 35' 17" and a radius of 300.00 feet for a distance of 207.28 feet, the long chord bears S 61° 07' 30" E, 203.18 feet;
Thence along the arc of a non-tangent curve to the right with a delta angle of 30° 21' 22" and a radius of 300.00 feet for a distance 158.94 feet, the long chord bears S 65° 44' 23" E, 157.09 feet along said South line of Durango Ridge Ranch, Reception Number 720603;
Thence S 50° 33' 46" E, 406.57 feet along said South line of Durango Ridge Ranch, Reception Number 720603;
Thence along the arc of a tangent curve to the right with a delta angle of 17° 29' 11" and a radius of 250.00 feet for a distance of 76.30 feet, the long chord bears S 41° 49' 10" E, 76.00 feet along said South line of Durango Ridge Ranch, Reception Number 720603;
Thence along the arc of a non-tangent curve to the left with a delta angle of 40° 28' 00" and a radius of 700.00 feet for a distance of 494.39 feet, the long chord bears S 53° 18' 34" E, 484.18 feet along said South line of Durango Ridge Ranch, Reception Number 720603;
Thence along the arc of a non-tangent curve to the right with a delta angle of 24° 33' 09" and a radius of 200.00 feet for a distance of 85.70 feet, the long chord bears S 61° 16' 00" E, 85.05 feet along said South line of Durango Ridge Ranch, Reception Number 720603;
Thence S 48° 59' 25" E, 423.35 feet along said South line of Durango Ridge Ranch, Reception Number 720603;
Thence along the arc of a tangent curve to the right with a delta angle of 24° 20' 24" and a radius of 1200.00 feet for a distance of 509.78 feet, the long chord bears S 36° 49' 13" E, 505.95 feet along said South line of Durango Ridge Ranch, Reception Number 720603;
Thence along the arc of a non-tangent curve to the left with a delta angle of 76° 24' 51" and a radius of 100.00 feet for a distance of 133.37 feet, the long chord bears S 62° 51' 26" E, 123.70 feet;
Thence S 02° 45' 23" E, 585.62 feet to the south line of the N1/2 SE1/4 of said Section 19;
Thence N 89° 08' 35" W, 334.00 feet along the south line of the N1/2 SE1/4 of said Section 19 to the Center-South 1/16 Corner of said Section 19;
Thence S 35° 49' 57" W, 772.13 feet to the north right-of-way of U.S. Highway 550;
Thence along the arc of a non-tangent curve to the left with a delta angle of 09° 20' 07" and a radius of 2965.00 feet for a distance of 483.09 feet, the long chord bears N 80° 48' 37" W, 482.55 feet along the north right-of-way of U.S. Highway 550;
Thence N 85° 28' 40" W, 187.77 feet along the north right-of-way of U.S. Highway 550;
Thence along the arc of a tangent curve to the right with a delta angle of 41° 15' 01" and a radius of 1332.50 feet for a distance of 959.34 feet, the long chord bears N 64° 51' 10" W, 938.75 feet along the north right-of-way of U.S. Highway 550;
Thence N 56° 47' 23" W, 114.94 feet along the north right-of-way of U.S. Highway 550;
Thence N 44° 13' 40" W, 859.24 feet along the north right-of-way of U.S. Highway 550 to the west line of the SW1/4 of said Section 19;
Thence N 05° 50' 33" E, 781.93 feet along the west line of the SW1/4 of Section 19 to the north line of the SW1/4 of said Section 19;
Thence S 89° 53' 54" W, 835.34 feet along the north line of the SW1/4 of said Section 19 to the north right-of-way of U.S. Highway 550;
Thence N 44° 13' 40" W, 321.66 along the north right-of-way of U.S. Highway 550;
Thence along the arc of tangent curve to the left with a delta angle of 35° 41' 00" and a radius of 1507.50 feet for a distance of 938.86 feet, the long chord bears N 62° 04' 10" W, 923.76 feet along the north right-of-way of U.S. Highway 550;
Thence N 64° 59' 33" W, 97.11 feet along the north right-of-way of U.S. Highway 550;
Thence along the arc of a tangent curve to the right with a delta angle of 40° 00' 00" and a radius of 1332.50 feet for a distance of 930.26 feet, the long chord bears N 59° 54' 40" W, 911.49 feet along the north right-of-way of U.S. Highway 550;
Thence N 39° 54' 40" W, 240.70 feet along the north right-of-way of U.S. Highway 550;
Thence N 21° 18' 54" E, 2157.49 feet to the South line of Durango Ridge Ranch, Reception Number 720603;
Thence S 03° 18' 30" W, 90.91 feet along the South line of Durango Ridge Ranch, Reception Number 720603;
Thence S 45° 26' 07" E, 709.45 feet along the South line of Durango Ridge Ranch, Reception Number 720603;
Thence S 43° 53' 56" E, 1742.10 feet along the South line of Durango Ridge Ranch, Reception Number 720603;
Thence S 65° 38' 09" E, 600.83 feet along the South line of Durango Ridge Ranch, Reception Number 720603;
Thence N 83° 30' 39" E, 301.56 feet along the South line of Durango Ridge Ranch, Reception Number 720603 to the point of beginning.

LESS AND EXCEPT TRACT A
Contains 0.251 acres

Total Net Acres = 255.367

Has caused the same to be re-platted and designated as DURANGO RIDGE RANCH FILING NO. 3

Contains 255.618 acres more or less.

THIS PLAT IS HEREBY EXECUTED BY THE FOLLOWING PARTIES:
WESTERN RANCH PROPERTIES, a Limited Liability Company

By: Ron R. Trujillo
Ron R. Trujillo

State of Colorado: SS:

County of La Plata:
This plat was acknowledged before me by Ron R. Trujillo on this 22nd day of JUNE, 2001 for the aforementioned purposes.

My commission expires: 8-16-03 Notary: Maury A. Kuntz

By: Robert A. Josien, Jr.
Robert A. Josien, Jr., Managing Partner

State of Colorado: SS:

County of Fremont:
This plat was acknowledged before me by Robert A. Josien Jr. on this 21 day of JUNE, 2001 for the aforementioned purposes.

My commission expires: 11/29/03 Notary: Judy A. Compton

GENERAL DEDICATION:

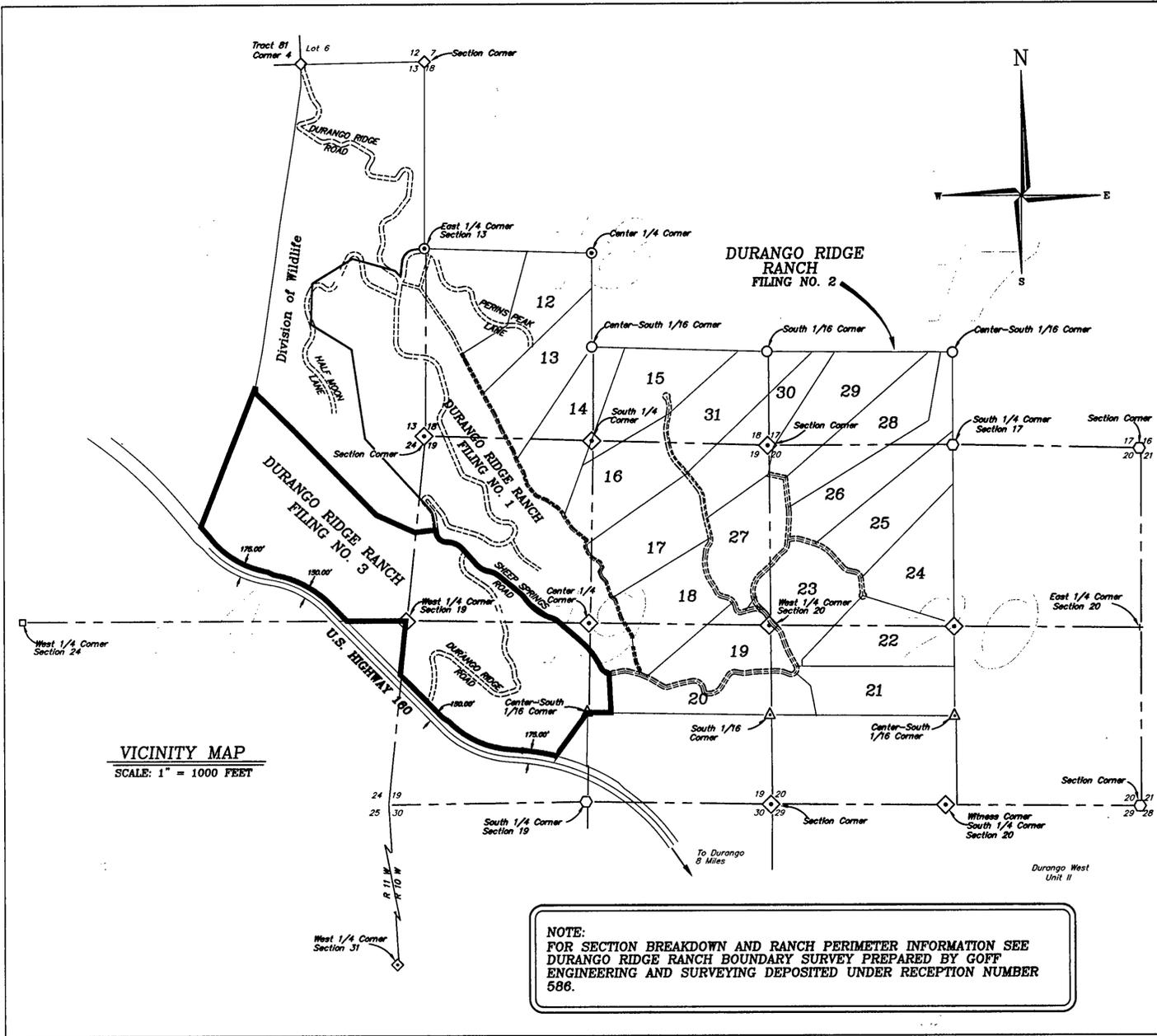
The sixty (60) foot wide access and utility easements as shown herein are hereby dedicated to La Plata Electric Association, Inc., Qwest, Greeley Gas Company, Lake Durango Water Company, TCI Cablevision, the Durango Ridge Ranch Homeowners Association and the Declarant for the purpose of ingress and egress, installation, operation, maintenance, reconstruction, improvement, replacement and removal of underground and overhead electric distribution lines, telecommunications facilities, cable TV, gas lines, water lines and sewer lines, together with their related equipment as outlined in the Declaration of Covenants, Conditions and Restrictions for Durango Ridge Ranch.

The twenty (20) foot wide water line easement as shown herein is hereby dedicated to Lake Durango Water Company and the Durango Ridge Ranch Homeowners Association and the Declarant for the purpose of ingress and egress, installation, operation, maintenance, reconstruction, improvement, replacement and removal of underground water lines, together with their related equipment as outlined in the Declaration of Covenants, Conditions and Restrictions for Durango Ridge Ranch.

The twenty (20) foot wide utility easements as shown herein are hereby dedicated to La Plata Electric Association, Inc., Qwest, Greeley Gas Company, Lake Durango Water Company, TCI Cablevision, the Durango Ridge Ranch Homeowners Association and the Declarant for the purpose of ingress and egress, installation, operation, maintenance, reconstruction, improvement, replacement and removal of underground and overhead electric distribution lines, telecommunications facilities, cable TV, gas lines, water lines and sewer lines, together with their related equipment as outlined in the Declaration of Covenants, Conditions and Restrictions for Durango Ridge Ranch.

No permanent building construction is allowed outside of the designated building envelopes.

The shared well easement across Lot 33 is hereby dedicated to the owners of Lots 32, 33 and 34 for the purpose of installation, maintenance and operation of the shared well.



SURVEYOR'S STATEMENT

I hereby state that this survey and plat was prepared by me or under my direct responsibility, supervision and checking, and that, in my professional opinion, it is true and correct to the best of my knowledge, belief and information based on the standards of care of Professional Land Surveyors practicing in the State of Colorado.



Date: 6/27/01

- NOTES:**
- ANY ENCROACHMENT OF FENCES ACROSS PROPERTY MAY INDICATE THAT POSSESSORY RIGHTS ARE ACCRUING.
 - This property may be subject to the following easements, rights and restrictions as described in the Deed recorded under Reception Number 678668:
 - Ditches and ditch rights, oil, gas, coal and other minerals and the rights of the proprietor to extract his ore;
 - Mineral and geologic hazards as designated under Reception Number 401417;
 - The effect of any restriction by the State of Colorado to access U.S. Highway 160;
 - All rights of application of Rio Grande Southern Railroad as described in Book 116 at Page 402;
 - Deed conveyed to the State Highway Department for highway purposes as described in Book 284 at Page 7;
 - Terms, conditions and provisions pertaining to passageway and easements as described in Book 104 at Page 506.
 - NOTICE: ACCORDING TO COLORADO LAW YOU MUST COMMENCE ANY LEGAL ACTION BASED UPON ANY DEFECT IN THIS SURVEY WITHIN THREE (3) YEARS AFTER YOU FIRST DISCOVERED SUCH DEFECT. IN NO EVENT, MAY ANY ACTION BASED UPON ANY DEFECT IN THIS SURVEY BE COMMENCED MORE THAN TEN (10) YEARS FROM THE DATE OF THE CERTIFICATION SHOWN HEREON.

STATE OF COLORADO } SS
LA PLATA COUNTY

I hereby state that this instrument was filed for record at 10:27 o'clock AM on 20 day of JUNE, 2001 and duly filed.
Reception Number 200103 Fee \$ 20.00
LINDA DALEY, Recorder
By: John A. Compton Deputy

GOFF ENGINEERING & SURVEYING
128 ROCK POINT, SUITE A
P.O. BOX 87
DURANGO, COLORADO 81302
(970) 242-1705

DURANGO RIDGE RANCH FILING NO. 3

WESTERN RANCH PROPERTIES, L.L.C.
SECTIONS 19 & 24, T 35 N, R 10 W, N.M.P.M.

PREPARED BY: R. TRUDEAUX
CHECKED BY: A. CRAIG
SCALE: 1" = 300 FEET
DATE: June 20, 2001

SHEET 1 of 2

Goff Engineering & Surveying, Inc. expressly reserves the common law copyright and other property rights in these plans. These plans are not to be altered or copied in any form or manner whatsoever nor are they to be assigned to any third party without first obtaining written permission and consent of Goff Engineering & Surveying, Inc.

DURANGO RIDGE RANCH FILING NO. 3

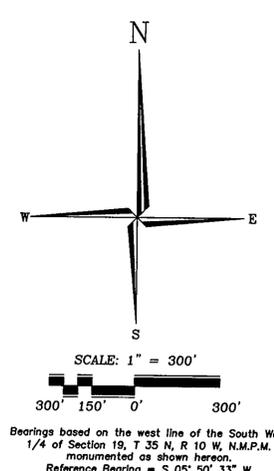
LOCATED IN SECTIONS 19 & 24, T 35 N, R 10 W, N.M.P.M.

DESCRIPTION OF MONUMENTS

- | | |
|---|---|
| <ul style="list-style-type: none"> ○ SET 5/8" X 24" REBAR WITH A 1-1/2" ALUMINUM CAP STAMPED PLS 29026 ◇ FOUND A 2-1/2" X 30" PIPE MONUMENT WITH A 3-1/4" ALUMINUM CAP STAMPED PLS 29026 - A.A. BLACKBURN △ FOUND A 5/8" X 30" REBAR WITH A 2" ALUMINUM CAP STAMPED PLS 29026 - A.A. BLACKBURN ◇ FOUND A 2-1/2" PIPE MONUMENT WITH A 3-1/4" ALUMINUM CAP STAMPED PLS 18450 - D.Z. CRITES □ FOUND A 2-1/2" X 30" PIPE MONUMENT WITH A 3-1/4" ALUMINUM CAP STAMPED PLS 29026 - A.A. BLACKBURN ● FOUND A 2-1/2" PIPE MONUMENT WITH A 3-1/4" ALUMINUM CAP STAMPED LS 17494 - A.L. KROEGER ■ A 5/8" X 24" REBAR WITH A 1-1/2" ALUMINUM CAP STAMPED PLS PER DURANGO RIDGE RANCH FILING NO. 1, 2nd AMENDMENT PLAT, PIN NOT VERIFIED AS PART OF THIS SURVEY ★ A 5/8" X 24" REBAR WITH A 1-1/2" ALUMINUM CAP STAMPED PLS 29026 PER DURANGO RIDGE RANCH FILING NO. 1, 2nd AMENDMENT PLAT, PIN NOT VERIFIED AS PART OF THIS SURVEY | <ul style="list-style-type: none"> ○ FOUND A 5/8" REBAR WITH A 1-1/2" ALUMINUM CAP STAMPED LS 5836 - R.G. CLARK □ FOUND A 5/8" REBAR WITH A 1-1/2" ALUMINUM CAP STAMPED LS 4679 - F.R. EGGAR ★ FOUND A 5/8" REBAR WITH A 1-1/2" ALUMINUM CAP STAMPED LS 17494 - A.L. KROEGER ○ FOUND A 1/2" REBAR WITH A TAG STAMPED LS 298 - P.R. KRANTZ ○ FOUND STONE MONUMENT ● FOUND 5/8" X 24" REBAR WITH A 1-1/2" ALUMINUM CAP STAMPED PLS 29026 ◇ FOUND A STANDARD COLORADO DIVISION OF HIGHWAYS MONUMENT - A 3" BRASS CAP IN CONCRETE + POSITION FOR CORNER - MONUMENT NOT FOUND OR SET |
|---|---|

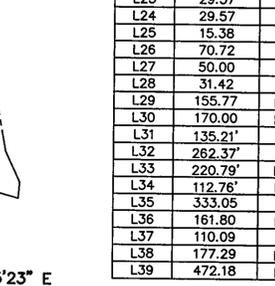
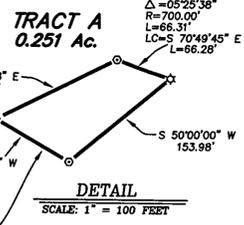
LINE TABLE

LINE	LENGTH	BEARING
L1	204.14	N 68°25'29" W
L2	137.90	N 30°40'42" W
L3	136.99	N 53°29'07" W
L4	404.58	N 32°19'37" W
L5	254.02	N 28°10'06" W
L6	139.81	S 69°35'35" E
L7	146.73	N 72°43'00" E
L8	387.02	S 17°47'10" E
L9	168.50	S 56°16'52" E
L10	180.24	S 20°32'15" E
L11	249.34	S 32°28'26" E
L12	301.76	S 43°15'02" E
L13	137.77	S 87°01'12" W
L14	235.64	N 62°15'37" W
L15	184.00	N 16°35'03" W
L16	763.92	S 49°13'56" E
L17	150.24	N 35°00'00" E
L18	123.73	N 75°58'14" E
L19	113.68	N 89°04'08" E
L20	93.02	N 76°47'55" E
L21	53.33	S 81°01'55" E
L22	42.99	N 64°32'53" W
L23	29.37	N 65°51'56" E
L24	29.57	N 01°47'27" E
L25	15.38	N 32°44'54" W
L26	70.72	N 23°53'51" E
L27	50.00	N 25°09'22" W
L28	31.42	N 01°41'08" E
L29	155.77	N 63°26'48" W
L30	170.00	N 57°00'00" W
L31	135.21	N 33°00'00" E
L32	262.37	N 81°33'38" W
L33	220.79	N 04°37'04" W
L34	112.76	N 15°28'08" W
L35	333.05	N 86°23'36" E
L36	161.80	N 63°39'41" E
L37	110.09	N 46°37'15" E
L38	177.29	N 07°04'13" W
L39	472.18	N 67°28'32" E



CURVE TABLE

CURVE	DELTA	RADIUS	LENGTH	CHORD	LENGTH
C1	76°24'51"	100.00	133.37	S 62°51'26" E	123.70
C2	24°33'09"	200.00	85.70	S 61°16'00" E	85.05
C3	40°28'00"	700.00	494.39	S 53°18'34" E	484.18
C4	17°29'11"	250.00	76.30	S 41°49'10" E	76.00
C5	30°21'22"	300.00	158.94	S 65°44'27" E	157.09
C6	39°35'17"	300.00	207.28	S 61°07'30" E	203.18
C7	49°05'21"	300.00	257.03	S 65°52'32" E	249.24
C8	83°50'12"	150.00	219.48	S 48°29'58" E	200.42
C9	39°17'56"	980.00	672.18	N 05°26'15" E	659.08
C10	124°37'40"	60.00	130.51	S 48°05'50" W	106.26
C11	58°03'04"	230.00	233.03	S 78°15'28" E	223.19
C12	112°08'39"	110.00	215.30	N 16°38'38" E	182.54
C13	38°41'45"	140.00	94.55	S 20°04'49" E	92.76
C14	38°16'30"	405.00	270.55	N 19°52'11" W	265.55
C15	56°27'32"	250.00	246.35	S 10°46'40" E	236.50
C16	35°14'17"	330.00	202.96	N 00°10'03" W	199.77
C17	48°21'52"	190.00	160.38	S 16°15'54" W	155.66
C18	38°29'45"	480.00	322.50	N 37°02'00" W	316.47
C19	77°30'40"	240.00	324.68	N 54°13'28" W	300.48



GOLF

ENGINEERING & SURVEYING

126 ROCK POINT, SUITE A
P.O. BOX 97
DURANGO, COLORADO 81302
(970) 247-1705

DURANGO RIDGE RANCH FILING NO. 3

WESTERN RANCH PROPERTIES, L.L.C.

SECTIONS 19 & 24, T 35 N, R 10 W, N.M.P.M.

PREPARED BY: R. TRUDEAUX CHECKED BY: A. CRAIG

SCALE: 1" = 300 FEET DATE: June 20, 2001

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