

**DECLARATION OF COVENANTS
CONDITIONS AND RESTRICTIONS
FOR
MOUNTAIN RIVER RANCH ESTATES**

ARTICLE I- PREAMBLE

Declarant is the owner of that certain real property situate in Larimer County, Colorado, described on Exhibit "A" hereof ("the Property"). Exhibit "A" includes certain recorded easements and licenses appurtenant to the Property.

Declarant desires to develop, sell and convey the Property for residential purposes. Declarant deems it desirable to subject the property to the covenants, conditions, and restrictions set forth in this Declaration in order to preserve the values of the individual lots and to enhance the quality of life for all owners of such lots.

Declarant therefore declares that all of the Property is and shall be held, transferred, sold, conveyed and occupied subject to the terms, restrictions, limitations, conditions, covenants, obligations, liens, and easements which are set forth in this Declaration, all of which shall run with the Property and shall inure to the benefit of, and be binding upon, all parties having any right, title, or interest in the Property or any portion thereof, and such person's heirs, grantees, legal representatives, successors and assigns.

ARTICLE II - DEFINITIONS

2.1 General. The words and terms defined in this Article shall have the meanings herein set forth unless the context clearly indicates otherwise.

2.2 Declaration shall mean and refer to this Declaration of Covenants, Conditions and Restrictions and all properly adopted amendments thereto.

2.3 Property shall mean and refer to the real property situated in the County of Larimer, State of Colorado, legally described on Exhibit "A" attached hereto and incorporated herein by reference. The property includes 7 single family residential use Lots and two lots for Conservation Development (being Residual Lot A with an existing residence and outbuildings, and Residual Lot B). The Conservation Development is comprised of Residual Lot A, within which are located a residence and farm buildings, and Residual Lot B as shown on the Final Plat of Mountain River Ranch Estates.

2.4 Declarant shall mean and refer to Gary L. Marsh and Patti J. Marsh

2.5 Governmental Regulations shall mean and refer to all laws, statutes, ordinances, resolutions, regulations, policies, procedures, and rules adopted by the United

Clerks Note - No Exhibit A

8
States, State of Colorado, County of Larimer, or any city, town, or other governmental entity having jurisdiction over the Property which govern or control the use, division, or development of the Property, including, by example and not limitation, land use plans, zoning ordinances, and subdivision regulations.

2.6 Governmental Authority shall mean and refer to the governmental body having final authority for approval of the use, division, and development of the Property. As of the date of this Declaration, the governmental body having final authority to approve the use, division, and development of the Property is the Board of County Commissioners of Larimer County.

2.7 Development Plan shall mean and refer to the plan for the division, use, and development of the Property submitted to and approved by the Governmental Authority, which shall include, by example and not limitation, the final resolution of the Governmental Authority approving the subdivision, development, and use of the Property; the subdivision improvement agreement, development agreement, or any other agreement made and entered into between the Declarant and the Governmental Authority pertaining to the use, division, and development of the Property; all engineering plans and studies submitted in connection with the application for division, use, and development of the Property; all plats, drawings, and maps of the Property; and all other documents, instruments, and agreements submitted in connection with the application for development, division, and use of the Property.

2.8 Plat shall mean and refer to the final subdivision plat, P.U.D. plan, exemption plat, survey map, or other plan, plat, or map of the Property showing the division of the Property into more than one lot, tract, or parcel; approved by the Governmental Authority; and recorded in the office of the Clerk and Recorder of Larimer County, Colorado.

2.9 Conservation Development shall mean and refer to that portion of the Property designated as Residual Lot A and Residual Lot B on the Plat.

2.10 Conservation Values shall mean and refer to the distinctive characteristics of the Conservation Development, which may include, by example and not limitation, agricultural land, open lands, regional preserves, and parks and trails, as well as distinct landscapes, forest land, ecosystems, water sheds, ridge lines, wildlife areas, wetlands, hazardous areas, view corridors, and historic and archeological sites.

2.11 Conservation Development Owner shall mean and refer to the record owner, whether one or more persons or entities, of the Conservation Development. "Conservation Development Owner" shall not include persons or entities having an interest in the Conservation Development merely as security for the performance of an obligation.

2.12 Common Areas shall refer to all real Property or interests therein owned by the Association and easements and rights of way for the common use and enjoyment of the Owners, together with and including, but not by way of limitation, roads

7
(until such time as roads are accepted for maintenance by Larimer County, Colorado, if ever) utilities and utility easements.

2.13 Management Plan shall mean and refer to a plan for the management, maintenance, and use of the Conservation Development approved by the Governmental Authority. A copy of the Management Plan is attached hereto as Exhibit "B" and incorporated herein by reference.

2.14 Lot shall mean and refer to each individual lot of the Property intended to be sold, transferred, or conveyed as a separate parcel as designated on the Plat.

2.15 Lot Owner shall mean and refer to the record owner, whether one or more persons or entities, of any Lot, but excluding those having such interest merely as security for the performance of an obligation.

2.16 Maintenance Expenses shall mean and refer to the costs of maintaining and managing the Conservation Development pursuant to and in accordance with the Management Plan.

2.17 Association shall mean and refer to Mountain River Ranch Estates Homeowner's Association, Inc., a Colorado Non-Profit Corporation established pursuant to Article XIII of this Declaration. The members of the Association shall be Lot Owners as defined herein.

2.18 MRREDC shall mean and refer to the Mountain River Ranch Estate Design Committee created pursuant to Article IX of this Declaration.

2.19 Building Envelope shall mean the area within a lot comprising approximately 3/4 acre designated on the Plat on file with the County within which all building improvements are to be contained.

2.20 Agricultural Use shall mean the cultivating of soil and production of crops, including the raising of livestock and general farm related activities customary in the northern Colorado region. Said definition shall also include the definition of agriculture as used in the current Larimer County zoning regulations and/or rural land use resolutions then in effect within the County of Larimer, State of Colorado.

2.21 Board of Directors or Board shall mean and refer to the Board of Directors of the Association.

2.22 By-Laws shall mean and refer to the duly adopted by-laws of the Association.

2.23 Single Family Dwelling shall mean an independent structure designed and occupied as a residence for a single family. No dwelling built on the Property shall be a modular or mobile home. All dwellings shall be built on-site.

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2.24 Roads and Utility Easements shall mean and refer to all roads and utility easements presently existing on the Property or subsequently constructed by the Declarants on the Property which are necessary to provide vehicular access, ingress, egress, utilities or drainage to lots, tracts or parcels of the property. "Roads" and "Utility Easements" shall not include private driveways or utility extensions constructed by individual Owners to provide access and utilities to dwellings or other structures located upon such Owner's lot of the Property.

ARTICLE III - RECITALS

3.1 The Declarant is the current record owner of fee simple title to the Property.

3.2 There are no liens or encumbrances against the Property, or all lienholders have given their consent to this Declaration and subordinated the priority of their liens to the covenants, conditions, and restrictions contained in this Declaration.

3.3 The Declarant desires to develop the Property pursuant to the Findings and Resolution Approving the Mountain River Ranch Estates Conservation Development dated September 25, 2001 and the Development Plan.

3.4 The Declarant has submitted to the Governmental Authority a Development Plan for the Property, and the Development Plan has been approved by the Governmental Authority.

3.5 To implement the Development Plan as approved by the Governmental Authority and fulfill the goals and objectives of the Findings and Resolution Approving the Mountain River Ranch Estates Conservation Development dated September 25, 2001 the Declarant is willing to place covenants, conditions, and restrictions against the Conservation Development.

3.6 Declarant desires to preserve, protect, and/or enhance the Conservation Values of the Conservation Development.

3.7 The Declarant acknowledges that the value of the Property will be enhanced and the Declarant will receive the benefit of the enhanced value of the Property as a direct or indirect result of the covenants, conditions, and restrictions of this Declaration.

3.8 This Declaration and the rural property which is submitted for development under this Declaration are subject to Larimer County's "The Code of the West" which sets forth the realities of rural living within the County of Larimer. The Code is on file with the County of Larimer and all owners and purchasers should consult with "The Code of the West" prior to the purchasing of any property.

NOW, THEREFORE, the Declarant hereby publishes and declares that the property shall be held, sold, conveyed, transferred, used, and occupied subject to the easements, covenants, conditions, and restrictions contained in this Declaration, which

1
2
shall run with the Property and shall be binding upon and inure to the benefit of all parties having any right, title, or interest in the property or any portion thereof, their heirs, personal representatives, successors, and assigns.

ARTICLE IV - DURATION - AMENDMENT

4.1 Duration. This Declaration shall run with the land and shall be binding upon all persons or entities having any right, title, or interest in the Property or any portion thereof in perpetuity.

4.2 Amendment. This Declaration may be altered, amended, or modified, in whole or in part, only if such amendment would protect, preserve, and/or enhance the Conservation Values of the Conservation Development through a duly written and recorded instrument executed by the Conservation Development Owner, seventy-five percent (75%) or more of the Lot Owners and the County of Larimer or the governmental authority having jurisdiction over the property.

4.3 Severability. Should any provision of this Declaration be declared invalid or unenforceable by any court of competent jurisdiction, such decision shall not affect the validity or enforceability of any other provision of this Declaration.

4.4 Enforcement. Enforcement of this Declaration shall be by appropriate proceedings, at law or in equity, against those persons or entities violating or attempting to violate any covenant, condition, or restriction herein contained. Such judicial proceedings shall be for the purpose of removing a violation, restraining a future violation, for recovery of damages for any violation, for recovering of Maintenance Expenses, for foreclosure of any lien for unpaid Maintenance Expenses, or for such other and further relief as may be available. Such judicial proceedings may be prosecuted by the Conservation Development Owner, the Association, the Lot Owner, or the Governmental Authority. The court shall award to the prevailing party in such litigation, in addition to such damages as the court may deem just and proper, an amount equal to the costs and reasonable attorney's fees incurred by the prevailing party in such litigation. The failure to enforce or to cause the abatement of any violation of this Declaration shall not preclude or prevent the enforcement thereof or of a further or continued violation, whether such violation shall be of the same or of a different provision of this Declaration.

ARTICLE V - MANAGEMENT PLAN

The Management Plan, a copy of which is attached hereto as Exhibit "B", shall be and is hereby incorporated herein by reference as if fully set forth. The Conservation Development shall be used and managed in accordance with and pursuant to the terms, covenants, conditions, and provisions of the Management Plan. Such Management Plan may be amended from time to time as may be necessary to meet changing conditions and current management practices. All such amendments shall be approved by the County of Larimer. A copy of the Plan shall be maintained in the records of the County and the Homeowner's Association and provided on request.

ARTICLE VI - MAINTENANCE

6.1 Maintenance. The Conservation Development Owner shall be solely responsible for the upkeep and maintenance of the Conservation Development consistent with the Management Plan. In the event the Conservation Development Owner fails to maintain the Conservation Development in accordance with the Management Plan, then the Governmental Authority and/or any Lot Owner or Owners or association of Lot Owners shall have the right, but not the obligation, to maintain the Conservation Development in accordance with the Management Plan. If the Governmental Authority wishes to exercise its right to maintain the Conservation Development, it shall give written notice, either personally or by certified mail, to the Conservation Development Owner setting forth the manner in which the Conservation Development Owner has failed to maintain the Conservation Development in accordance with the Management Plan. Such notice shall include a demand that the deficiencies be corrected within thirty (30) days and shall state the time and place of a hearing before the Governmental Authority, which shall be held within forty (40) days of the notice. At such hearing, the Governmental Authority may modify the terms of its original notice as to the deficiencies and may grant an extension of time within which to correct the deficiencies. If the deficiencies set forth in the original notice or in any modification thereof are not cured within said thirty (30) days or any extension thereof, the Governmental Authority may undertake maintenance of the Conservation Development in accordance with the Management Plan. The Governmental Authority may continue maintenance of the Conservation Development until such time as the Conservation Development Owner demonstrates to the reasonable satisfaction of the Governmental Authority that the Conservation Development Owner is ready, willing, and able to maintain the Conservation Development consistent with the Management Plan.

6.2 Maintenance Expenses. The Conservation Development Owner shall be solely responsible for paying all Maintenance Expenses with respect to the Conservation Development. In the event the Conservation Development Owner fails to maintain the Conservation Development consistent with the Management Plan or fails to pay Maintenance Expenses, the Governmental Authority or Lot Owner(s) that performs such maintenance shall have the right, but not the obligation, to pay the Maintenance Expenses, which shall become a lien upon the Conservation Development. The Governmental Authority or Lot Owner(s) that performs such maintenance shall file a notice of such lien in the office of the Clerk and Recorder of Larimer County, Colorado. The Governmental Authority may certify the unpaid Maintenance Expenses to the Treasurer of Larimer County, Colorado, for collection, enforcement, and remittance in the manner provided by law for the collection, enforcement, and remittance of general property taxes or the Governmental Authority or Lot Owner(s) that performs such maintenance and/or pays the Maintenance Expenses may foreclose its lien in like manner as foreclosure of a mortgage under Colorado law.

ARTICLE VII - USE AND OTHER RESTRICTIONS

7.1 Land Use and Building Type. A lot may be used only for one single family dwelling. Each lot may have two outbuildings built of compatible materials and architecture to the dwelling house. The primary residential dwelling must include at least

1
a three car garage. If the garage is not included as part of the residence, then it may be included as one of the outbuildings but must be at least a three car facility and shall be identical in architectural design and exterior design and appearance as the accompanying residence dwelling. All such buildings or structures must be located within the building envelope.

7.2 Easements for Roads, Utilities and Drainage. The Declarant hereby expressly excepts and reserves until Declarant and its successors, assigns and invitees forever, a non-exclusive perpetual road easement and rights-of-way sixty feet (60') in width over and across and upon the Property as depicted upon the Plat of the property for ingress, egress and access by pedestrian, horses, and vehicles to and from individual lots and for the installation of such drainage improvements therein as may be reasonably necessary for proper use thereof. Further, the Declarant hereby expressly excepts and reserves unto Declarant and its successors, assigns and invitees forever, a perpetual, non-exclusive utility easement located within the access easement described in this paragraph for the installation, construction, maintenance, inspection, operation, replacement or removal of all utilities, including, but not limited to, water, sewer, telephone, natural gas, electricity, irrigation water, return flow water, cable television and utility guide wires.

Every Owner shall have non-exclusive right and easement of enjoyment in and to the road easements and/or rights-of-way, utility easements, and all other property owned by the Association which shall be appurtenant to and shall pass with the title to every lot, and shall run with the land. An Owner's right and easement of enjoyment in and to the roads, easements, and/or rights-of-way, utility easements, and other property owned by the Association shall not be exercised in any manner which substantially interferes with the rights and easements of any other Owner with respect thereto and shall be subject to the following:

(a) The right of the Association to maintain, repair, and replacement as necessary so that any improvement shall serve the purposes for which they were installed.

(b) The right of the Association to charge reasonable fees and assessments to meet the Common Expenses;

(c) The right of the Association to suspend the voting rights of an Owner for any period during which any assessment against his lot, tract, or parcel of the Property remains unpaid;

(d) The right of the Association to dedicate or transfer all or any part of the road easements and/or rights-of-way and other Property owned by the Association to any public agency, authority, or utility company for such purpose and subject to such conditions as may be agreed by the members. No such dedication or transfer shall be effective unless approved by two-thirds (2/3) of the votes entitled to be cast by members present in person or by proxy at a meeting called for such purpose as provided in the Articles of Incorporation or Bylaws of the Association. No dedication shall interfere with existing agricultural uses retained by Declarant;

6

(e) The right of the County of Larimer and any other governmental or quasi-governmental body having jurisdiction over the property to have access and rights of ingress and egress over and across the roads and other property owned by the Association for purposes of providing police and fire protection and providing any other governmental or municipal service.

7.3 Prohibition Against Lot Division. there shall be no division of any Lot or any group of Lots created herein or of the Conservation Development except as provided herein. The portion of the Conservation Development designated as Residual Lot A may be divided with the approval of the governmental authority having jurisdiction over the property. The governmental authority may not unreasonably withhold its approval as long as usage of the property and its viability as an agricultural operation is not changed. Nothing contained herein shall change the dedicated use of said property for Conservation Development only, which shall be in perpetuity. The division is only to allow separate owners to have the farming rights that are appurtenant to said property.

7.4 Nuisances. No noxious or offensive activities shall be carried on upon any lot, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood. No hunting shall be allowed on or within the Property, except on the Conservation Development pursuant to Section 7.35.

7.5 Temporary Structures. No structure of a temporary character, whether a basement, rent, storage shed or shelter, garage, barn or other outbuilding shall be permitted on any lot at any time, either temporarily or permanently, except by the Declarant during the process of construction, or as approved by the MRREDC. No house trailers, mobile home or other structure, may be moved in or added to, or remodeled into a permanent residence.

7.6 Building Envelope. The building envelope within which all structures and improvements must be contained is defined on each lot as designated on the Plat and site plan for the Property on file with the County of Larimer, State of Colorado. Said building envelope shall be approximately 3/4 acre in size and shall have contained within it the main residence, garages, barns and accessory buildings, all clustered within said building envelope in order to reduce the aura from a visual standpoint of physical improvements and in order to maintain the agricultural integrity of the Property.

7.7 Grading. All grading shall be limited to no more than is actually necessary to accommodate the construction of the residence, site access, and related improvements. All site grading shall blend with the natural contours of the site by feathering the cut and fills with the existing terrain. All grading shall be confined to the immediate construction area within the building envelope and shall not extend beyond the building envelope except for utility easement purposes and ingress and egress driveways. When any grading is required for ingress and egress or utility purposes around the perimeters of the lot, it shall interface with the existing contours of adjacent properties and the property shall be reseeded and reclaimed to its natural agricultural state. All cut and fills shall be limited to a maximum slope of three to one. If necessary, retaining walls in lieu of site grading may be recommended in order to minimize on-site disturbance. In

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all cases, retaining walls shall be consistent with the design standards and materials outlined in the Landscape Design Plan.

7.8 Drainage. Residential improvements for home sites shall be located in such a way as to minimize impacts on existing natural drainage features. No Owner shall adversely affect the surface water management and drainage of their property without the prior written approval of the MRREDC and/or any controlling governmental authority, including, but not limited to, the excavation or filling in of any lake, ditch, pond or other wetlands or natural drainage area on the subject property. No Owner shall install any landscaping or place any fill or change the terrain of their property if such change would adversely affect the drainage of any contiguous lot.

7.9 Site Access Driveways and Parking. Driveway access shall be located and designed in response to site characteristics and reviewed by the MRREDC. Driveways should be designed in order to minimize the need for cut and fill slopes. Each residence shall contain a minimum of two enclosed parking spaces, of which a garage may count if it is a double garage; and two unenclosed parking spaces. All recreational vehicles and boats shall be contained within an enclosed structure approved by MRREDC.

7.10 Utilities. All utility lines shall be installed underground and all above ground utility facilities or features, such as transformers or locator pedestals, shall be screened as nearly as possible with appropriate landscaping. Utility connection from main service lines to residential sites should be designed to minimize site disturbance. All utility boxes located on residences should be enclosed in a manner that is architecturally consistent with the design of the home. Owners are responsible for their own septic systems. Septic systems shall be designed by a licensed engineer and must be reviewed and approved by the Larimer County Department of Health as a part of the building permit process.

7.11 Roof Materials. The roofs on all Dwelling Units shall be constructed of fireproof roofing materials of the following types: treated natural cedar shakes, treated resawn cedar shakes, tile, concrete roofing tile or high-end-asphalt composition shingles having substantially the same appearance as the foregoing roofing materials unless this requirement shall be specifically waived in writing by the MRREDC.

7.12 Exterior Walls. The use of a limited number of materials on exterior walls and surfaces, particularly materials that are indigenous to the area, provide an excellent opportunity to integrate a building with its site. In order to establish a coherent composition of material, no more than three materials shall be used on any building. Thirty percent of all outside walls will be masonry. Recommended materials include stone, brick masonry, stucco and wood.

Wood is another primary wall material, particularly when used as a sheathing on the upper floors of buildings or on gables or dormers. Due to their color and weathering characteristics, smooth or lap siding cedar and redwood are recommended siding materials. Siding may be treated with natural preservatives, semi-transparent or pigment stains or paint. Colors should generally be in the muted earthtone hues and in all

10
cases should be selected to compliment the color of other building materials found on the site.

Stucco should have a soft, undulating appearance with rounded corners and deeply set reveals. Stucco color should be selected to accent or compliment the color of stone or other materials used on the building.

All dwelling units and other structures constructed on any lots shall be stained or painted such colors as shall be authorized and approved in writing by the MRREDC. Bright colors shall not be permitted as the primary color of any dwelling unit and outbuildings.

7.13 Chimney, Roof Vents and Flues. Chimneys should be designed in proportion to the rest of the building. Chimneys are a strong visual element of a home and should be constructed of materials that convey a sense of strength and mass. The use of stone on the chimneys is encouraged. All chimneys and flues should be designed with down-draft deflectors and shall have spark arrestor. All wood burning devices must be approved by the Larimer County Building Code.

7.14 Decks and Balconies. Properly located, balconies and decks not only provide pleasant outdoor spaces, they also add interest to building elevations. The size, design and location of the balconies and decks should be determined in relationship to the form and proportions of the main building.

7.15 Accessory Buildings and Uses. All buildings and improvements within the building envelope shall be architecturally integrated with the main residence with the use of similar materials, color, architectural style and form. When feasible, accessory structures should be physically connected to the main residence. Integration can also be achieved by the use of landscaping, walkways and walls. The maximum cumulative space for all accessory buildings is 2,000 square feet. Livestock barns are to be limited to no more than 1,000 square feet of enclosed space.

Enclosed storage areas shall be provided for trash containers. Maintenance and recreational equipment, and the storage of seasonal equipment such as patio furniture shall be enclosed or screened from view. Screen walls shall not exceed six feet in height.

Antennas and satellite dishes should be painted to match the main residence and screened from view from roads and adjacent properties.

Any clotheslines to be installed on a lot must be approved in writing by the MRREDC and shall be retractable.

7.16 Energy Conservation. Energy conservation is encouraged. A variety of energy conservation measures are available and would be welcomed by the MRREDC.

7.17 Fire Protection. Site planning and landscape design should consider wildfire hazards. For example, parking areas shall be kept free of tall grasses and other combustible materials.

7.18 Landscaping. The landscape of the Property is characterized by open meadows, rolling hills and farm ground. A primary goal of the plan is to maintain and enhance this natural landscape. This will be accomplished two ways. First, large commonly owned open space areas will remain undeveloped. Secondly, the development of individual parcels is limited to the envelope only. The landscape plan is required to be approved by the MRREDC.

7.19 Landscaping in the Envelope. The purpose of the envelope is to maintain a common, natural landscape element throughout the entire Property. While specific landscape treatments will vary depending on the characteristics of each site, a number of considerations should be addressed by every landscape plan. First, all areas disturbed by construction shall be revegetated with seed mixes approved by the MRREDC. Secondly, Owners are encouraged to enhance the area with the introduction of native grasses and trees. Such landscaping plan shall include a minimum of ten (10) trees, one-inch in diameter or greater, of which the majority shall be pines and the balance of which shall be deciduous. A landscaping plan must be submitted to the MRREDC for its approval within six months following receipt of the Certificate of Occupancy from Larimer County, Colorado for the Dwelling Unit constructed upon a lot. The landscaping plans shall show the location of trees, shrubs, grass, and other landscaping on such lot. Once the plan is approved, the landscaping must be installed within 365 days following receipt of a Certificate of Occupancy. All lot owners are encouraged to plant trees, shrubs and other landscaping within a lot for the purpose of attracting wildlife and enhancing the natural beauty of the Property.

7.20 Animals. An owner of any lot may keep animals upon his or her lot for recreational purposes and for use by the Owners immediate family, subject to the following restrictions and limitations:

(a) Not more than a cumulative total of two (2) large animals of any combination thereof which are maintained for domestic purposes may be located on any lot excluding pigs, goats and pea fowl.

(b) Each lot shall be maintained in a clean and sanitary condition at all times and no open manure piles may be maintained on a lot without approval of the MRREDC with respect to size, placement and screening.

(c) No lot shall be overgrazed resulting in the destruction of pasture and excessive dust conditions and the character of the lot shall not be changed by the grazing of animals and livestock.

(d) All animals and livestock shall be cared for in a humane and husbandlike manner.

(e) Corrals and outbuildings may be erected and maintained for the animals and livestock, provided that any outbuildings within a lot shall be similar in appearance and color to the Dwelling Unit located upon such lot provided further that any such structures shall first be approved in writing by the MRREDC.

18

(f) All animals and livestock shall be tethered or confined by a fence approved in writing by the MRREDC within an Owner's lot. However, domestic rabbits, ducks, chickens, turkeys, geese, pheasant and quail shall be kept within a fully enclosed outbuilding or shall otherwise be screened from view from the private road, public road and from neighboring units.

(g) Household pets, such as dogs and cats shall be permitted on any lot provided that said pets are restricted to the lot and shall remain under the control of their owner at all times by voice control or physical restraint and shall not be allowed to chase domestic animals, livestock or wildlife. Household pets may not be kept, bred or maintained on a lot for commercial purposes. No more than two (2) adult dogs and two (2) adult cats shall be kept on any one lot. Any offspring of a dog or a cat over four (4) months of age shall be considered an adult dog or cat.

(h) Pet runs or other fenced-in areas for the containment of dogs or other pets shall be permitted upon a lot only with the prior written approval of the MRREDC. In considering whether to approve any such pet run or other fenced-in areas, the Architectural Control Committee shall consider the location, size, concealment, proximity to surrounding structures and adjacent units, proposed building materials, aesthetic appeal and harmony of exterior design in relation to surrounding structures.

(i) No person owning, keeping or possessing a dog within a lot shall permit his or her dog to bark and/or howl continuously for a period in excess of five (5) minutes between the hours of 10:00 p.m. and 6:00 a.m., or for a period in excess of five (5) minutes between the hours of 6:00 a.m. and 10:00 p.m., if such barking or howling is audible at the boundary of the lot upon which such person resides. Such person shall be entitled only to one (1) warning by the Association before being required to remove the dog from the lot or enclose it in a structure from which such barking and/or howling cannot be heard.

The foregoing restrictions set forth in this section shall be applicable only to the residential lots, excluding Residual Lot A. The foregoing restrictions shall not otherwise limit or restrict the number and type of animals to be kept within the Conservation Development.

7.21 Fences. Lots must be fenced and owners may install corrals and limited fencing in the immediate vicinity of the dwelling unit located upon a lot. All fences shall be constructed with new materials and must be in conformance with the then current Mountain River Ranch Estates Architectural Controls and Design Guidelines. No fence shall be in excess of six feet (6') in height and stockade fences or solid wall fences are prohibited except for small enclosures adjacent to outbuildings and/or corrals. It is recommended that fencing consists of wood posts and metal pipes and be approved by the MRREDC. All fences shall be maintained in good condition.

7.22 Unsightly Uses. All lots shall be maintained in a clean and sanitary condition, and no litter or debris shall be deposited or allowed to accumulate on any lot. All property shall be maintained in good condition at all times. Refuse piles and other unsightly objects or materials shall not be allowed to be placed or to remain upon any lot.

13
Trash shall be removed from all lots on a regular basis and shall not be allowed to accumulate. Each owner within the subdivision shall be separately liable for the trash-hauling charges attributable to his or her lot.

Burning of trash on a lot shall be prohibited. No lumber or other building materials shall be stored or permitted to remain on any lot unless screened from view from other lots and the private roads or public roads except for reasonable storage during construction.

Disabled automobiles and/or motor vehicles or boats shall not be placed on lots.

7.23 Commencing and Finishing Construction. Once construction of any structure is commenced on any lot, such construction must be diligently continued and must be completed in accordance with the plans and specifications approved by the MRREDC within twelve (12) months of commencement, or such longer time reasonably consented to by the MRREDC, in light of the nature of the project or other mitigating factors. Commencement of construction shall be deemed to commence with the first substantial construction activity (including earth work).

7.24 Rebuilding. Any structure which is destroyed in whole or in part by fire, windstorm or from any other cause or act of God must be rebuilt, or all debris must be removed and the lot restored to a sightly condition, within six (6) months of the time the damage occurs.

7.25 Signs. No sign of any character shall be displayed or placed upon any lot with the following exception: (a) one (1) sign per lot of not more than six (6) square feet total advertising a lot for sale shall be permitted on any lot; (b) the Declarant or the Association shall have the right to place permanent signs at the entrance of the private roads within the Property identifying Mountain River Ranch Estates; and (c) additional signs may be permitted if approved by the MRREDC. The foregoing restrictions on signs shall not limit the signs which may be placed upon the Agricultural Lots, provided only that such Agricultural Lot sign shall not be illuminated, have moving parts or emit sound.

7.26 Outside Lighting. No lot shall be continuously illuminated during the period of sunset to sunrise with sodium lamps or other bright lights. The foregoing restrictions shall not prohibit "gas lights" not exceeding two hundred (200) watts located in front of a Dwelling or security lighting which is triggered by motion, sound or heat, provided that such lights shall not remain on continuously during nighttime hours. The purpose of the foregoing prohibition is to restrict farm-type lighting with the lots which is intended to illuminate significant portions of a lot during nighttime hours. The limitations set forth in this Section shall not be applicable with respect to the Agricultural Land which may utilize sodium lamps or other similar lighting.

7.27 Irrigation. Each lot must be irrigated on a periodic basis each year in order to keep the native grasses and pastures productive. The purpose of this provision is to enable all native vegetation and grasses to sustain themselves. In those years which are

14
especially dry or arid, it may require that the lot receive additional irrigation periodically in order to maintain and sustain the native grasses and/or crops on each lot.

7.28 Declarant's Use of the Property. The restrictions set forth in Article VII shall not apply to that portion of the Property owned by Declarant until such time as Declarant has divided it into lots and transferred Declarant's interest in said lots.

7.29 No Commercial Operation. The conduct of any home occupation within the Lot or property must be of a type permitted by the zoning ordinances and regulations of the governmental authority having jurisdiction over the Property, with respect to such residential use.

7.30 Motorized Recreational Vehicles. There shall be no operation of any ATV, motorcycle, bicycle, snowmobile or other motorized recreational vehicle except on private driveways.

7.31 Control of Weeds. The owner of each lot shall control Canadian thistle and other noxious weeds upon his or her lot by mowing, cultivating or applying chemicals prior to maturity of the weeds and the windborne disbursement of seeds therefrom. In the event an owner fails to control Canadian thistle or other noxious weeds upon his or her lot as aforesaid, the Association may enter upon the land and control the Canadian thistle or other noxious weeds by mowing, cultivating or applying chemicals and the lot Owner shall be liable to the Association for an individual assessment. The Association shall consult with the Larimer County Extension service for assistance in determining the best manner in which to control noxious weeds and may adopt rules and regulations native thereto.

7.32 Modular Construction. No structures of modular construction shall be permitted on any lot. All structures installed or erected upon any lot shall be assembled on site (i.e., "Stick built") and shall not be constructed off site for assembly on a lot. Notwithstanding the foregoing, prefabricated buildings may be erected on a lot provided that the MRREDC determines that the appearance and quality of construction of the prefabricated outbuildings are such that they will not detract from the value of the remaining lots. Any such prefabricated building erected on a lot shall have an appearance and color which is substantially similar to the appearance and color of the dwelling erected upon such lot. The MRREDC may, in its discretion, approve use of pre-cast or pre-engineered building components within a structure assembled on a lot, provided that any such approval is in writing and signed by a representative of the MRREDC. Furthermore, the MRREDC may, at its sole discretion, refuse to approve any outbuilding on a lot exceeding one thousand (1,000) square feet in area or any outbuilding exceeding eighteen (18) feet in height. Notwithstanding the foregoing, no restrictions shall exist with regard to the use of prefabricated outbuildings and no square footage or height limitation shall be applicable with respect to outbuildings erected on the Conservation Development.

7.33 Antennas and Satellite Dishes. No external radio or television antenna or other external signal receiving device shall be installed or erected upon any lot except that the foregoing restriction shall not prohibit the installation or erection of any

5
external satellite dish not exceeding twenty-four (24) inches in diameter, provided that the location thereof is approved in writing by the MRREDC and the owner submits a plan to screen the satellite dish utilizing fencing, landscaping or other appropriate forms of screening. The MRREDC shall have the right to grant relief from this provision for good cause shown based upon the visibility and aesthetic appearance of the antenna or satellite dish.

7.34 Storage of Vehicles. Boats, campers, recreational vehicles, snowmobiles, all-terrain vehicles, motor homes, trailers, horse trailers, machines, tractors, farm tractors, semi-trailers, tractor trailers, trucks (except standard pick up trucks) farm maintenance equipment, farm vehicles and implements and inoperative vehicles shall not be stored, parked or permitted to remain upon a lot, except within fully enclosed garages or within fully fenced areas or other fully screened area approved by the MRREDC. For purposes of this section, any disassembled or partially disassembled automobile or other vehicle or any automobile or other vehicle which is not capable of moving under its own propulsion for more than one (1) week shall be considered an inoperative automobile. Notwithstanding the foregoing, tractors, farm tractors, trucks, farm maintenance equipment, farm vehicles, implements and all-terrain vehicles used in connection with agricultural activities upon Agricultural Land shall be permitted, provided that any of the foregoing items shall be used in connection with agricultural operations.

7.35. Discharge of Weapons. No person shall discharge, fire or shoot any gun, pistol, revolver, rifle, shotgun, crossbow, bow and arrow, sling shot, pellet gun, or other firearm or weapon whatsoever within any of the lots including an owner's own Lot. Except hunting may be allowed on the Conservation Development property upon permission from the owner of the Conservation Development property.

7.36 Disturbing the Peace. No person shall disturb, or aid in disturbing the peace of others by violent, tumultuous, offensive, disorderly, or obstreperous conduct, and no owner shall knowingly permit such conduct upon any lot owned by such owner.

7.37 Trash Collection. The Association, acting through its Board, shall have the right to require that any trash collection from the lots shall be performed by one (1) company and that the trash be collected from all lots by such company on the same day of each week. The Board shall select the trash collection company based upon competitive bids. The cost of the trash collection company shall be paid by each owner utilizing such services directly to the trash collection company and the Association shall not have the duty to assess the costs of trash collection as a common expense. Nothing herewith contained shall limit or restrict the method of trash disposal occurring upon the Agricultural lots nor shall any owner be deemed prohibited from personally disposing of trash from his or her lot within the Property. This section shall not apply to any contractor during the construction of a dwelling or other improvements upon a lot. The contractor may dispose of trash, rubbish, debris and other construction materials from the lot either personally or by contracting with a trash collection company. The trash collection company may remove trash, rubbish, debris and other construction materials from a lot during construction of the dwelling as often as the contractor deems appropriate.

16
7.38 Zoning Regulation. No lot shall be occupied or used by or for any structure or purpose which is in violation of the building codes, zoning resolutions, subdivision regulations or other applicable governmental rules and regulations. Such governmental restrictions on the use and construction and erection of improvements upon the property may be more restrictive than those set forth in this Declaration and the Declarant makes no representation that approval of any use or structure by the MRREDC shall be deemed approved by the appropriate governmental entity.

ARTICLE VIII - ARCHITECTURAL DESIGN STANDARDS

8.1 Restrictions. No building, corral, shed, storage structure, awning, fence or any other structure shall be erected, placed or altered on any lot, nor shall there be any external modifications to any such structure, until the plans and specifications showing the nature, kind, shape, height, color, materials and location of the same have been submitted to and approved in advance by the MRREDC in writing. Without limiting the generality of the foregoing, prior approval of the MRREDC must be obtained for any of the following: (i) attachments to the exterior of a structure, (ii) installation of patio covers, screening, trellises, satellite dishes and the like, (iii) construction of any barn, corral, shed or storage building, and (iv) any other exterior change. The authority of the MRREDC shall extend to the quality, workmanship and materials for any structure proposed; conformity and harmony of exterior design and finish with existing structures within the subdivision; location of all structures with respect to the existing buildings, topography and finished ground elevation; and all other matters required to assure that such structures enhance the quality of the subdivision and are erected in accordance with the plan for the subdivision. All residences will have permanent foundations. No residence shall be erected, altered, or permitted to remain on any lot unless its ground floor area thereof, exclusive of basement, open porches, and garages is not less than two thousand eight hundred (2,800) square feet for a single story dwelling and two thousand eight hundred (2,800) square feet for a multi-level dwelling. The square footage of basements, walk-outs and garden levels shall not be included in determining the square footage of a multi-level dwelling. For purposes of this provision, the terms "basement," "walkout" and "garden level" shall mean any level, a portion of which is constructed below ground elevation. All structures will comply with applicable requirements of the Uniform Building Code and any other applicable laws and regulations.

8.2 Garages. Each single family dwelling shall include either an attached or detached three car garage.

8.3 Setbacks. Any improvements constructed on any lot shall be set back a minimum of 100 feet from the centerline of the road. All structures must be contained within the building envelope unless a variance is granted by seventy-five percent (75%) of the Lot Owners.

8.4 Height. No dwelling or structure of any kind shall exceed the height of thirty-four feet (34'), and shall not have more than two (2) stories above finish grade, including the foundation from finished average grade. Said height limitation shall include any spires, weathervanes or other protrusions and shall be all inclusive with

11
respect to all dwellings and outbuildings. In addition, the second story square footage shall be no more than one-third of the total square footage of living space.

8.5 Accessory Buildings. All accessory buildings shall be architecturally similar in design to the principal structure. Each lot is limited to two (2) accessory or outbuildings, including a separate detached garage. All outbuildings or accessory buildings shall be architecturally similar in design to the principal dwelling residence and shall be constructed of same or similar products in order to create a conformity on the lot between the principal dwelling and the outbuildings. Identity of materials is not necessary so long as the overall visual impression of the buildings is in conformity and similar in design and appearance.

ARTICLE IX - MOUNTAIN RIVER RANCH ESTATES DESIGN COMMITTEE

9.1 Establishment and Membership of Design Committee. The Design Committee (MRREDC) has been established by Declarant. The MRREDC shall serve without compensation and shall continue until such time as the Association may be dissolved. The MRREDC shall initially consist of four (4) members, being Gary L. Marsh, Patricia Marsh, Ron Pietrefeso, and John Santeramo. Until Declarants, or their assignees, are no longer owners of Lots 1 through 7, or until Declarants resign from the committee, or assign their declarant rights, whichever occurs first, Declarants shall appoint the MRREDC, including replacement members for any person who retires, resigns, or otherwise becomes unavailable for service as a member or alternate member of the MRREDC. In the event Declarant assigns their Declarant rights, such assignee shall have all rights of the Declarant as set forth herein. The Association shall name the members of the MRREDC once Declarant's exclusive right to do so ceases.

Members of the MRREDC appointed by Declarant may be removed at any time by Declarant, or their assignee if applicable, and shall serve until they resign or are removed by Declarant. Members of the MRREDC appointed by the Association may be removed at any time by the Association, and shall serve for such term as may be designated by the Association or until they resign or are removed by the Association.

9.2 Address of MRREDC. The address of the MRREDC shall be at the principal office of the Association.

9.3 Control. No construction, alteration, addition, modification or reconstruction of any building, fence, wall, structure, or other improvement shall be commenced or maintained until the plans and specifications thereof shall have been approved by the MRREDC, except those used for agricultural purposes on Lot 8 and outlying agriculture lands.

9.4 Submission. Each application for approval shall including the following:

- (a) Two (2) complete copies of a site plan of the lot.
- (b) Two (2) complete sets of construction plans and specifications.

18

9.5 Rules and Guidelines. The MRREDC may issue rules setting forth procedures for the submission of plans for approval and may also issue guidelines setting forth the criteria that the MRREDC will use in considering plans submitted to it for approval.

9.6 Review of Plans and Specifications. The MRREDC shall consider and act upon any and all requests submitted for its approval. The MRREDC shall approve plans and specifications submitted to it only if it determines that the construction, alterations, and additions contemplated thereby, and in the location as indicated, will comply with the Declaration, will occur only within the building envelope of each residential lot; will serve to preserve and enhance the values of lots within the community; will not unreasonably obstruct or interfere with the scenic view of the mountains and plains from other lots within the community; will minimize, restrict or limit visibility of lots, outbuildings and other structures within the community; will be consistent with the spirit and intent of this Declaration; and will maintain a harmonious relationship among structures, vegetation, and topography within the community. The MRREDC shall consider the quality of workmanship, type of materials, and harmony of exterior design with other lots and outbuildings, if any, located within the community. The MRREDC shall review the installation or placement of any utilities, driveways, pathways and similar items to be erected, constructed, or placed upon any lots prior to the installation of such items on a lot. Should the MRREDC fail to approve or disapprove the plans and specification submitted to it by an owner of a lot within thirty (30) days after complete submission of all required documents, the plans shall be resubmitted to the MRREDC by certified mail, return receipt requested, with a copy to the MRREDC, by certified mail, return receipt requested and in the event that the MRREDC fails to approve or disapprove any plans and specifications as herein provided within thirty (30) days after such resubmission to the MRREDC by certified mail, the same shall be deemed to have been approved, as submitted, and no further action shall be required, provided, however, that no building or other structure shall be erected or allowed to remain on any lot which violates or is inconsistent with any of the covenants or restrictions contained in this Declaration. The issuance of a building permit or license for the construction of improvements inconsistent with this Declaration shall not prevent the MRREDC or any owner from enforcing the provisions of this Declaration.

9.7 Notice of Completion. Promptly upon completion of the improvement to property, the applicant shall give written notice of completion to the MRREDC and, for all purposes hereunder, the date of receipt of such notice of completion by the MRREDC shall be deemed to be the date of completion.

9.8 Inspection of Work. The MRREDC or its duly authorized representative shall have the right to inspect any improvement to property prior to or after completion, provided that the right of inspection shall terminate thirty (30) days after the MRREDC shall have received a notice of completion from the Applicant.

9.9 Notice of Noncompliance. If, as a result of inspections or otherwise, the MRREDC finds that any construction or change to property has been done without obtaining the approval of the MRREDC, was not done in substantial compliance with the

19

description and materials furnished by the Applicant to the MRREDC, or was not completed in twelve (12) months. The MRREDC shall notify the applicant in writing of any noncompliance which shall include any and all violations of these covenants, including lack of maintenance or other infractions, which notice shall be given, in any event, within thirty (30) days after the MRREDC receives a notice of completion from the Applicant and/or a complaint on noncompliance from any Lot Owner. The notice shall specify the particulars of the noncompliance and shall require the Applicant to take such action as may be necessary to remedy the noncompliance.

9.10 Failure of MRREDC to Act After Completion. If, for any reason other than the Applicant's act or neglect, the MRREDC fails to notify the Applicant of any noncompliance within thirty (30) days after receipt by the MRREDC of written notice of completion from the Applicant, the improvement to property shall be deemed in compliance if the improvement to property was, in fact, completed as of the date of notice of completion.

9.11 Correction of Noncompliance. If the MRREDC determines that a noncompliance exists, the Applicant shall remedy, remove or correct the noncompliance within a period of not more than forty-five (45) days from the date of receipt by the Applicant of the ruling of the MRREDC. The Board of the Association may, in its discretion, record a notice of noncompliance against the real property on which the noncompliance exists, may institute judicial proceedings to allow it to remove the noncomplying improvement, or may otherwise remedy the noncompliance, and the Applicant shall reimburse the Association, upon demand, for all expenses including reasonable attorney's fees incurred in connection with such matter. The MRREDC shall have the right to promulgate and adopt a schedule of fines for non-compliance of any provision of these covenants and shall have the authority therefore to assess said fines after the passage of the 45 day period. Such schedule of fines shall be approved by the Association Board of Directors. Such fines shall thereafter be imposed for violations and shall be included as additional expenses repayable by the Applicant or Owner to the Association and shall be part of the Association's assessment liens, all as provided herein. If such expenses and/or fines are not promptly repaid by the Applicant or owner to the Association, the Association may levy a reimbursement assessment lien against the owner and the owner's lot for such costs and expenses. The right of the Association to remedy or remove any noncompliance shall be in addition to all other rights and remedies which the Association may have at law, in equity, or under this Declaration.

9.12 No Implied Waiver or Estoppel. No action or failure to act by the MRREDC or by the Association shall constitute a waiver or estoppel with respect to future action by the MRREDC or the Association with respect to any improvement to property. Specifically, the approval by the MRREDC of any improvement to property shall not constitute approval of, or obligate the MRREDC to approve, any similar proposals, plans, specifications or other materials submitted with respect to any other proposed improvements.

9.13 MRREDC Power to Grant Variances. The MRREDC, in its sole discretion, may authorize, in writing, variances from compliance with any of the provisions of this Declaration or any Supplemental Declaration, including restrictions

30
upon height, size, floor area or placement of structures or similar restrictions, when circumstances such as topography, natural obstructions, hardship, aesthetic or environmental considerations may require.

9.14 Nonliability for MRREDC Action. Neither any member of the MRREDC, any MRREDC representative or agent, the Association, any member of the Association's Board of Directors nor Declarant shall be liable for any loss, damage or injury arising out of or in any way connected with the performance of the duties of the MRREDC unless due to the willful misconduct or bad faith of the party to be held liable. In reviewing any matter, the MRREDC shall not be responsible for reviewing, nor shall its approval of, any improvement to property be deemed approval of the improvement to property from the standpoint of safety, whether structural or otherwise, or conformance with building codes or other governmental laws of regulations.

ARTICLE X - SPECIAL DECLARANT RIGHTS AND ADDITIONAL RESERVED RIGHTS

10.1 Special Declarant Rights. The Declarant expressly reserves the right, following the recordation of this Declaration in the office of the Clerk and Recorder of Larimer County, Colorado, to perform the acts and exercise the rights hereinafter specified ("Special Declarant Rights"). The Special Declarant Rights include the following:

(a) Completion of Improvements. The right to complete improvements indicated on Plats filed with Larimer County, Colorado, and as they may be amended from time to time.

(b) Sales Management and Marketing. The right to maintain model homes, sales offices, construction offices, management offices, signs advertising the lots and models and to conduct sales activities therein. Such right shall include signage, both fixed and moveable, and flags and flagpole.

(c) Construction and Access Easements. The right to use easements through the common elements for the purpose of making improvements and to provide access. The right to construct and complete the construction of lots, utilities, the private roads, the irrigation ditches, landscaping, buildings and all other improvements on the property, and to repair and maintain the common elements.

10.2 Rights Transferable. Any Declarant Right or Additional Reserved Right created or reserved under this Article for the benefit of the Declarant may be transferred to any person by an instrument describing the rights transferred and recorded in Larimer County, Colorado. Such instrument shall be executed by the transferor Declarant and the transferee.

ARTICLE XI - CONSERVATION DEVELOPMENT

11.1 Conservation Development. The Declarant holds title to Residual Lot A and Residual Lot B which together comprise the Conservation Development, all of which is separate and apart from the Owners' property or the common areas. Pursuant to

21
the Findings and Resolution Approving the Mountain River Ranch Estates Conservation Development dated September 25, 2001 adopted by resolution of the County Commissioners, the Conservation Development shall be and is hereby dedicated in perpetuity to agricultural purposes, including the cultivating of soil, producing of crops, raising of livestock, and in varying degrees the preparation of agricultural products for human use and their disposal, all as contemplated in a farming agricultural operation.

All water rights owned or leased by Declarant shall remain Declarant's sole and separate property and shall not in any way be severed or conveyed to lot owners upon the conveyance of the lots to individual grantees.

11.2 Existing Farm Buildings, Residual Lot A and Residual Lot B. It is understood that Residual Lot A shall be maintained in its present condition as residential property appurtenant to and directly related to supporting the agricultural uses on Residual Lot A and Residual Lot B which shall include all uses in its present state as an operating farm, including barns, corrals, outbuildings, storage areas and the farm house presently owned by Declarant within Residual Lot A. The Conservation Development shall be maintained in accordance with the Management Plan (Exhibit "B"). Each property or lot in the Property shall automatically be burdened with the necessary drainage and farm irrigation processes that have been historically undertaken on this property. Such farming activity shall not enable the farm operator or livestock operator to traverse, cross or trespass upon any lot, except insofar as said property shall be burdened with the natural drainage flow. Otherwise, all farming activity shall be specifically confined within the Conservation Development including roadways, ditch right-of-ways, and historic farm equipment access. The dedication of the Conservation Development shall run with the land and shall be a burden and benefit to all property located within Exhibit A and may not be changed unless by at least 75% consent of all Lot Owners and the County of Larimer, State of Colorado or the governmental authority having jurisdiction over the Property.

11.3 Nuisance. No nuisance shall be allowed to exist on the Conservation Development such that it would interfere with or diminish the enjoyment of the Lot Owners residential property. Nuisance shall be defined by the common law definition contained in reported cases within the State of Colorado. The traditional use of said Conservation Development for the production of crops, grazing of livestock and the extraction of minerals shall not, per se, ever be determined to be a nuisance. The use of livestock on the Conservation Development shall, however, not be excluded from the definition of nuisance if such grazing and/or keeping of said livestock does, in fact, create such a disturbance as to constitute a nuisance under common law definitions. For such purposes, the parties shall look solely to Colorado case law as reported in the Colorado Court of Appeals or Supreme Court.

11.4 Residual Lot A Existing Improvements. The existing structures including residences and all outbuildings located on Residual Lot A are considered "grandfathered in" and accepted automatically by the MRREDC. In the event said structures are more than 50% changed, modified or demolished then, in that event, application for such reconstruction or modification shall be required by the MRREDC. All uses within Residual Lot A are allowed and not specifically prohibited with respect to

28
these general covenants. It is the intent that said Residual Lot A shall remain as an integral farm property in order that it will be able to serve as the farm site for the Conservation Development and shall not be burdened or limited by use restrictions as set forth herein.

11.5 Removal of Structures. In the event any structures are required to be demolished or moved from Residual Lot A because of county road right-of-ways or other reasons, then those structures shall not be reconstructed or allowed on Residual Lot A except with the express approval of the MRREDC. Such approval by the MRREDC, however, shall provide that farm related structures and equipment areas may be reconstructed in rough compatibility with the condition of the existing improvements and farm site prior to such demolition or removal.

ARTICLE XII - ASSOCIATION PROPERTIES

12.1 Common Area Properties. The Association shall own, as separate real property, all road right-of-ways until and unless dedicated to Larimer County, including utility easements, and any other property the Declarant or its assignees deem prudent to be owned as a Common Area. Said land shall be separately described and surveyed accordingly and shall be conveyed from the Declarant to the Association and held separately for the common interest, benefit and enjoyment of the Association and its owners, as herein provided. The Mountain River Ranch Estates site plan shall make reference to these Association properties and identify the same. Nothing herein contained shall limit or restrict the farmer of the Conservation Development with respect to said farmer's right to access such Association properties consistent with the historic farmer's use of said properties in order that the Conservation Development can be maintained. Said property must also respect and maintain historic drainage and irrigation rights.

ARTICLE XIII - THE ASSOCIATION

13.1 Articles of Incorporation and Bylaws. The interests of all lot owners shall be governed and administered by the Articles of Incorporation and Bylaws of the Mountain River Ranch Estates Homeowner's Association, Inc. and by this Declaration. In the event of a conflict between the provisions of this Declaration and the Articles of Incorporation or the Bylaws of the Association, the terms of this Declaration shall be controlling.

13.2 Membership. Except as set forth, each owner of a lot, upon becoming an owner, shall be a member of the Association and shall remain a member for the period of his ownership.

13.3 Powers. The Association shall be granted all of the powers necessary to govern, manage, maintain, repair, administer and regulate the Common Areas and to perform all of the duties required of it. Those powers shall be exercised through the Board of Directors and shall include, without limitation, the following:

- (a) To enforce all of the applicable provisions of this Declaration, including the assessment of liens and collection of penalties for noncompliance.

- 23
- (b) To maintain the Common Areas.
 - (c) To contract for and pay for the cost of providing the maintenance functions described herein out of funds collected by the Board.
 - (d) To levy and collect the costs of maintenance as provided herein and to make or authorize the expenditures therefrom as hereinafter described.
 - (e) To adopt such rules and regulations as the board from time to time may deem necessary or appropriate to carry out the provisions of this Declaration or other duties of the Association.
 - (f) To impose charges for late payments of assessments, recover reasonable attorney fees and other legal costs for collection of assessments and other actions to enforce the power of the Association, regardless of whether or not suit was initiated, and, after notice and an opportunity to be heard, levy reasonable fines for violations of the Declaration, Bylaws and rules and Regulations of the Association, and to establish the rate of interest to be assessed for all sums which may be payable to the Association.
 - (g) To obtain and keep in force such insurance as the Board may from time to time deem appropriate including, but not limited to, casualty and liability, worker's compensation, errors and omissions coverage for officers, directors, employees and members of the Association, insurance for indemnification of officers, directors and members of the Association acting on behalf of an for the benefit of the Association, and such other insurance that the board may deem appropriate.
 - (h) To take such other action or to incur such other obligations whether or not herein expressly specified as shall be reasonably necessary to perform the Association's obligations hereunder, subject to the approval of the members of the Association.

Notwithstanding the above, unless at least seventy-five percent (75%) of the first mortgages of lots (based upon one vote for each first mortgage owned or held) have given their prior, written approval, the Association shall not be empowered or entitled to:

- (a) by act or omission, seek to abandon or terminate the Declaration;
- (b) use hazard insurance proceeds for loss to the Common Areas improvements for other than repair, replacement or reconstruction of such improvement.

13.4 Common Areas Maintenance and Operation. The maintenance and operation of the Common Areas shall be the responsibility and the expense of the Association (including, without limitation, any appropriate indemnity to members thereof), and the costs therefore shall be a common expense of all the lot Owners. Said expense shall be divided equally among the respective lot Owners (i.e. eight prorata

24
shares being Lots 1-7 and Residual Lot A, except that in the event the Owner of Residual Lot A does not use the private road as its main access to the improvements on Residual Lot A, which road is the primary means of access to Lots 1-7 from County Road 4, the Owner of Residual Lot A shall not be responsible for a prorata share of such road maintenance). Each Owner, by the acceptance of a conveyance of a Lot shall be obligated to pay his share of such expenses. An Owner shall be responsible for his full share of such expenses whether or not his lot is improved.

13.5 Formula for Determining Assessments. Assessments shall be made no less frequently than annually and shall be based upon a budget adopted no less frequently than annually by the Association. The assessments shall be based upon the total number of lots excluding Residual Lot B. If an annual assessment is not made as required, an assessment shall be presumed to have been made in the amount of the last prior assessment. Assessments may be due annually, monthly, or on such other periodic basis as the Board may determine appropriate.

13.6 Based upon Budget. Assessments shall be for the payment of all expenses growing out of or connected with the maintenance, repair, operation, additions, alterations and improvements of and to the Common Areas, which sum may include, but not be limited to, taxes and special assessments unless separately assessed; premiums for insurance, landscaping and care of grounds; legal and accounting fees; expenses and liabilities incurred by the Association or any of its agents or employees on behalf of the Owners under or by reason of this Declaration and the Articles of Incorporation and Bylaws of the Association, expenses of operation of the MRREDC; for any deficit remaining from a previous period; for the creation of reasonable contingency reserve, working capital and sinking funds.

13.7 Special Assessment. In addition to the annual assessment, unless prohibited by law, the Board may, from time to time, levy and collect special assessments to cover extraordinary charges or expenses not anticipated by the annual budget approved by the Association. Unless approved by a majority of the Owners, the aggregate of all special assessments levied in any calendar year shall not exceed forty percent (40%) of the budgeted gross expenses of the Association for such fiscal year.

13.8 Limitations on Amount of Assessments. The annual average assessment (the annual average common expense liability) exclusive of optional user fees and any insurance premiums paid by the Association, may not exceed One thousand two hundred and No Cents (\$1,200.00) per Lot unless extraordinary circumstances require the expenditure of funds. The Homeowners may agree by majority vote to increase said amount. That assessment will be for greater than the minimum amount which is primarily for insurance, road maintenance and maintenance of common areas.

13.9 Assessments. The amount of the Common Expenses and charges assessed against each lot shall be the personal and individual debt of the Owner thereof. No Owner may exempt himself from liability for contribution towards the Common Expenses by waiver of the use or enjoyment of any of the Common Areas or by abandonment of his lot. The Association shall have the authority to take prompt action to collect any unpaid assessment or special service charge which remains unpaid for more

25
than thirty (30) days from the due date for payment thereof. Suit to recover a money judgment for unpaid assessments shall be maintainable without foreclosing the lien described in this Declaration, and the institution of such suit shall not be construed to be a waiver of lien. Any assessment, charge or fee provided for in this Declaration, or any installment thereof, which is not fully paid within ten (10) days after the due date thereof shall bear interest at the rate of 18% per annum from the due date, and the association may assess a late charge thereon. In the event of default in which any lot owner does not make payment of any assessment levied against his or her lot within ten (10) days of the due date, the association shall have the right to declare all unpaid assessments for the pertinent physical year immediately due and payable.

13.10 Certificate of Status of Assessments. The Association, upon written request to the Association's registered agent, personally delivered or delivered by certified mail, first class postage prepaid, return receipt requested, and upon payment of a reasonable fee, but in no event less than ten dollars (\$10.00), shall furnish to a lot owner or such lot owner's designee or to a holder of a security interest or its designee, a statement, in recordable form, setting out the amount of the unpaid assessment against the lot. The statement must be furnished within fourteen (14) business days after receipt of the request and is binding on the Association, the Board and each lot owner. A properly executed certificate of the association as to the status of assessments on a lot is binding upon the Association as of the date of its issuance. Omission or failure to fix an assessment or deliver or mail a statement for any period shall not be deemed a waiver, modification or release of a lot owner from his or her obligation to pay the same.

13.11 Owner's Negligence and Individual Assessments. Notwithstanding anything to the contrary contained in this Declaration, or in the event that the need for maintenance or repair of the Common Elements or any improvements located thereon is caused by the willful or negligent act, omission or misconduct of any lot owner, or by the willful or negligent act, omission or misconduct of any member of such lot owner's family, or by a guest or invitee of such lot owner, or any tenant or tenant's family, the costs of such repair and maintenance shall be the personal obligation of such lot owner, or any tenant or tenant's family, the costs of such repair and maintenance shall be the personal obligation of such lot owner, and any costs, expenses and fees incurred by the Association for such maintenance, repair or reconstruction shall constitute and "individual assessment" and shall be added to and become part of the assessment to which such owner's lot is subject and shall be a lien against such owner's lot as provided in this Declaration. In addition, the Association may levy and individual assessment against any owner or his or her lot if the owner, his or her family members, tenants, guests or invitees willfully or negligently fail to comply with the terms and provisions of the documents, resulting in the expenditure of funds by the Association to cause compliance by such person with the terms and provisions of the documents. An individual assessment shall be levied and the amount of the individual assessment pursuant to the terms of this section may be appealed by said lot owner to a court of law.

13.12 Creation of Lien and Foreclosure. All assessments together with any special assessment fines or penalties or other fee, costs or charges which an Owner is obligated to pay, shall be a debt of such Owner to the Association on the date when each installment thereof becomes due. In the event of the default of any Owner in the payment

26

of any installment, such amount, and any subsequently accruing unpaid assessments, together with interest thereon and together with all costs which may be incurred by the Association in the collection of such amount, together with reasonable attorneys' fees shall be and become a lien on the interest of the defaulting Owner in his Lot. The Association may, but is not required to, execute and record in the Larimer County Recorder's Office a Notice of Assessment Default setting forth the name of the defaulting Owner as indicated by Association records, the amount of the delinquency, and the fact that additional delinquencies may accrue and increase such amount, and the legal description of his Lot. Such lien shall attach and be effective from the due date of the assessment, and may be enforced by foreclosure by the Association of the defaulting Owner's interest in the Property. The lien provided herein shall be in favor of the Association for the benefit of all Owners who are Association members. In any such foreclosure proceedings, the costs and expenses for filing any notice or claim of lien, and all reasonable attorneys' fees and costs in connection with such foreclosure shall be the obligation of the Owner and shall also be included in the lien against the Owner's lot. The lien shall include and the defaulting Owner shall also be required to pay any other assessments for the lot which payment comes due during the period of foreclosure, and the Association shall be entitled to a receiver to collect the same. The Association, on behalf of the member owners, shall have the power to bid on the lot at foreclosure sale and to acquire, hold, lease, mortgage, and sell the same.

13.13 Liability upon Transfer. Any Owner who sells a lot in good faith and for value shall be relieved of the obligation for payment of assessment arising thereafter attributable to the lot, as of the date of the recordation of the deed transferring such lot to the subsequent purchaser. The Owner transferring, and the purchaser of the transferred lot, shall be jointly liable for payment of all assessment and any related interest, costs and attorney's fees attributable to the lot accrued through the date of such recordation, and the lien for recovery of the same shall remain in force against such lot.

13.14 Board and Officers of Association. Until Declarants are no longer owners of any property in MRREDC or until 100% of all lots have been sold, or until Declarants resign from the committee, whichever occurs first, the Declarant may appoint and remove the Officers and members of the Board of Directors of the Association.

13.15 Dissolution of Association. The Association shall not be dissolved or terminated without the prior approval of Larimer County.

ARTICLE XIV - GENERAL PROVISIONS

14.1 Mortgage Protection Clause. With respect to the priority of the lien for assessments, no breach of the covenants or restrictions herein contained, nor the enforcement of any lien provided for herein, shall defeat or render invalid the lien of any mortgage or deed of trust made in good faith and for value, but all of said covenants and restrictions together with any pre-existing liens for maintenance assessments shall be binding upon and effective against any owner whose title is derived through foreclosure or through trustee sale or through deed given in lieu thereof.

21

14.2 Disclaimer. No claim or cause of action shall accrue in favor of any person in the event of the invalidity of any covenant or provision of this Declaration or for the failure of the MRREDC or Declarant to enforce any covenant or provision hereof. This Section 14.2 may be pleaded as a full bar to the maintenance of any such action brought in violation of the provisions of this Article.

14.3 Waiver. No provision contained in this Declaration shall be deemed to have abrogated or waived by reason of any failure to enforce same, regardless of the number of violations or breaches which may occur.

14.4 Captions. The captions herein are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope of this Declaration nor the intent of any provision hereof.

14.5 Construction. The use of the masculine gender in this Declaration shall be deemed to include the feminine and neuter genders, and the use of the singular shall be deemed to refer to the plural, and vice versa, when the context so requires.

14.6 Notices. Notices required or permitted by this Declaration shall be made in writing. Notice to a member of the Association shall be sufficient if sent by United States mail, sufficient postage prepaid, to the latest address given by such member to the Secretary of the Association. In such event, notice shall be deemed effective three (3) days after such deposit into the United States mail. Notices may also be given by certified or registered mail, or by hand delivery. If hand delivered, notice shall be effective on the date that hand delivery is accomplished. If sent by registered or certified mail, notice shall be deemed effective three (3) days after the deposit into the United States mail, sufficient postage prepaid.

14.7 Colorado Common Interest Ownership Act. This Declaration is not intended to subject the Property and/or the Association to the Colorado Common Interest Ownership Act.

36/28

IN WITNESS WHEREOF, the Declarant, has executed this Declaration
the date and year indicated below.

DECLARANTS:

Gary L. Marsh
GARY L. MARSH

Patti J. Marsh
PATTI J. MARSH

STATE OF COLORADO)
COUNTY OF LaRimer) ss.

x John Santeramo

x Ronald L. Peterson

This instrument was acknowledged before me this 18 day of
April, 2002, by Gary L. Marsh and Patti J. Marsh.

My commission expires: 7/22/02

Susan H. Peterson
Notary Public

