

DECLARATION OF PROTECTIVE COVENANTS
FOR ARAPAHO RIDGE, LARIMER COUNTY, COLORADO

RECITALS:

1. Declarant is the Owner in fee of certain lands situated in Section 5, Township 11 North, Range 70 West of the 6th P.M., Larimer County, Colorado, which lands are more specifically described and identified in that certain land survey plat entitled "Amended Arapaho Ridge 35 Acre Parcels," recorded in the records of the Clerk and Recorder of Larimer County, Colorado. Such development and lands being sometimes referred to hereafter as the "Property".

2. It is the intention and desire of the Declarant to set forth this Declaration of Protective Covenants in order to provide for the maintenance of Roads within the Property, and to promote the harmonious and attractive development of the Property for the health, comfort, safety, convenience, and general welfare of the present and subsequent Owners of the Property and each portion thereof.

NOW THEREFORE, Declarant hereby declares that the Property is subject to the following protective covenants which shall run with the land for the benefit of and be binding upon each present and subsequent Owner of any right, title or interest in any portion of the Property and their respective heirs, grantees, successors, representatives, and assigns.

ARTICLE I
DEFINITION OF TERMS

1.01 As used in this Declaration, the following terms shall have the meanings indicated:

Arapaho Ridge. The lands shown on the Plat.

Architectural Control Committee. The committee described in Article VIII of this Declaration.

Articles of Incorporation. The Articles of Incorporation of the Association as the same may be amended from time to time.

Association. Arapaho Ridge Owners Association, a Colorado nonprofit corporation, the members of which shall be all of the several Owners of the Parcels within the Property.

Board. The duly elected Board of Directors of the Association.

Bylaws. The duly adopted Bylaws of the Association as the same may be amended from time to time.

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Colorado Common Interest Ownership Act. The applicable provisions of Colorado statutes known as the "Colorado Common Interest Ownership Act", which is now codified as Article 33.3 of Title 38, Colorado Revised Statutes, as may from time to time hereafter be amended.

Common Elements. The Roads as shown upon the Plat, and any additions to the Common Elements which may hereafter be made.

Dealer. Means a person in the business of constructing homes or selling Parcels for such person's own account.

Declarant. The Owner of the Property whose signature is affixed to this Declaration, and any successor or assign to Declarant's Rights hereunder with respect to any Development Rights, Special Declarant's Rights, or Declarant Control of the Association.

Declaration. This Declaration as amended, changed, or modified from time to time.

Owner. The record fee Owner, or Owners if more than one of a Parcel, including Declarant so long as Declarant owns any Parcel. Owner shall include the seller of a Parcel under any executory contract for sale or installment sale contract. Owner shall not include any person keeping an interest solely as security for satisfaction of an obligation.

Parcel. Parcels numbered 1 through 18 inclusive, as shown on the Plat, and any other Parcels hereafter created within or added to the Property.

Parcel 14. That portion of the Property shown on the Plat as "Parcel 14."

Plat. The land survey plat entitled "Amended Arapaho Ridge 35 Acre Parcels", within the County of Larimer, State of Colorado as recorded in the records of the Larimer County Clerk and Recorder.

Property. All of the real Property shown on the Plat, and any other property hereafter added.

Purchaser. Purchaser means a person, other than a Declarant or a Dealer who by means of a transfer acquires a legal or equitable interest in a Parcel, other than: (a) a leasehold interest in a Parcel of less than forty (40) years, including renewal options, with the period of the leasehold interest, including renewal options, being measured from the date the initial term commences; or (b) a security interest.

Roads. Roads means the Roads shown on the Plat as Common Elements. The term does not include any driveways located solely on a Parcel, nor does it include any county or other public Road providing access to the Property.

Successor. When used in connection with the Declarant, one or more persons (other than a Purchaser) who have been assigned or otherwise succeeded to all or a portion of the Declarant's lands within the Property, or Development Rights, or Special Declarant Rights and/or rights to control the Association.

Utility, Utilities or Utility Services. Utilities shall mean water, sewer, gas, electric, telephone, television or other services which now or hereafter become available to the Property.

ARTICLE II LAND USE CONTROL

2.01 Land Use and Building Type. Except as may expressly be provided elsewhere in this Declaration, no Parcel shall be used except for residential purposes except that professions such as doctors, lawyers, architects, accountants, real estate brokers and professional consultants may maintain professional offices within their homes. No building other than outbuildings permitted by paragraph 2.02, shall be erected, altered, placed, or permitted to remain on any Parcel other than one (1) detached single family dwelling, which may include a private attached or detached garage and one guest house. Dwelling and garage construction must be completed within one (1) year after the date of construction commencement.

2.02 Out Buildings. Subject to the prior approval of the Architectural Control Committee, permitted out buildings are non-residential out buildings and structures such as a pump house, barn, stable, or corral for use specifically in connection with the care of livestock permitted under these covenants, or structures for the maintenance and housing of equipment, or other structures determined by the Architectural Control Committee to be compatible with the purposes and intent of this Declaration. Unless otherwise approved by the Architectural Control Committee, out buildings must be of similar color, design, and quality with the principal dwelling on the Property.

2.03 Dwelling Quality and Size. Unless otherwise approved by the Architectural Control Committee, buildings shall comply with the criteria of this paragraph. Except where constructed on a slope permitting a full walkout, no building shall be erected on any Parcel which exceeds the height restrictions hereafter set forth, and in no event shall any building be erected on any Parcel which exceeds two (2) stories when viewed from the ground floor level. For purposes of this section, the ground floor level shall be that level of the dwelling at or closest to finished grade level which is most immediately reached by the front entrance to the dwelling. If any dispute arises as to what constitutes the ground floor level of a dwelling, the decision of the Architectural Control Committee shall be conclusive and controlling. No trailer, basement, tent, shack, garage, barn, or other building other than a completed dwelling shall be used as a residence, temporarily or permanently, at any time, nor shall any structure of a temporary character be used as a residence. Unless otherwise approved by the Architectural Control Committee, all roofs shall be covered with shake, tile, slate, tar and gravel, earth berm or colored metal or composition shingles. All exterior wall surfaces shall be masonry, brick, stone, stucco, log,

glass, adobe, blown aggregate, or natural wood siding. The principal dwelling shall have a minimum fully enclosed ground floor area devoted to living purposes exclusive of porches, terraces and garages of 1100 square feet for a one story dwelling and a minimum of 900 square feet on the ground floor of a two story dwelling. Multi-level homes shall have a minimum of 1600 square feet of finished living area.

The Architectural Control Committee shall have the discretion to withhold approval of proposed buildings which meet the foregoing criteria if the Committee determines in the exercise of its discretion that the elevations or design elements are otherwise not compatible with the surroundings and development of the Property. The Architectural Control Committee shall also have discretion to approve proposed buildings not meeting the foregoing criteria if the Committee determines in the exercise of its discretion that the elevations, design elements, size and other features are compatible with the surroundings and development of the property.

2.04 Architectural Control Committee Approval. No building, fence, out building, or other structure shall be erected, placed, or altered on any Parcel, nor shall any building permit therefor be sought, until the proposed building plans, specifications, exterior color and finish, Parcel plan (showing the proposed location of such building or structure, drives and parking areas, fencing and construction materials shall have been approved by the Architectural Control Committee. The Architectural Control Committee shall have the full discretion to approve and deny such plans so as to insure the best use and the most appropriate development and improvement of each building site, to protect the Owners of building sites against inappropriate use of surrounding building sites as will depreciate the value of the Property; to preserve, so far as is practicable, the natural beauty of the Property; to guard against the erection of poorly designed structures, and structures built of improper or unsuitable materials; to obtain a harmonious relationship of structures, color schemes, vegetation, fencing and overall design of the development; to insure the highest and best development of said Property; to encourage and secure the erection of attractive homes and other permitted structures thereon, with appropriate locations thereon of building sites; to prevent haphazard and inharmonious improvement of building sites; to secure and maintain proper setbacks from streets and in general to provide adequately for a high type and quality of improvements on said Property and thereby enhance the value of improvements on the Property. In addition to the other provisions of this Declaration, the Architectural Control Committee shall consider the following guidelines in reviewing the matters submitted to it:

2.04.1 Architectural Guidelines: Refusal of approval of plans, location, or specifications may be based by the Architectural Control Committee upon any reasonable grounds, including purely aesthetic considerations, which in the sole and uncontrolled discretion of the Architectural Control Committee shall seem sufficient, reasonable, and not capricious.

2.04.2 Design Parameters. The Architectural Control Committee shall evaluate each submittal based on the individual merits of the application and shall base its

judgment of acceptable design upon the objectives and criteria stated elsewhere in this Declaration and the following additional parameters:

a. Validity of the Concept. The basic idea of the proposal must be sound and appropriate to its surroundings and must not detract from the aesthetic or property values of Arapaho Ridge.

b. Protection of Neighbors. The proposal must contain reasonable provisions for such matters as surface water drainage; sound and sight buffers; the preservation of views, light and air; and those aspects of design not adequately covered by other regulations, which may have substantial effects on common areas and other Parcels.

c. Compliance with County, State or Other Laws. It is the responsibility of the applicant to present evidence that the proposal shall not circumvent any state, county or national laws or regulations.

2.05 Drainage and Soil Conditions.

2.05.1 Soil Conditions. Many soils within the State of Colorado consist of both expansive soils and low-density soils which may adversely affect structures if the structure is not properly designed and maintained and appropriate drainage provided and maintained. The soils can consist of soils that swell, as well as soils that shrink. Soils may also contain substances producing radon gas.

2.05.2 Action by Owner. It is recommended that the Owner of each Parcel obtain plans and specifications from a qualified engineer for the foundation of any structures, as well as recommendations of such engineer for the grading and other methods of control of water flow on and across the Parcel.

2.05.3 Declarant Not Liable. The Declarant shall not be liable for any loss or damage arising from or in any way connected with soil conditions on any Parcel, including by way of example and not in limitation, radon gas, expansive or shrinking soils, subsurface water conditions or the flow or detention of waters on, across, through or under any lands in the Property.

2.06 Antennas, Solar and Other Devices. No antennas, satellite dishes or other receiving or transmitting apparatus or equipment may be erected on the exterior of any structure or on the Parcel itself without prior approval of the Architectural Control Committee. No radio or television antennas, masts, or towers shall be permitted which rise (at the highest point of extension) higher than six feet (6') above the uppermost point of the roof of the principal building being served. No more than one (1) such antenna, mast, or tower shall be permitted for any dwelling unit, and no such antenna, mast, or tower shall be affixed to or serve a stable or other accessory building. The allowance of and the placement of satellite dishes is restricted to the discretion of the Architectural Control Committee. Solar collection apparatus or equipment shall be designed to be incorporated

into the actual roof lines of the structure or screened from view and shall not be permitted where this objective cannot be met.

2.07 Setbacks. Unless otherwise approved by the Architectural Control Committee, no dwelling, garage or out building shall be erected within seventy-five (75) feet from any Parcel line, and no fence shall be constructed within forty-five (45) of the center line of any Road.

2.08 Cutting of Timber. Timber shall not be removed from any Parcel except for that timber which is dead. The Owner of a Parcel shall not cut live timber except as is reasonably necessary to be cut to allow the building of the improvements on the Property, and any reasonable thinning as necessary.

2.09 Trash Storage and Removal. Each Owner of a Parcel shall provide a fully enclosed area for containment of trash, garbage, bottles, leaves, or other refuse. Each Owner of a Parcel must provide for regular removal of garbage, and each Parcel at all times shall be kept in a clean, sightly, and wholesome condition and weeds shall be kept mowed. No trash, litter, junk, boxes, containers, bottles, cans, furniture, implements, machinery, lumber, or other building materials shall be permitted to remain exposed upon any Parcel so they are visible from any neighboring Parcel or from any Road, except as reasonably necessary during the period of construction. In the event any structure is destroyed either wholly or partially by fire or other casualty, said structure shall be promptly rebuilt or remodeled to conform to this Declaration or all debris and remaining portions of the structure shall be promptly removed from the Property.

2.10 Repairs. Any repairs to or reconstruction of dwellings, out buildings, fences, etc., whether due to wear and tear or natural causes (such as wind, hail, fire, flood, etc.), shall be subject to and in accordance with the covenants herein. Removal of damaged structures, or the repair and reconstruction of such damaged structures, shall be promptly undertaken and completed no later than one (1) year from the date of damage.

2.11 Nuisance. No Parcel shall be used in such a manner as to obstruct or interfere with the enjoyment of Owners of other Parcels or annoy them by uncontrolled weeds, unreasonable noises, lights, odors, or otherwise, nor shall any nuisance or illegal activity be committed or permitted to occur on any Parcel. No exterior horn, whistle, bell, or other sound devices except security devices used exclusively to protect the security of the Property and the Owners or occupants thereof shall be placed or used on any part of the Property. Nothing which may be or may become annoying or a nuisance to other Parcel Owners shall be permitted on any Parcel. No obnoxious or offensive activity or commercial business or trade shall be carried on upon any Parcel except that of professional offices permitted by paragraph 2.01 to be maintained within the main dwelling. For purposes of this covenant, ungaraged or unstored inoperative automobiles, machines, or other equipment which remain on any Parcel for longer than ninety (90) days is a nuisance. Further, motorcycles, all-terrain vehicles, snow machines and similar conveyances shall not be used off of the Roads and established driveways on Parcels and when used on the Roads and established driveways on Parcels within the Property, shall

be used only for ingress and egress. No vehicles or equipment shall be stored or kept, or parked overnight on the Roads, except such vehicles or equipment used for maintenance and repair of the Roads.

2.12 Fires. There shall be no exterior fires permitted on the Property except barbecue fires contained within elements or receptacles specifically designed for such purposes, or those fires for which a permit has been granted by governmental authority. No Owner shall permit any conditions on his Parcel which create a fire hazard or are in violation of fire prevention regulations.

2.13 Animals. Up to five (5) adult large animals and their unweaned offspring may be kept on each Parcel except as provided in this Section. For purposes of this paragraph large animals consist of horses, cattle, donkeys, mules, llamas, vicuna, emus, ostriches, alpacas, sheep and such other animals as the Board may from time to time hereafter approve as permissible animals to keep upon the Property. Dogs, cats, and other household pets and small animals may be kept provided, unless otherwise authorized by the Board, no more than a total of five (5) dogs or five (5) cats (or a combination of dogs and cats not exceeding a total of five (5)) may be kept on a Parcel and further provided that no such pets or small animals may be kept, bred, or maintained for any commercial purposes and further provided that the manner of keeping does not result in unsanitary conditions or a nuisance or annoyance to the Owners of other Parcels. The Board may adopt from time to time such rules and regulations as it deems appropriate regarding the type, quantity and requirements for keeping such household pets and small animals. In addition, the Board shall have the right, on a selective basis, to permit additional adult large animals to be kept on a Parcel if, in the judgment of the Board, the carrying capacity of the Parcel will not be exceeded and suitable facilities have been erected for the maintenance and care of such animals. The Board shall have the right to develop the standards of care and maintenance which must be met as a condition to permitting the keeping of additional animals. All animal enclosures shall be erected and maintained in accordance with the covenants herein and the rules and regulations regarding the same as may from time to time be adopted by the Board. Any decision by the Board regarding type and number of animals which may be kept upon any Parcel, shall not be effective unless and until it has been reduced to writing. Any such decision may be later rescinded or modified by the Board, and any Parcel Owner affected by such rescission or modification shall have a reasonable time, not to exceed forty-five (45) days to comply with such rescission or modification. Animals maintained on any Parcel pursuant to this Section 2.13 must be kept within the Parcel by adequate fencing, and no Parcel shall be overgrazed. All corrals, pens, or other enclosures must be kept in a neat, clean, and orderly condition at all times and shall have proper drainage. Small animals and dogs and cats shall be properly housed or penned to confine them on the Parcel and shall not be allowed to roam the Roads or other Parcels, nor shall they be allowed to run or harass wildlife. Appropriate measures must be maintained to control flies and other pests on the Parcel and within such enclosures and for the disposition of waste and similar matter. It is specifically understood that the Board may require Owners to take such measures as may be necessary to prevent the overgrazing of each Parcel and the destruction of vegetation on each Parcel.

2.14 Oil and Mining Operations. No oil or natural gas drilling, development operations, or refining, and no quarrying or mining operations of any kind shall be permitted upon or in any Parcel or the Common Elements. No derrick or other structure designed for use in boring for oil or natural gas shall be erected, maintained, or permitted upon any Parcel or the Common Elements.

2.15 Signs. No sign of any kind shall be displayed to the public view on any Parcel except: (i) one sign of not more than five (5) square feet advertising a Parcel previously conveyed to a Purchaser for sale or rent; (ii) signs used by Declarant or a builder to advertise the Property and any Parcels on the Property during the construction and sales period; and (iii) such other signs as the Board may, from time to time, approve. Declarant reserves the right to place signs on the Common Elements advertising the Property and Parcels.

2.16 Fences. Fences shall be permitted on individual Parcels. Fences for restraining animals shall, at a minimum, consist of a three-rail wood fence, or well-constructed four-strand wire fence with substantial metal or wood posts sufficient to hold horses, cattle and sheep, or such other construction as specifically permitted by the Architectural Control Committee. No fence shall be constructed within forty-five (45) feet of the centerline of any Road. The Declarant, as well as each Parcel Owner, is not required to participate in the construction of partition fences between Parcels. Any Parcel Owner who wishes to fence his land from other lands in the Property must bear the expense of such fencing unless the adjoining Parcel Owner voluntarily cooperates in the cost of construction of the fence. The expense of maintaining any such partition fence shall be the sole responsibility of the Parcel Owner who constructed, or whose predecessor, constructed the fence. The Owner of each Parcel with boundaries on the outer perimeter of the Property shall have the responsibility to maintain fences which restrict livestock from entering the Property, or leaving the Property. If the Owner of a Parcel shall fail to maintain the exterior fencing, the Association shall have the right to reasonable access to the Parcel to repair, replace or maintain the fence, and the cost thereof shall be assessed against the Owner and the Parcel in the manner provided in Article VII.

2.17 Temporary Residence. No structure of a temporary character, trailer, mobile home, basement, tent, or accessory building shall be used on any Parcel as a residence; provided, that a camper trailer, motor home, tent or pickup camper may be used and occupied on any Parcel for a period not to exceed a total of One Hundred and Twenty (120) days per calendar year. A pickup camper, camper trailer or a motor home may be parked or stored on a Parcel, if the Parcel has a permanent residential structure thereon and the unit to be parked or stored is housed within a structure approved by the Architectural Control Committee, or is otherwise adequately stored so as to be screened from view of other Parcels and Roads. The Architectural Control Committee may grant relief from this provision when good cause is shown.

2.18 Subdivision of Parcels, Relocation of Boundaries. Except for Parcels owned by Declarant, no Parcel shall hereafter be subdivided. Relocation of boundaries between Parcels may be made in the manner provided by Colorado law.

2.19 Exterior Maintenance. In the event an Owner of any Parcel shall fail to maintain the premises and the improvements situated thereon in a manner satisfactory to the Board of Directors of the Association, after approval by two-thirds (2/3) vote of the Board of Directors, the Board shall have the right, through its agents and employees, to enter upon said Parcel and to repair, maintain, and restore the Parcel and the exterior of the buildings and any other improvements erected thereon. The cost of such exterior maintenance shall be added to and become a part of the assessment to which such Parcel is subject.

2.20 Grazing Lease. Each Owner of a Parcel hereby expressly authorizes the Association to lease the Property, including each Owner's Parcel (unless the Owner has fenced out livestock as hereafter provided) for the grazing of livestock on such terms and for such consideration as the Board of the Association may deem appropriate; provided, however, that the term of any such lease shall not exceed one (1) year. In the event an Owner does not wish to have his Parcel leased by the Association for grazing purposes, such Owner shall so notify the Board in writing, and shall be obligated to fence his Parcel in a manner sufficient to fence out livestock being grazed through lease by the Association. Any lease entered into by the Association on behalf of its members will be limited to grazing of livestock, and the individual Parcel Owners shall, subject to such a lease, retain the unfettered right to the remaining use of each Owner's individual Parcel. The Association shall not enter into a lease if seventy-five percent (75%) of the voting membership so elect. The net proceeds from any grazing lease entered into by the Association, after deduction of any costs or expenses associated with the lease, shall be distributed to the members in proportion to the individual Parcel Owner's acreage use for grazing, as compared to the total acreage in the Property used for such grazing lease.

ARTICLE III EASEMENTS

3.01 Utility Easements. Easements for the installation and maintenance of utilities over and across the Parcels and Common Elements shall be the blanket easement hereafter described, as well as those shown upon the Plat and such other easements as may be established pursuant to the provisions of this Declaration or as may hereafter be granted over and across the Common Elements by the Board of Directors of the Association. Within these easements, unless approved by the Board, no structure, planting, or other materials shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities, or which may change the direction of flow, or obstruct or retard the flow of water in and through the easements. The easement area of each Parcel and all improvements in it shall be maintained continuously by the Owner of the Parcel. The Association shall have the right to enter upon Parcels from time to time as the Board may determine necessary or appropriate to construct, maintain or repair any Common Elements which benefit the Association. The Association shall not be responsible for any damage to any property or landscaping of any Parcel Owner, including any damage occurring outside any Road or easement area from equipment or operations, if such damages are reasonably unavoidable. If any such work is done by the Association as a result of failure of a Parcel Owner to comply with these covenants or to properly maintain

the easement area, the cost shall be assessed against such Owner and shall be recoverable by the Association in the same manner and fashion as other assessments with all the remedies and rights for recovery and collection as provided in this Declaration.

The Declarant hereby expressly excepts and reserves unto itself and to its successors and assigns forever a nonexclusive, perpetual blanket utility easement over and across the Property and each and every Parcel. The Declarant shall have the right at its sole and absolute discretion to grant and convey utility easements at such locations as Declarant may select to private, public or quasi-public entities providing utility services, or to any other person or entity for the installation and maintenance of utilities on the Property. The Declarant shall have the right but not the obligation to construct, install and maintain pipes, conduits, wires, lines and poles under, upon or over the Property to provide water, sewer, gas, electric, telephone, television or other utility services to Parcels of the Property, to adjacent properties or to any other property owned by a person or entity to whom the Declarant grants a utility easement as hereinabove provided. In the event an Owner constructs or installs utility pipes, lines or other facilities on Owner's Parcel or on any other portion of the Property, the Declarant shall have the right, but not the obligation, to attach to, tap into, or hook onto any such utility pipes, lines or other facilities and to extend such facilities, which right may be assigned by the Declarant to any person or entity to whom the Declarant transfers a Parcel or grants a utility easement. Said right shall not include the right to tap into any utility systems or facilities, such as wells and septic systems, contained within one Parcel and designed for use only by the Owner of that Parcel. Use of utility easements shall not be confined to present utility services, but may be expanded by the Declarant as additional utility services become available to the Property. The rights reserved to Declarant in this Article III are in addition to any other Special Declarant Rights exercisable by Declarant and its successors and assigns and these rights do not terminate at the end of the period of Declarant Control. By reserving an easement for utilities over and across the Property, the Declarant is not assuming and shall have no obligation to construct, install or maintain utility services for Parcels of the Property. Each Owner shall be solely responsible for obtaining such utility services as the Owner may deem appropriate. An Owner of a Parcel shall not have the right to waive this restriction as to that Parcel.

ARTICLE IV PROPERTY RIGHTS IN THE COMMON ELEMENTS

4.01 Owner Easement of Enjoyment. Subject to the provisions of Section 4.04 below, every Owner shall have a right and easement of enjoyment in and to the Common Elements and such easement shall be appurtenant to and shall pass with the title to the Parcel.

4.02 Title to the Common Elements. The Declarant hereby covenants for itself, its successors and assigns, that it will convey to the Association fee simple title to the Common Elements, free and clear of all encumbrances and liens within the time required by any applicable law, and in no event no later than sixty (60) days after the last Parcel

not previously conveyed to a Purchaser is conveyed by the Declarant, its successors or assigns to a Purchaser.

4.03 Assignment of Use by Owners. Any Owner may assign, in accordance with the Bylaws and Rules and Regulations from time to time adopted by the Association, his right of enjoyment to the Common Elements and facilities to the members of his family, his tenants, guests or purchasers under installment land contracts who reside on the Property.

4.04 Extent of Owners' Easements. The rights and easements of enjoyment created hereby shall be subject to the following:

4.04.1 The Association shall have the right to limit the number of guests of Owners utilizing the Common Elements provided such limitation is the same for all Owners.

4.04.2 The Association shall have the right, in accordance with its Articles and Bylaws, to borrow money for the purpose of improving the Common Elements and in aid thereof to mortgage said Common Elements. In the event of a default upon any such mortgage the lender's rights hereunder shall be limited to a right, after taking possession of such properties, to charge admission and other fees as a condition to continued enjoyment by the Owners (all such proceeds received to be applied to the indebtedness) and, if necessary, to open the enjoyment of such properties to a wider public until the mortgage debt is satisfied whereupon the possession of such properties shall be returned to the Association and all rights of the Owners hereunder shall be fully restored.

4.04.3 The Association shall have the right to take such steps as are reasonably necessary to protect the above-described properties against foreclosure.

4.04.4 The Association shall have the right, as provided in its Articles and Bylaws, to suspend the enjoyment rights of any Owner for any period during which any assessment remains unpaid, and for any period not to exceed thirty (30) days for any infraction of its published rules and regulations.

4.04.5 The Association shall have the right to dedicate or transfer all or any part of the Common Elements to any public agency, authority, or utility or other entity for such purposes and subject to such conditions as may be established by the Association. No such dedication or transfer shall be effective unless the requirements of consent by Owners as set forth in the Colorado Common Interest Ownership Act have been met.

ARTICLE V RESERVATION OF DEVELOPMENT RIGHTS TO DECLARANT

5.01 Development Rights. The Declarant reserves the right to add additional real estate to be subject to this Declaration and to create additional Parcels and Common Elements within the Property, and to subdivide Parcels or convert Parcels into Common

Elements, or to withdraw real estate from the Property. Such Development Rights may be exercised with respect to different Parcels of real estate at different times and in any order whatsoever and such rights may be exercised in all or any portion of the real estate subject to the Development Rights. The Declarant hereby reserves to itself all such rights which may sometimes be referred to in this Declaration as "Development Rights".

5.02 Special Declarant Rights. The Declarant reserves to itself certain rights (herein occasionally referred to as "Special Declarant Rights") to complete improvements indicated on the Plat; to exercise any Development Rights; to maintain sales offices, management offices, signs advertising the Property, and models; to establish, grant, exercise, use and convey easements upon Parcels as described in Article III; to establish, exercise, grant, convey and use easements through the Common Elements for utilities or for the purpose of making improvements within the Property or within real estate which may be added to the Property; to appoint or remove the members of the Board and any Officer of the Association and the members of the Architectural Control Committee; and to make amendments, and any consent to amendments, to this Declaration as elsewhere provided in this Declaration. Certain Special Declarant Rights may be elsewhere referred to and reserved in this Declaration, and to the extent not so reserved elsewhere, the Declarant hereby reserves to itself all such Special Declarant Rights.

5.03 Period of Reservation. The periods of time for which Declarant reserves Development Rights and Special Declarant Rights and Declarant Control of the Association may be elsewhere set forth in this Declaration, and to the extent not otherwise so set forth such rights shall be extinguished at the time no Parcel in the Property is owned by Declarant or a Successor to Declarant (other than a Purchaser) to whom the Declarant's reserved rights have been assigned. Declarant may voluntarily relinquish any or all of the rights reserved at any time, and may do so by written instrument.

5.04 Transfer of Rights. The Declarant reserves the right to transfer all or any real property of the Declarant in the Property, and all or any part of the Development Rights and Special Declarant Rights reserved to Declarant, and Declarant Control of the Association, to one or more successors or assigns ("Successor") who are not a Purchaser, and to the extent of such transfer, such successor shall have all the rights and powers reserved to the Declarant in this Declaration as have been so transferred by the Declarant to such successor. Such successor shall also have the right to make such transfers to subsequent successors who are not Purchasers.

ARTICLE VI OWNERS ASSOCIATION

6.01 Formation of the Association. The Declarant has formed, or will form after the recording of this Declaration and before the date that a Parcel is first conveyed to a Purchaser, a Colorado non-profit corporation ("The Association"). Each Owner of each Parcel within the Property shall be a member of the Association. Status as an Owner of a Parcel is the sole qualification for membership, such membership being deemed an incident of Ownership of a Parcel. Individuals who jointly own a Parcel, shall be deemed

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to constitute a single Owner of a Parcel. An Owner's membership in the Association shall commence as of the date that fee title to a Parcel is conveyed to the Owner and shall terminate on the date of termination of Ownership of a Parcel.

6.02 Classes of Membership and Voting Rights. The Association shall have one (1) class of voting membership composed of the Owners of Parcels. For matters upon which Owners of Parcels are entitled to vote, each Owner shall be entitled to cast one (1) vote for each Parcel owned. In the event a Parcel is owned by (2) or more persons, whether by joint tenancy, tenancy in common, or otherwise, the vote for such Parcel shall be exercised as the Owners thereof shall determine but the vote attributable to such Parcel shall be cast by only one (1) of the Owners of such Parcel who shall be designated by the several Owners of such Parcel in writing prior to or at the time the vote is cast. In the absence of such designation by such multiple Owners the vote for such Parcel may be cast in accordance with the agreement of a majority in interest of the persons having ownership interest in the Parcel. There shall be deemed to be a majority agreement if any one of the multiple Owners casts the vote allocated to the Parcel without protest being made promptly to the person preceding over the meeting by any of the other Owners of the Parcel. No vote may be cast or counted for any Parcel for which assessments, fees, dues, or other monies are in default of payment at the time votes are counted.

6.03 Board of Directors. The affairs of the Association shall be conducted by a Board of Directors (the "Board"). The powers and duties of the Board shall include, but not be limited to the following:

- A. To enforce all of the applicable provisions of this Declaration.
- B. To maintain the Common Elements.
- C. To contract for and pay for the cost of providing the functions of the Association out of funds collected by the Board.
- D. To levy and collect the costs of maintenance as provided in this Declaration and to make or authorize the expenditures therefrom.
- E. To receive and process complaints from Owners with respect to any provisions of this Declaration.
- F. 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.
- G. To render such discretionary decisions as are vested in the Board pursuant to this Declaration.
- H. To impose charges for late payment of assessments, recover costs of enforcement including 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.

I. 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, agents and members of the Association, insurance for indemnification of officers, directors and members of the Association acting on behalf of and for the benefit of the Association, and such other insurance that the Board may deem appropriate.

J. Subject to the other provisions of this Declaration, to exercise all powers and rights granted to the Association by the provisions of the Colorado Common Interest Ownership Act, as from time to time amended.

K. 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.

L. To adopt Bylaws for the Association, and to amend, repeal, or otherwise modify such Bylaws from time to time.

6.04 Number and Election of Board Members, Declarant Control. The initial Board of Directors shall consist of two (2) persons appointed by the Declarant, each of whom shall serve at the pleasure of the Declarant or until his or her successor(s) is appointed by the Declarant. The Declarant shall, for the period of time hereafter provided, retain the right to appoint and remove the members of the Board of Directors and the officers of the Association and the members of the Architectural Control Committee and to fill any vacancy occurring in any such position ("Declarant Control").

6.04.1 Period of Declarant Control. The period of Declarant Control with respect to the Board and Officers of the Association, and with respect to appointment of the members of the Architectural Control Committee shall continue until no Parcel in the Property is owned by Declarant or any Successor to a Declarant (other than a Purchaser) to whom the right to exercise Declarant Control has been assigned. Declarant may at any time voluntarily surrender the right to appoint and remove the members of the Board of Directors, or the Officers of the Association, or the Architectural Control Committee and may do so by written instrument.

6.04.2 Termination of Declarant Control. Unless otherwise provided in the Bylaws, upon termination of the period of Declarant Control with respect to the Board or Officers of the Association, the Owners shall elect a Board of Directors of at least three (3) members initially, and the Board members so elected shall elect the Officers of the Association. The Board members and Officers, unless otherwise required by applicable law shall take office upon election. Thereafter, the number, term and qualifications of the

Directors and Officers shall be as provided in the Bylaws. Upon termination of the period of Declarant Control with respect to the Architectural Control Committee, the Board shall establish the number of members such of such Committee and appoint such members.

6.05 Meetings of the Association and Officers. Meetings of the Association shall be held at least once each year. Special meetings of the Association may be called by the President, by a majority of the Board, or by Owners having twenty percent (20%) of the votes in the Association. Not less than ten (10) nor more than fifty (50) days in advance of any meeting, the Secretary or other Officer specified in the Bylaws shall cause notice to be hand delivered or sent prepaid by United States mail to the mailing address of each Parcel or to any other mailing address designated in writing by the Parcel Owner. The notice of any meeting shall state the time and place of the meeting and the items on the agenda. The number and type of officers, and the provisions for regular and special meetings of the Association not inconsistent with the foregoing shall be as provided from time to time by the Bylaws and the Articles of Incorporation of the Association.

6.06 Quorum. Unless the Bylaws provide otherwise, a quorum is deemed present throughout any meeting of the Association if persons entitled to cast twenty percent (20%) of the votes which may be cast for election of the Board are present, in person or by proxy, at the beginning of the meeting. Unless the Bylaws specify a larger percentage, a quorum is deemed present throughout any meeting of the Board if persons entitled to cast fifty percent (50%) of the votes on that Board are present at the beginning of the meeting.

6.07 Coordination with Bylaws and Rules and Regulations. Except as may be otherwise provided herein for action of the Board regarding interest upon unpaid assessments, the provisions of this Declaration provide the minimum substantive terms for the enforcement of this Declaration by the Board and the Architectural Control Committee. Further and additional provisions for the operation of the Board and the Architectural Control Committee may in the future be set forth by the Bylaws of the Association, and by appropriate resolutions or rules and regulations adopted by the Board or the Architectural Control Committee which supplement and further the intent and purposes of this Declaration. In the event any conflict occurs between the provisions of this Declaration and such Bylaws or resolutions, then this Declaration shall control and to the extent possible, the conflicting Bylaws, resolutions or rules and regulations shall be construed to be effective where it promotes the interest of the provisions of this Declaration and invalid where in derogation of these Declarations.

6.08 Transfer. The membership held by any Owner shall not be transferred, pledged or alienated in any way, except upon the sale of the Owner's Parcel, and then only to the purchaser of such Parcel. A prohibited transfer is void and will not be reflected upon the books and records of the Association.

6.09 Delegation of Use. The Board may from time to time establish rules and regulations regarding the delegation by an Owner of rights of use and enjoyment of the Common Elements to such Owner's tenants or purchasers.

6.10 Notices. Notice of matters affecting the Property may be given to Owners by the Association, or by other Owners, by personal delivery or by mailing with postage prepaid to the mailing address of each Parcel, or to any other mailing address designated by the Owner in writing.

ARTICLE VII MAINTENANCE, BUDGET, ASSESSMENTS

7.01 Maintenance of Common Elements. The Association shall be responsible for the maintenance of the Common Elements until and unless such maintenance obligation is assumed by a governmental or quasi-governmental body.

7.02 Allocation of Common Expenses to Parcels. The expenses of functions imposed on the Association pursuant to this Declaration, together with the expenses of administration and operation of the Association and its Boards and Committees (including any appropriate indemnity to members thereof), and such other items of expense as contained in the budgets adopted by the Association, shall be allocated equally among the Parcels except Parcel 14, with each Parcel except Parcel 14 to bear an equal percentage of the expenses of the Association, so that the sum of the percentages allocated to all Parcels, subject to minor variations for rounding, shall equal one hundred percent (100%). In the event of withdrawal of any Parcel(s), or the addition of any Parcel(s), assessments will be re-allocated to comply with the foregoing provisions for equal assessment, commencing on a date fixed by the Board in its discretion. Each Owner, by the acceptance of a conveyance of a Parcel except Parcel 14, shall be personally obligated to pay such percentage share of such expenses, and each such Owner shall be responsible for payment of the full share of any assessments for a Parcel whether or not the Parcel has improvements. Parcel 14 does not obtain access by use of any Roads that are Common Elements, and Parcel 14 and its Owners are excepted from and not subject to any assessments or liability for direct expenses related to maintenance, repair, construction or improvement of the Roads unless and until access to Parcel 14 is hereafter obtained by use of a Road that is a Common Element. Notwithstanding the foregoing, Parcel 14 and its owners shall at all times be liable for any special assessments and for a proportionate share (based upon the total number of Parcels in the Property) of all other expenses of the Association, including by way of illustration and not in limitation, insurance, administrative expenses, legal and other professional fees, and general overhead expenses. The amount of the assessment for the proportionate share of Parcel 14 shall be as determined by the Board of Directors of the Association, and shall not be subject to review by any Court, except upon showing by clear and convincing evidence that the establishment of the assessment was attended by circumstances of fraud or was wholly without any foundation in fact.

7.03 Establishment of Common Expenses Budget. The Board shall establish periodic budgets for the Association. The appropriate share of each budget shall be assessed against each Parcel and shall be payable in monthly, quarterly, annual or such other periodic installments as adopted from time to time by the Board. Should the Board fail to adopt a budget for any budget period, the periodic budget last adopted shall

be continued until such time as the Board adopts a subsequent budget. Without in any way limiting the nature and type of expenses upon which the budget may be based, the budget may include anticipated expenses for reasonable contingency reserve and working capital and sinking funds, legal and other professional expenses, premiums for casualty and liability insurance for the Common Elements, and for errors and omission or other insurance protection designed to provide defense and insurance coverage to the Board members, Officers, agents and employees of the Association in connection with any matters arising from Association business and the performance by such persons of their duties to the Association or related to their status as Board members, Officers, employees or agents of the Association.

7.04 Limitation on Assessments. In no event shall the annual average common expense liability allocated to any Parcel in the Property, exclusive of optional user fees and any insurance premiums paid by the Association ("Annual Assessment"), exceed the maximum amount allowed by then applicable Colorado law for exception of the Property and the Association from the general application of the provisions of the Colorado Common Interest Ownership Act ("Maximum Annual Assessment"). The current Maximum Annual Assessment is \$300.00 per Parcel, pursuant to Section 38-33.3-116 C.R.S., and such amount shall not be exceeded unless Colorado law hereafter allows a greater amount without requiring general application of the Colorado Common Interest Ownership Act. In no event shall the Board adopt any budget which will result in an Annual Assessment of more than the then permissible Maximum Annual Assessment. This limitation shall not effect, and does not include, any special assessments assessed against a Parcel as a result of default by an Owner of the Owner's obligations under this Declaration.

7.05 Special Assessments, Acceleration of Payments on Default. In addition to the Common Expenses to be assessed against each Parcel, the Board may, from time to time, levy and collect special assessments to remedy any default by an Owner of the Owner's obligations under this Declaration. Such costs and expenses for an Owner's default may be assessed against such Owner without establishment of any supplemental budget, and may be collected from such Owner in the same manner as provided in paragraph 7.07 and paragraph 7.08 below. Any charges imposed for late payment, attorney fees and costs, and fines shall be deemed to be assessments against the Owner's Parcel and recoverable and subject to the same rights and remedies available to the Association for all other assessments. In addition to all other penalties, fines, costs, fees, expenses and charges which may be assessed, if an Owner is in default of payment of assessments as due, the Officers of the Association may elect to accelerate and call due and payable in full all installment payments of assessments to be paid by such defaulting Owner, for the budget period for which the default exists.

7.06 Accounting and Surplus Funds. All funds collected by the Association shall be promptly deposited into a commercial bank account and/or a savings and loan account in an institution to be selected by the Board. No withdrawal shall be made from said account except to pay the obligations of the Association. No later than ninety (90) days from the end of each calendar year the Board shall distribute to each Owner an operating statement reflecting the income and expenditures of the Association for the previous

calendar year. The Board shall maintain complete and accurate books and records of its income and expenses in accordance with generally accepted accounting principles consistently applied and shall file such tax returns and other reports as shall be required by any governmental entity. The books and records shall be kept at the office of the Association and shall be open for inspection by any Owner or by the holder of any first deed of trust or mortgage of record at any time during normal business hours following reasonable advance notice of the request for inspection. If surplus funds remain after payment of the Association's expenses and prepayment of or provision for sinking funds and reserves, the Board may, but is not required to, pay all or a portion of such surplus to the Owners or credit to the Owners' future assessments, in proportion to each Owner's percentage liability for Common Expenses.

7.07 Creation of Lien and Foreclosure. The Common Expenses Assessments, together with any special assessment or other penalty, cost or charges which an Owner is obligated to pay ("assessments"), 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 of any installment of assessments, such amount, any accelerated payments called due, and any subsequently accruing unpaid assessments, together with interest thereon at the rate of eighteen percent (18%) per annum, or such other rate as may hereafter from time to time be established by the Board, 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 Parcel. The Association may, but is not required to, execute and record in the Larimer County Recorder's Office of 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 the Parcel or Parcels affected. The lack of recording any such notice shall not in any way affect the validity and enforceability of the lien in favor of the Association or its rights with respect thereto. 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, the defaulting Owner shall be required to pay the costs and expenses of such proceedings, the costs and expenses for filing any notice or claim of lien, and all reasonable attorneys' fees in connection with such foreclosure. The lien shall include and the defaulting Owner shall also be required to pay to the Association the assessments for the Parcel whose payment comes due during the period of foreclosure, and the Association shall be entitled to a receiver to collect the assessments alleged to be due. The Association, on behalf of the member Owners, shall have the power to bid on the Parcel at foreclosure sale and to acquire, hold, lease, mortgage, and sell the same. Such lien provided herein shall have the same priority, date of attachment, period of time for enforcement and other aspects as set forth in Section 38-33.3-316, C.R.S., regarding liens arising under the Colorado Common Interest Ownership Act. Reference to such Act, and reference to the aforesaid statute do not constitute an election to make applicable the provisions of the Colorado Common Interest Ownership Act, and it is hereby specifically stated that application of the Colorado Common Interest Ownership Act is specifically

rejected. Reference is made to Section 38-33.3-316, C.R.S., solely for the purposes of clarity in describing the lien in favor of the Association. The Association may, but is not required to send notice of default to an Owner, and a copy of such notice may, but is not required to, be mailed to the holder of any deed of trust or mortgage of record constituting a lien on such Parcel. The lack of provision of such notice shall not in any way affect the validity and enforceability of the lien or obligation of the Owner, or the Association's rights with respect thereto. Upon the payment of the amounts due, if the Association recorded a Notice of Assessment Default, the Association shall cause to be recorded a certificate setting forth the satisfaction of such lien, the cost of preparation and recording of which shall be paid by the Owner. The remedies of the Association for recovery by foreclosure of its lien rights, and by action against the persons personally liable for payment or for any other remedy available by law or in equity are cumulative and independent of each other. Pursuit of one does not waive or restrict pursuit of another remedy, and such remedies may be undertaken by the Association in any sequence and without the necessity for joinder of any claims or remedies. The lien of the Association shall not expire for the greater of six (6) years, or such longer period as may be provided by any applicable statute, from the date upon which the full amount of assessments become due. The lien in favor of the Association provided herein is not subject to any claim for homestead exemption or any other exemption, right to elective share, allowances or other provisions of testate or intestacy laws providing preferential treatment or exemptions in the event of death, and each Parcel Owner and that Parcel Owner's spouse, heirs, successors, representatives and assigns by acceptance by the Parcel Owner of Ownership of a Parcel hereby waives all claim of all and any exemption or preferential treatment otherwise provided by current or future state or federal laws which otherwise might be asserted with respect to the lien of the Association.

7.08 Owner's Obligation for Payment of Assessments. The amounts assessed by the Association against each Parcel and any interest, costs, and attorney fees in connection with default in payment thereof, shall be the personal and individual debt of the Owner thereof at the time the assessment is made. Each person, if more than one (1), composing the Owner shall be jointly and severally liable therefor. Suit to recover a money judgment for unpaid expenses shall be maintainable without foreclosing or waiving the lien securing same. No Owner may be exempted from liability for assessments by a waiver of the use or enjoyment of the Common Elements or by abandonment of the Parcel against which the assessment is made.

7.09 Statement of Assessment Status. Upon payment to the Association of a reasonable fee, as may from time to time be established by the Board, accompanied by the written request of the Owner or any mortgagee or prospective Owner of a Parcel, the Association shall issue a written statement setting forth the amount of unpaid assessments and any other charges outstanding with respect to the subject Parcel, and the date when the same became due. Such statement shall also include credit for any advanced payments of assessments, but no credit shall be given for any accumulated amounts for reserves or sinking funds, if any. The statement issued by the Association shall be binding upon the Association and its officers and each Owner in favor of persons who rely thereon.

in good faith. The manner and time for providing such statements shall be as provided by the terms of the Colorado Common Interest Ownership Act, as from time to time amended.

7.10 Liability Upon Transfer. Any Owner who sells their Parcel in good faith and for value shall be relieved of the obligation for payment of assessments thereafter attributable to the Parcel, as of the date of the recordation of the deed transferring such Parcel to the subsequent purchaser. Except as may otherwise be provided by the Colorado Common Interest Ownership Act, as from time to time amended, the Owner transferring, and the purchaser of the transferred Parcel, shall be jointly liable for payment of all assessments and any related interest, costs and attorney fees attributable to the Parcel accrued from the date of execution of the deed through the date of such recordation, and the lien for recovery of the same shall remain in force against such Parcel.

ARTICLE VIII APPOINTMENT OF ARCHITECTURAL CONTROL COMMITTEE

8.01 Appointment of Committee, Declarant Control. The Declarant has established an Architectural Control Committee, the initial members of which are Randy Haverkamp and John Donnelly. Until the termination of the period of reservation of the Declarant's Rights of Control, as set forth in Section 5.03, the Declarant shall appoint, and have the power to remove, the members of the Architectural Control Committee, which may consist of one (1) or more persons as determined by the Declarant. At such time as the period of Declarant Control expires as above described, the number of members of the Architectural Control Committee shall be established and all such members shall be appointed by the Board. No member of the Architectural Control Committee shall be entitled to any compensation for services as a member of the Committee. The address of the Architectural Control Committee shall be at the principal office of the Association.

8.02 Architectural Control. No building, fence, out building, or other permanent improvements shall be erected, placed, or altered on any Parcel until the construction plans and specifications and a plan showing the location of the improvements and plans have been approved by the Architectural Control Committee as to quality of workmanship, quality and type of materials, the esthetics and harmony of exterior design with the character of the community and the existing structures, and as to location of structures with respect to topography and finished grade elevation, and compliance with this Declaration.

8.03 Rules of Procedure. The Architectural Control Committee may adopt rules and regulations from time to time establishing design criteria not inconsistent with this Declaration. The Architectural Control Committee shall meet at the convenience of the members thereof as often as necessary to transact its business. Request for approval of design shall be made to the Committee in writing, accompanied by two (2) complete sets of plans and specifications for any and all proposed improvements to be constructed on any Parcel. Such plans shall include Parcel plans showing drainage and grading plans, the location on the Parcel of the building, wall, fence, or other structure proposed to be constructed, altered, placed, or maintained thereon, together with the proposed

construction material, color scheme for roofs and exteriors thereof and architectural renderings. The Architectural Control Committee may require submission of additional plans, specifications, and of samples of materials and colors prior to approving or disapproving the proposed improvement. Until receipt by the Architectural Control Committee of all the required materials in connection with the proposed improvement to the Property, the Committee may postpone review of any material submitted for approval.

8.04 Approval of Plans. The Architectural Control Committee shall approve or disapprove plans, specifications, and details within thirty (30) days from the receipt of all materials requested by the Committee and shall notify the Owner submitting them of such approval or disapproval in writing. If all samples, plans, specifications, and details requested by the Committee have been submitted and are not approved or disapproved within such thirty (30) day period they shall be deemed approved as submitted. One set of plans and specifications and details with the approval or disapproval of the Architectural Control Committee endorsed thereon shall be returned to the Owner submitting them and the other copy thereof shall be retained by the Architectural Control Committee for its permanent file. Applicant for Architectural Control Committee action may, but need not, be given the opportunity to be heard in support of their application. Refusal of approval of plans, location, or specifications may be based by the Architectural Control Committee upon any reasonable grounds, including purely aesthetic considerations, which in the sole and uncontrolled discretion of the Architectural Control Committee shall seem sufficient, reasonable, and not capricious. The Committee may condition its approval of any proposed improvement to property upon the making of such changes therein as the Committee may deem appropriate.

8.05 Filing Fees. As a means of defraying its expenses, the Architectural Control Committee may require a reasonable filing fee to accompany the submission of plans to it in an amount to be fixed by the Board of Directors of the Association from time to time. No additional fees shall be required for resubmission of plans revised in accordance with Architectural Control Committee recommendations.

8.06 Completion of Improvements. Any improvements approved by the Architectural Control Committee shall be timely commenced and in no event commenced later than one (1) year from the date of such approval. If not commenced within such time, the approval of the Committee shall automatically expire and the applicant must thereafter resubmit all plans to the Committee for reconsideration. The fact that a proposed improvement has previously been approved by the Committee shall not require the Committee to again approve such proposed improvement if the approval has expired pursuant to the terms of this paragraph. Once approved improvements have been commenced all such improvements shall be completed no later than one (1) year from the date of commencement.

8.07 Inspection of Work and Notice of Completion. The members of the Architectural Control Committee, and any agent or representative thereof, shall have the right to inspect any improvement to property prior to and after completion, provided that

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Declaration of Protective Covenants for Arapaho Ridge, Larimer County, Colorado

the right of inspection shall terminate three (3) days after the Committee has received from the applicant a notice of completion.

8.08 Estoppel Certificates. Upon the reasonable request of any interested party accompanied by payment of any fee established by the Board therefor, and after confirming any necessary facts with the Architectural Control Committee, the Board shall furnish a certificate with respect to the approval or disapproval of any improvement to property or with respect to whether any improvement to property is made in compliance herewith. Any person without actual notice to the contrary shall be entitled to rely on said certificate with respect to all matters set forth therein.

8.09 Non-Liability. No member of the Architectural Control Committee, the Board, the Association, or any other agents, shall be liable for any loss, damage or injury arising out of or in any way connected with the performance of the Architectural Control Committee. In reviewing any matter, the Architectural Control Committee is not responsible for reviewing, nor shall its approval of any improvement to property be deemed to be, an approval of the improvement to property from the standpoint of safety, whether structural or otherwise, or conformance with any building, zoning or other codes or governmental laws or regulations.

ARTICLE IX
GENERAL PROVISIONS

9.01 Term. Subject to amendments made in accordance with Section 9.02 below, these covenants as set forth in this Declaration are to run with the land and shall be binding on all parties and all persons claiming under them for a period of twenty-five (25) years from the date they are recorded after which time said covenants shall be automatically extended for successive periods of ten (10) years unless an instrument signed by sixty-seven percent (67%) of the then Owners of the Parcels has been recorded agreeing to terminate said covenants or change them in whole or in part.

9.02 Amendments.

9.02.1 Amendments by Declarant. During the Period of Reservation of rights to the Declarant set forth in Section 5.03, Declarant, without the necessity of consent by anyone else, shall have the right to amend this Declaration from time to time in connection with the exercise of any Development Right reserved to Declarant in this Declaration, or to add additional property to become subject to this Declaration, or for any other purpose which Declarant deems appropriate. Declarant may assign this right to amend, or relinquish it. Such amendments shall not be effective with respect to any person not having actual knowledge thereof, until such time as notice of such amendment is filed for record in the Office of the Larimer County Clerk and Recorder.

9.02.2 Amendments by Owners. Except as otherwise provided in paragraph 9.02.1 above regarding Declarant's right to amend without necessity of consent by others, and in this Section 9.02.2, the Owners of sixty-seven percent (67%) of the Parcels may

Declaration of Protective Covenants for Arapaho Ridge, Larimer County, Colorado

at any time modify, amend, augment, or delete any of the provisions of this Declaration provided however that:

a. No amendment may be made during the Period of Reservation of Rights to the Declaration set forth in paragraph 5.03 above, unless the Declarant has consented in writing thereto.

b. No amendment may impair any right or power of the Declarant reserved in this Declaration unless the Declarant has consented in writing thereto.

c. No amendment shall be effective with respect to any person not having actual knowledge thereof, until such time as notice of such amendment is filed for record in the Office of the Larimer County Clerk and Recorder.

d. No amendments may be adopted which would be inconsistent with any condition or covenants imposed as a condition of approval of the platting and subdivision of the Property.

e. No amendment may be adopted which releases the obligations of the Association to maintain Common Elements unless such maintenance has been assumed by a governmental or quasi-governmental agency.

f. Any of the following amendments to be effective must be approved in writing by the record holders of all encumbrances on the Parcels at the time of such amendment:

i) Any amendment which affects or purports to affect the validity or priority of any encumbrance; or

ii) Any amendment which would necessitate a mortgagee after it has acquired a residential Parcel to pay any portion of any unpaid assessment or assessments accruing prior to foreclosure, to the extent the amounts would exceed the priority of such assessments over that provided elsewhere in this Declaration.

9.04 Mortgage Protection Clause. Except as otherwise provided by the terms of the Colorado Common Interest Ownership Act with respect to the priority and enforceability 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 preexisting 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.

9.05 Enforcement. The provisions of these covenants may be enforced in proceedings brought by any Owner or by the Board of Directors of the Association or the Architectural Control Committee. In addition to the provisions for lien foreclosure and

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FIRST AMENDMENT TO DECLARATION OF
PROTECTIVE COVENANTS FOR
ARAPAHO RIDGE, LARIMER COUNTY, COLORADO

RECITALS:

A. This First Amendment amends the provisions of that certain Declaration of Protective Covenants for Arapaho Ridge, Larimer County, Colorado which were recorded October 5, 1994 at Reception No. 94082018, records of the Larimer County Clerk and Recorder ("Declaration"), which affects certain lands situated in Section 5, Township 11 North, Range 70 West of the 6th P.M., Larimer County, Colorado ("Property"), which lands are more particularly described in the Declaration.

B. The undersigned is the Declarant of the Declaration and at the time of signature hereof is the owner of a Parcel, as defined in the Declaration, within the Property.

ARTICLE A

AMENDMENT OF ARTICLE II OF THE DECLARATION OF PROTECTIVE
COVENANTS FOR ARAPAHO RIDGE, LARIMER COUNTY, COLORADO

1. That Article of the Declaration identified as "Article II LAND USE CONTROL" be and hereby is amended by the addition of a new paragraph 2.21 to read in its entirety as follows:

"2.21 Aircraft and Related Structures. Notwithstanding any other provision of the Declarations which may be to the contrary, or which may be inconsistent herewith, it is permissible for aircraft used for the personal and private use of an Owner of a Parcel and such Owner's family, tenants and guests to be used as a means of access to and from the Parcel. Any such usage shall be performed only in accordance with applicable governmental regulations which may apply. No runway shall be constructed or improved without the prior consent of the Architectural Control Committee. No aircraft shall use the Roads for takeoffs, landing or taxiing of aircraft. Aircraft shall be used for the purpose of access to and from the Parcel and for recreational purposes and the Parcel shall not be used for any commercial aircraft use, or for use by any club or group of people with interest in aircraft. Aircraft use shall be carried out in such manner as to minimize, to the extent practicable, the impact upon any adjacent Parcels, and nothing herein or elsewhere in this Declaration constitutes the grant of an avigation or overflight easement across any Parcel. Buildings for storage of aircraft used for access to a Parcel shall, subject to the prior approval of the Architectural Control Committee in accordance with the other provisions of this Declaration, be a permissible use upon such approval by the Architectural Control Committee. Noise from aircraft used to

Return to: Randy Williams, Esq.
P.O. Box 801
Love land, Co. 80539

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First Amendment to Declaration of Protective Covenants for Arapaho Ridge, Larimer County, Colorado

access a Parcel pursuant to the terms of this paragraph shall not alone be deemed a nuisance which violates the other provisions of this Declaration; provided, that, operation of aircraft in an unusual or unreasonable fashion, including extraordinary noise, may constitute a nuisance. If there is a conflict between the terms and provisions of this paragraph 2.21 and any other provisions of the Declaration, the specific provisions of this paragraph shall control and apply."

2. Except as amended as expressly set forth in paragraph 1 above of this First Amendment, the terms, conditions and provisions of the Declaration remain in full force and effect.

IN WITNESS WHEREOF, the undersigned Declarant has executed this First Amendment to Declaration of Protective Covenants for Arapaho Ridge, Larimer County, Colorado this 19th day of June, 1995.

CHEYENNE RIDGE, LLC

By: [Signature]

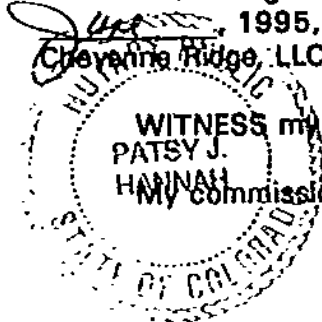
JOHN F. DONNELLY, Manager

By: [Signature]

RANDALL J. HAVERKAMP, Manager

STATE OF COLORADO)
) ss.
COUNTY OF LARIMER)

The foregoing instrument was acknowledged before me this 19th day of June, 1995, by JOHN F. DONNELLY and RANDALL J. HAVERKAMP, Managers of Cheyenne Ridge, LLC.



[Signature]
Notary Public

SECOND AMENDMENT TO DECLARATION OF
PROTECTIVE COVENANTS FOR
ARAPAHO RIDGE, LARIMER COUNTY, COLORADO

RECITALS:

A. This Second Amendment amends the provisions of that certain Declaration of Protective Covenants for Arapaho Ridge, Larimer County, Colorado which were recorded October 5, 1994 at Reception No. 94082018, records of the Larimer County Clerk and Recorder ("Declaration"), which affects certain lands situated in Section 5, Township 11 North, Range 70 West of the 6th P.M., Larimer County, Colorado ("Property"), which lands are more particularly described in the Declaration.

B. The undersigned is the Declarant of the Declaration and at the time of signature hereof is the owner of a Parcel, as defined in the Declaration, within the Property.

ARTICLE A

AMENDMENT OF PARAGRAPH 2.17 OF THE DECLARATION OF PROTECTIVE COVENANTS FOR ARAPAHO RIDGE, LARIMER COUNTY, COLORADO

1. That paragraph 2.17 of the Declaration identified as "2.17 Temporary Residence." be and hereby is amended by the addition of a new sentence at the end of the existing paragraph, which new sentence is as follows:

"If good cause is shown to the Architectural Control Committee, the Committee may allow the use of a mobile home, trailer, or other temporary living facility acceptable within the discretion of the Architectural Control Committee, for a period not to exceed one (1) year during the pendency of initial construction, or repair, remodeling or reconstruction, of a principal residence upon a Parcel."

ARTICLE B

AMENDMENT OF ARTICLE III OF THE DECLARATION OF PROTECTIVE COVENANTS FOR ARAPAHO RIDGE, LARIMER COUNTY, COLORADO

1. That Article of the Declaration identified as "ARTICLE III EASEMENTS" be and hereby is amended by the addition of a new paragraph 3.02 to read in its entirety as follows:

"3.02 Additional Access and Utility Easements. Declarant may by grant or reservation or other method create access and utility easements along, across, through and upon any Parcel or Parcels owned by Declarant at the time of creation of such easements ("Additional Easements"). Declarant may grant rights of usage and enjoyment of such Additional Easements to the owners of lands lying outside of the Property whether or not such lands are added as additional real estate to be

11-15-95
Larimer County
Recorder's Office
1715 - 10th St. S.E.
Denver, CO 80202

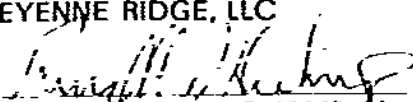
subject to this Declaration. If the lands benefitted by use of such Additional Easements are not made a part of and subjected to the other terms of this Declaration, then the cost of maintenance of such Additional Easements shall be borne solely by the land so benefitted, and grants made by Declarant of rights of usage shall contain provisions requiring the owners of the benefitted lands to share appropriately in the cost of maintenance of the Roads in the Property if access to such Roads are provided by use of such Additional Easements. If the lands benefitted by such Additional Easements are added to and made subject to the provisions of this Declaration and such Additional Easements provide access to the Roads, then the Additional Easements shall be deemed a part of the Roads within the Property, and shall be maintained and the cost thereof borne as a part of the Common Elements under this Declaration. Whether or not the Property benefitted by such Additional Easements is added to the Property made subject to this Declaration, the owners of the properties benefitting from such Additional Easements shall have the same rights of usage of the Roads in the Property as are described in Article IV of the Declaration for Owners of Parcels in the Property. Declarant's right to grant such rights of usage is not limited in time, and shall not terminate if Declarant does not own any Parcel in the Property. So long as Declarant holds the right of usage with a right to grant such usage to any such Additional Easements, Declarant shall continue to have rights of enjoyment and usage of the Roads in the Property to the same extent as an Owner of a Parcel as described in Article IV of this Declaration."

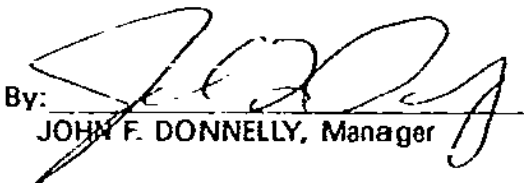
ARTICLE C
REMAINING TERMS OF DECLARATION UNAFFECTED

1. Except as amended as expressly set forth above in this Second Amendment, the terms, conditions and provisions of the Declaration, as amended by the First Amendment to Declaration, remain in full force and effect.

IN WITNESS WHEREOF, the undersigned Declarant has executed this First Amendment to Declaration of Protective Covenants for Arapaho Ridge, Larimer County, Colorado this 11 day of December, 1995.

CHEYENNE RIDGE, LLC

By: 
RANDALL J. HAVERKAMP, Manager

By: 
JOHN F. DONNELLY, Manager

01/17
Second Amendment to Declaration of Protective Covenants for Arapaho Ridge, Larimer County, Colorado

STATE OF COLORADO)
) ss.
COUNTY OF LARIMER)

The foregoing instrument was acknowledged before me this 11 day of December, 1995, by JOHN F. DONNELLY and RANDALL J. HAVERKAMP, Managers of Cheyenne Ridge, LLC.

WITNESS my hand and official seal.

My commission expires: 11-30-96

Barbara J. Donnelly
Notary Public

