

*Protective Covenants*

*Cotton Ranch*

DECLARATION OF  
PROTECTIVE COVENANTS, CONDITIONS  
AND RESTRICTIONS OF  
THE COTTON RANCH

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WHEREAS, The Cotton Ranch Company, L.L.C., a Colorado limited liability company (hereinafter "Declarant"), has caused certain real property in Eagle County, Colorado, described in Exhibit "A" to be surveyed, subdivided and platted into lots and common areas, as shown on the plat of The Cotton Ranch, which plat has been filed for record in the real property records of Eagle County, Colorado on the 27<sup>th</sup> day of OCTOBER, 1995, in Plat Book 679 at Page 439.

NOW THEREFORE, Declarant, the owner in fee simple of all of the lands included within said Cotton Ranch as so platted and above described, does hereby declare and acknowledge that, except as otherwise provided herein, all of the lands included within said subdivisions are and shall hereafter be subject to all of the following covenants, conditions, restrictions and limitations.

ARTICLE I - PURPOSE OF COVENANTS

1. General Requirements. It is the intent of the Declarant, expressed by the execution of this instrument, that the lands within The Cotton Ranch, be developed and maintained as a highly-desirable area. It is the purpose of these covenants that the beauty of the Gypsum Creek Valley, the views from within The Cotton Ranch, the solar access and the harmony of design within The Cotton Ranch, shall always be protected insofar as is possible in connection with the uses and structures permitted by this instrument. The entire Cotton Ranch area has been recognized as an important wildlife habitat. It is essential that the construction, fencing, and pet enclosures in the Cotton Ranch area be buffered in such a fashion to minimize the impact on the wildlife. It is of primary importance that each home when constructed will not in any way

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interfere with the rights or intent of the adjacent homesteads inasmuch as is possible as shown on the Plat.

2. Application. These covenants shall apply to all property within The Cotton Ranch except Filing 2. Nothing within this Declaration of Protective Covenants, Conditions and Restrictions of The Cotton Ranch shall in any way be binding upon that piece of property reserved for recreational use.

## ARTICLE II - DEFINITIONS

1. Association shall mean and refer to The Cotton Ranch Homeowners' Association, a Colorado nonprofit corporation, as filed with the Secretary of State of the State of Colorado, and as the same may be duly amended from time to time and also filed with the Secretary of State of the State of Colorado.

2. Board of Directors shall mean and refer to the administrative authority of The Cotton Ranch Homeowners' Association as created under the Articles of Incorporation and By-Laws of the Association.

3. Committee shall mean and refer to the Design Review Committee as provided for in Article V of these protective covenants.

4. Properties shall mean and refer to the real property described in Exhibit A, exclusive of the land designated as Filing 2.

5. Plat shall mean and refer to the Final Plats for all phases of The Cotton Ranch, as recorded in the real property records of the Clerk and Recorder of Eagle County, Colorado.

6. (a) Common Area shall mean and refer to all real property owned by the Cotton Ranch Homeowners' Association for the common use and enjoyment of the Members of the Association, exclusive of the land designated as Filing 2.

(b.) Open Space shall mean and refer to all real property owned by the Cotton Ranch Metropolitan District for the common use and enjoyment of the Members of the Association.

7. Member shall mean and refer to every person or entity who holds membership in the Association.

8. Lot shall mean and refer to any plot of land shown upon the Plat, with the exception of the Common Area, Filing 2, or other lands dedicated or conveyed to the Town of Gypsum, Colorado ("Town") or to the Cotton ranch Metropolitan District, except that, prior to recording all Final Plats for all Filings of the Cotton ranch, "Lot" shall mean and refer to any Lots actually shown on such recorded Final Plats and those plots of land designated as residential building sites on the Preliminary Plan of the Cotton Ranch as approved by the Town on August \_\_\_\_\_, 1995.

*does this include upper mesa? Village?*

9. Ranch or Cotton Ranch shall mean and refer to The Cotton Ranch, a subdivision of the Town of Gypsum, Colorado, as shown on the Plat.

### ARTICLE III - COTTON RANCH HOMEOWNERS' ASSOCIATION

1. Membership in The Cotton Ranch Homeowners' Association. All persons or associations (other than The Cotton Ranch Homeowners' Association) who own or acquire fee title to any Lot, by whatever means acquired, shall automatically become Members of the Association, a Colorado non-profit corporation, in accordance with the Articles of Incorporation of said Association in effect and recorded or filed with the Secretary of State of the State of Colorado, and as the same may be duly amended from time to time and also filed with the Secretary of State of the State of Colorado. Within 60 days after the recording of a Final Plat for any Filing of the Cotton Ranch, Declarant shall convey to the Association all Common Areas within such Filing, including, but without limitation, any easements and recreational facilities. Thereafter,

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the Association shall own, operate, maintain, repair and administer these areas in accordance with the provisions of the Articles of Incorporation and Bylaws of the Association and these covenants, conditions and restrictions. Such administration shall include but without limitation, the making of rules and regulations governing these of Common Areas and facilities and levying of any assessments necessary in the construction, maintenance, repair and operation of such Common Areas and facilities as well as the other duties of the Association as provided herein or in said Articles and By-Laws.

The term "conveyance" as hereinabove used shall not be construed to include a conveyance by Declarant to any corporation, partnership, limited liability company or limited partnership of which Declarant is the owner of at least fifty (50) percent interest.

2. Voting. The Association shall have two classes of membership:

Class A. All the Members as defined in Section I of this Article with the exception of The Declarant.

Class B. The Declarant.

Voting Rights shall be in accordance with the following:

Class A Members. Those Class A Members holding an interest in any one Lot shall collectively be entitled to one vote for said Lot. The vote for each Lot shall be exercised by the owners thereof as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot.

Class B Members. The Class B member shall be entitled to three votes for each Lot in which it holds the interest required for membership by Section I of Article III, converted to Class A membership on the happening of either of the following events, which ever occurs earlier:

(a) When the total votes outstanding in the Class A membership equals the total votes outstanding in the Class B membership, or

(b) On December 31, 2005 

#### ARTICLE IV - MAINTENANCE ASSESSMENTS

1. Personal Obligation for Assessment. The Declarant, for each Lot owned within the Properties, hereby covenants, and each Member, except those exempt under Paragraph 10 of this Article, by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed or other conveyance, is deemed to covenant and agree to pay to the Association:
  - (a) Annual assessments or charges, and
  - (b) Special assessments for capital improvements, such assessments to be established and collected from time to time by the Association as hereinafter provided.

The annual and special assessments, together with such interest thereon, cost of collection and reasonable attorney's fees, shall be the personal obligation of the Member of such property at the time when the assessment fell due. The Association may bill and collect said annual assessments on a monthly or quarterly rather than an annual basis if it so desires.

2. Purpose of Assessment. The assessments levied by the Association upon the Lots shall be used for the purpose of enforcement of this Declaration of Protective Covenants, Conditions and Restrictions, including the Design Guidelines promulgated hereunder, promoting the recreation, health, safety and welfare of the residents of the Ranch, and in particular, for payment of attorneys' fees and other costs and expenses of enforcement of the terms of this Declaration of Protective Covenants, Conditions and Restrictions, including the Design

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Guidelines promulgated hereunder, and for making improvements, and providing services and facilities devoted to these purposes and related to the use and enjoyment of the Common Area, including but not limited to the payment of taxes and insurance thereon and repair, replacement, and additions thereto, and for the cost of labor, equipment, materials, management and supervision thereof.

3. Initial Assessment Deposit at Time of Closing. Each Lot shall be subject to an initial assessment of \$200.00. This deposit applies only to the initial conveyance by the Declarant to any owner. This initial assessment shall be deposited by the new owner with the Association at closing upon acquisition of title or ownership as described in Article III, Paragraph 1. The initial assessment levied by the Association upon the Lots shall be used exclusively to provide a reserve for working capital, to be used for the same purpose as authorized by Paragraph 2. of this Article.
  
4. Basis and Maximum of Annual Assessments. Each Lot shall, as hereinafter provided, be subject to an annual assessment of not more than \$180.00 until January 1, 1997, when the Board of Directors may fix the annual assessment above this initial maximum annual assessment. In no event shall the maximum annual assessment exceed the sum of \$300.00 per Lot, exclusive of any optional user fees and any insurance premiums paid by the Association. The Board of Directors shall fix the annual assessment within said subsequent maximum as they deem necessary in their discretion. From and after January 1, 1997, the maximum annual assessment may be increased or decreased by the assent of two-thirds (2/3) of the votes of each class of Members who are voting in person or by proxy, at a meeting of the Members. Written notice of the meeting of Members shall set forth the fact that the question of the change in assessment limit shall be considered and which shall be sent to all Members not less than 15 days nor more than 50 days in advance of the meeting. The quorum at such meeting shall meet the requirements of Paragraph 6 of this Article.

5. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy in any fiscal year, a special assessment applicable to that year only which may be collected on a monthly basis, for the purpose of defraying in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of a described capital improvement upon the Common Area, including the necessary fixtures and personal property related thereto, provided that, any such assessments shall have the assent of two-thirds (2/3) of the votes of each class of Members who are voting in person or by proxy at the meeting of the Members, written notice of which shall set forth the fact that the question of the imposition of the special assessment shall be considered, and which shall be sent to all Members not less than 15 days nor more than 50 days in advance of the meeting. Notwithstanding the foregoing, in no event shall the sum of \$300.00 per Lot, exclusive of any optional user fees and any insurance premiums paid by the Association.

6. Quorum for any Action Authorized Under Section 4 and 5. The quorum required for any action authorized by Paragraph 4 and 5 of this Article, shall be as follows:

At the first meeting called, the presence at the meeting of Members in person or by proxies entitled to cast sixty percent (60%) of all votes of each class of membership shall constitute a quorum. If the required quorum is not forthcoming at any meeting another meeting may be called, subject to the notice requirements set forth in Paragraph 4 and 5 of this Article, and the required quorum at such subsequent meeting, shall be one-half of the required quorum at the preceding meeting, provided that no such subsequent meeting shall be held more than (60) days following the date of the previously called meeting.

7. Date of Commencement of Annual Assessments: Due Dates. The annual assessments provided for herein shall commence as to any given Lot (except as to any portion of the Properties in Filing 3 of the Cotton Ranch) at such



time as said Lot is conveyed by Declarant to a Member, except that Declarant shall not be required to pay any assessments on any Lots owned by it. The Board of Directors shall fix the amount of the annual assessment at least 30 days in advance of said commencement date and for any change in the annual assessment shall not be effective for 30 days following its approval. Written notice of the assessment shall thereupon be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall upon demand at any time furnish to any person with respect to a particular Lot a certificate in writing signed by an officer of the Association, setting forth the amount of the annual and special assessments on said Lot and whether said assessments are current. A reasonable charge may be made by the Association for the issuance of the certificates. Such certificates shall be conclusive evidence of the facts stated therein.

8. Assessment Lien. Assessments levied upon Lots shall be a perpetual lien upon said Lots until such assessments and any interest, penalties and charges which may accrue thereon shall have been paid or the conditions occur as hereinafter provided; but such liens shall be subordinate to any first lien deed of trust or mortgage encumbering any Lot. Sale or transfer of any Lot shall not affect the assessment Lien. However, the sale or transfer of any Lot which is subject to a first trust deed or mortgage or any proceeding resulting from a default on the first trust deed or mortgage and deed in lieu of foreclosure thereof, shall extinguish the lien of such assessments as to payments thereof which became due prior to such sale or transfer. No such sale or transfer shall relieve such Lot from liability for any assessment thereafter becoming due or from the lien thereof.
9. Effect of Nonpayment of assessments; Remedies of the Association. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of 12 percent per annum, and the Association may bring an action at law against the Owner personally

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obligated to pay the same, or foreclose the lien against the property, and interest, costs, and reasonable attorney's fees of any such action shall be added to the amount of such assessment. The Home Owners Association by simple majority can raise or lower the delinquency rate from the 12% level. No owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Lot.

10. Exempt Property. The following property subject to this Declaration shall be exempt from the assessments, charges and liens created herein:

- (a) the Common Area; and
- (b) Property owned by the "Declarant".
- (c) Property owned by or dedicated to the Cotton Ranch Metropolitan District.
- (d) Property owned by or dedicated to the Town.

11. Any duplex lot within the Cotton Ranch shall be deemed to be 2 Lots for purposes of levying and collecting assessments under this Article IV. With respect to the portion of the Properties within Filing 3 of the Cotton Ranch, the initial assessment deposit provided for in this Article IV, paragraph 4 shall not commence as to any given unit to be constructed therein until issuance of a final certificate of occupancy by the Town as to such unit.

#### ARTICLE V - DESIGN REVIEW COMMITTEE

1. Appointment Duties. The Board of Directors shall appoint 3 persons, plus 2 alternates, at least one of whom must be an architect, who need not be Members of the Association to serve as the Design Review Committee (the "Committee") to serve at the pleasure of the Board. It shall be the duty of the Committee and it shall have the power by the exercise of its best judgment to see that all structures, improvements, construction, decorating and landscaping on the Properties

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conform to and harmonize with the existing surroundings and structures.

2. Design Guidelines. Design guidelines for the Ranch have been published under separate cover and are hereby adopted. It is intended that the guidelines shall be followed by all builders, developers, property owners and residents of the Ranch, and that the Committee follow the guidelines in their reviewing and permitting process. A copy of the Design Guidelines will be provided to each Lot purchaser upon closing the purchase of such Lot, and such purchaser shall thereafter be bound by the provisions of the Design Guidelines.

The Design Guidelines may, from time to time, be amended to reflect new experience and to accommodate changing conditions, by a majority of the Committee. Such changes shall become effective thirty days after publication in a newspaper of general circulation in Eagle County, Colorado.

3. Approval by Design Review Committee. No improvements of any kind, including but not limited to dwelling houses, sheds, outbuildings, swimming pools, tennis courts, parking areas, fences, walls, garages, drives, antennae, flagpoles, curbs and walks, shall ever be constructed or altered on any Properties, nor may any vegetation be altered or destroyed nor any landscaping performed, unless the complete plans for such construction or alteration or landscaping are approved in writing by the Committee prior to the commencement of such work and the applicant has paid to the Committee such fee as may be established by the Committee from time to time, as more particularly specified in the Design Guidelines. In the event the Committee fails to take any action within Thirty (30) days after complete plans for such work have been submitted to it, together with the appropriate fee, then all of such submitted plans shall be deemed approved. All submissions, approvals, and/or disapproval's shall be submitted in writing, dated and receipted for. In the event the Committee shall disapprove any plans, the person or entity submitting such plans may appeal the matter to the next annual or special meeting of the Members of the Association, where a vote of at least two-thirds of the votes of each class of Members entitled to be cast at said

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meeting shall be required to change the decision of the Committee. Further, at the time of approval of plans and specifications for construction of a dwelling on a Lot, prior to the commencement of construction or making any improvements, the Members shall pay a security deposit in the amount of \$2,000.00 to the Committee to assure that such Member completes construction and installs landscaping according to the plans approved by the Committee, and to assure any damage done to the roads, easements or Common Areas during construction of the Lot, owner's improvements and installation of utility services to the Lot have been suitably repaired. In the event such damage is not repaired by the Lot owner within thirty (30) days following issuance of a Certificate of Occupancy for such dwelling, then the Association may use the deposited funds to repair the damage. In the event the damage exceeds the sum of \$2,000.00, the Association may charge the balance of the cost of repairs to the Lot owner and assess a special assessment against the property, to be collected in the manner of other assessments as provided in the Articles of Incorporation and the By-Laws of the Association and any rules and regulations promulgated by such Association. Application for a Building Permit shall not be made prior to approval of plans by the Committee. The Committee shall disapprove any plans submitted to it which are not sufficient to ensure compliance with the intent of the covenants and Design Review Guidelines. Land dedicated to the Town of Gypsum will not be exempt from obtaining approvals from the Design Review Committee; however, all fees for the application from the Town of Gypsum will be waived.

4. Design Review Committee Not Liable. The Committee shall not be liable in damages to any person or entity submitting any plans for approval, or to any owner of Properties, by reason of any action, failure to act, approval, disapproval, or failure to approve or disapprove, with regards to such plans. Any person or entity acquiring title to any Lot in the Ranch, or any person or association submitting plans to the Committee for approval, by doing so, agrees and covenants that he or it will not bring any action or suit to recover damages against the Board of Directors, the Committee, their members as individuals, or their advisers, employees, or agents.

5. Written Record. The Committee shall keep and safeguard for at least five years complete permanent written records of all applications for approval submitted to it (including one set of all plans so submitted), all actions of approval or disapproval and all other actions taken by it under the provisions of this instrument.

6. Variances. Any request for variance from the provisions of the Design Guidelines must be approved by both the Committee. The Committee may develop and promulgate regulations under which variances are to be considered and granted. Any application for variance must first be approved by the Committee before being considered by the Town.

#### ARTICLE VI - GENERAL RESTRICTIONS ON ALL LANDS

1. Zoning Regulations. No lands within the Ranch shall ever be occupied or used by or for any structure or purpose or in any manner which is contrary to the Plat, this Declaration of Covenants, Conditions and Restrictions, or Design Guidelines promulgated hereunder.
2. No Mining, Drilling or Quarrying. No mining, quarrying, tunneling, excavating, or drilling for substances within the earth, including oil, gas minerals, gravel, sand, rock, and earth shall ever be permitted within the limits of the Ranch, except that, anything contained in these covenants to the contrary notwithstanding such activity may continue to be operated by Declarant, its successors or assigns except during construction of project infrastructure.
3. Business Uses. An owner shall be entitled to conduct business activities from within a dwelling constructed on his or her Lot, subject to the following restrictions:
  - (i) there shall be no separate access or entrance to such business activity;
  - (ii) the business activity shall be conducted from within the dwelling and shall be conducted

exclusively by the owner, without the aid of assistants, employees or independent contractors;

- (iii) the business activity shall not include the commercial manufacture, creation, exchange storage of sale of chattels, goods, wares or merchandise;
- (iv) the existence of operation of the business activity is not apparent or observable from outside the dwelling;
- (v) the business activity conforms to all zoning requirements of the Ranch;
- (vi) the business activity does not involve regular visits to the dwelling by customers, patients, clients, suppliers or other business invitees or door-to-door solicitation of residents of the Ranch; and
- (vii) the business activity is consistent with the residential character of the Ranch and does not constitute a nuisance, a hazardous or offensive use, or threat to the safety or security of the other residents of the Ranch.

The term "business" as used in this Section, shall have its ordinary and generally accepted meaning and shall include, without limitation, any occupation, work or activity undertaken on an ongoing basis which involves the provision of goods or services to persons other than the provider's family and for which the provider receives a fee, compensation or other form of consideration, regardless of whether such activity is engaged in full or part time, such activity is intended to or does generate a profit or fee or a license is required.

- 4. Signs. Signs shall conform to the Design Guidelines.
- 5. No Re-subdivision. No single-family Lot described on a recorded plat of the Ranch or future filings in the Ranch shall ever be re-platted into smaller tracts or Lots or conveyed or encumbered except as shown on the recorded plat of the Ranch.

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6. Duplex Lots. All Lots described on the recorded plat of the Ranch as a duplex lot will comply with the regulations of the P.U.D. Control Documents.
7. Trash. All rubbish and trash shall be removed from all Lots in The Ranch and shall not be allowed to accumulate or be burned thereon.
8. Recreational Vehicles. No recreational vehicles such as motorized trail bikes, snowmobiles, unlicensed motorcycles, or any other unmuffled vehicle or all-terrain vehicles shall be operated on any of the roads, private Lots or Common Area within the Ranch, unless specifically authorized by the Board of Directors of the Association.
9. Hunting. There shall be no hunting of any animals whatsoever within the boundaries of the Ranch, nor shall there be the discharge of any firearms.
10. Maintenance in Public Rights-of-Way. Each Lot owner shall be responsible for maintenance OF the public right-of-way adjacent to the owner's Lot on the lot. This area shall be maintained as if it were a part of the owner's Lot. Upon failure of the owner to do so, the Board of Directors, may at its option, after giving the owner thirty (30) days' written notice, have the area maintained when, as often as the same is necessary in its judgment, to maintain the beauty of the Properties. The cost of this maintenance may be charged to the Lot owner as a special assessment against the Lot by the Association. Areas adjacent to Common Area shall be maintained by the Association.
11. On-Street Parking. There shall be no overnight on-street parking of any vehicle. Short-term (6-hour) guest parking will be allowed, but not on a regular basis.
12. Utility Easements Reserved. Declarant hereby reserves to itself, and its successors in interest, perpetual easements as recorded on the final plat of the Ranch, for the purpose of constructing, maintaining, operating, replacing,

enlarging and repairing electric, telephone, water, television, irrigation, sewer, gas, and similar lines, pipes, wires, poles, ditches, and conduits. The Declarant may convey or grant by license, lease, deed, lien, deed of trust, mortgage, or otherwise any right, title or interest in or to any and all easements and reservations contained within the documents of conveyance, these covenants and agencies as may be reasonably necessary to effect the development and residential intentions as set forth in the plat recorded. Declarant reserves to itself, his heirs, successors and assigns, perpetual anchor easements adjacent to all such utility easements sufficient to allow all utility poles to be securely and properly anchored and fastened.

13. No liability for nuisances/hazards associated with adjacent lands and airspace. By purchasing property located in the Ranch, such owners hereby acknowledge that their property is located either adjacent to or in relatively close proximity to: (I) land designated as a golf course, (ii) land managed by the Bureau of Land Management ("BLM Land") upon which hunting of animals by use of firearms, archery equipment and other weapons is permitted, (iii) the Eagle County Airport ("Airport"), and (iv) land upon which animals, including without limitation, steers and horses, are kept pursuant to the operation of cattle ranch(es) (the items referred to in items (i) through (iv) being collectively referred to as the "Adjacent Properties"). Owners of property located in the Ranch hereby recognize and assume the risks of owning properties adjacent to or within relatively close proximity of said Adjacent Properties. Such risks include, without limitation: injury to person and/or property arising out of, or resulting from, the operation, maintenance and/or use of the golf course, noise associated with the golf course, errant golf balls and/or other golf related equipment, trespass, acts or omissions of persons using or otherwise on the golf course, and/or the existence of water hazards, ponds, and/or lakes on the golf course property; injury to persons and/or property arising out of, or resulting from, the use, operation and/or maintenance of the BLM Land by hunters and/or other persons, and/or the use of firearms,

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archery equipment or other weapons on the BLM Land; noise and air pollution associated with the use and/or operation of the Airport, risks associated with airborne objects, including without limitation airplanes, helicopters, and hot air balloons, and objects and/or persons falling or parachuting therefrom; injury to person or property arising out of, or resulting from, the operation of cattle ranch(es) including, without limitation, the release, intentional, inadvertent or otherwise, of animals kept on such cattle ranch(es) (all of the above being collectively referred to as the "Adjacent Property Risks"). Owners of property located in the Ranch for themselves, their heirs, personal representatives, executors, tenants, successors, assigns, invitees and licensees hereby release, remise, hold harmless, forever discharge and agree to indemnify (including reasonable costs and attorney's fees) the Cotton Ranch Company, L.L.C., the Cotton Ranch Homeowner's Association, the Town of Gypsum, the Cotton Ranch Golf Course, the County of Eagle and their respective members, managers, officers, directors, shareholders, employees, independent contractors, agents, successors, and assigns (the "Benefited Parties") of and from any and all claims, actions, suits, demands and/or compensations, either at law or in equity, against the Benefited Parties for or on account of any damages, loss, or injury either to person or property, or both, resulting directly or indirectly from the Adjacent Property Risks.

14. Location of Improvement. All improvements on any Lot shall be constructed within the Recommended Building Location for such Lot as specified on the Plat, and in any event shall not be constructed on or in any wetland area designated on the Plat.
15. Water Rights. Drinking water for the homes on the Ranch will be provided by the Town of Gypsum; a non potable community irrigation supply will be provided by the Cotton Ranch Metropolitan District for outside watering. The Cotton Ranch District is the owner of extensive water rights consisting of both senior and junior appropriation dates. These water rights will provide an adequate supply of water for outside irrigation requirements

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except when a drought occurs. In the event of very dry conditions which result in a drought, limitations on outside irrigation may be necessary at the Ranch and in other areas of the Town of Gypsum. Outside watering restrictions will be removed when water supplies return to normal. The Rules and Regulations of the Cotton Ranch Metropolitan District govern the provision and operation of the non potable irrigation supply.

#### ARTICLE VII - RESTRICTIONS ON RESIDENTIAL LOTS

1. A. Number and Location of Buildings. No buildings or structures shall be placed, erected, altered, or permitted to remain on any residential single family Lot other than:
  - (a) One detached single-family dwelling house with customary accessory uses;
  - (b) One non-residential outbuilding which can be a garage.
  
- B. Number and Location of Buildings. No buildings or structures shall be placed, erected, altered, or permitted to remain on any residential Duplex Lot other than:
  - (a) One detached Duplex dwelling house with customary accessory uses;
  - (b) One non-residential outbuilding which can be a garage.
  
- C. Number and Location of Buildings. No buildings or structures shall be placed, erected, altered, or permitted to remain on any residential multi-family lot other than those which are permitted according to the P.U.D. Control Documents.

2. Excavating and Landscaping. No excavation or landscaping shall be performed on any residential tract without the prior written permission of the Design Review Committee.
3. Commercial Vehicles, Campers, or Trailers. No campers, recreational vehicles, boats, trailers, commercial type vehicles or trucks shall be stored or parked on any Lot except in a closed garage or screened parking area. Such vehicles shall not be parked on any street, road or Common Area except while engaged in transport to or from a dwelling. For the purposes of this restriction, a truck having a one ton or less manufacturer's rated capacity, commonly known as a pick-up truck, shall be deemed to be a commercial type vehicle or a truck.
4. Animals.
  - (a.) Dogs. Each residential lot will be permitted to have up to two dogs and offspring up to three months old. Residents will be prohibited from harboring dogs on their property unless they have adequate facilities (i.e. a fenced yard, dog run or kennel) to contain the animals. Enclosed runs must be located immediately adjacent to the home, within the permitted disturbance zone as specified in the Design Guidelines. If facilities are inadequate to contain the resident's dog (s), the animal (s) will be immediately removed from the subdivision until adequate structures can be built. At no time are dogs to be allowed to run freely. Stray dogs may also be controlled by the Town of Gypsum, or its representative, and the CDOW (Colorado Division of Wildlife). Homeowners not in compliance with these dog restrictions will be responsible for any and all costs incurred by the Ranch, the Town of Gypsum and/or CDOW for enforcing these provisions. Contractors will be prohibited from bringing dogs to the construction site.
  - (b.) Horses and other Livestock. It will be expressly prohibited to board or keep any livestock, including, but not limited to horses, within the

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Ranch, to minimize fencing and the degradation of the habitat.

5. Fencing. Fencing will be restricted throughout the development to facilitate wildlife movements, optimize habitat availability, and reduce wildlife mortality. In areas which may affect the migration or movement of deer and/or elk, fences shall be constructed in compliance with the standards for same as established by the Colorado Division of Wildlife (CDOW) and in accordance with the Design Guidelines.
6. Bears/Trash Removal. If a nuisance bear problem develops, residents affected must use bear proof trash receptacles for all outside storage of trash. The Town of Gypsum shall make the determination if a problem develops.

The Homeowners' Association may enforce the provisions of this covenant by whatever means may be legally available to it. In lieu of, or in addition to other remedies, the Homeowners' Association may levy penalties against owners violating this provision as follows: First violation, fifty dollars (\$50.00); second violation, one hundred dollars (\$100.00); third violation and subsequent violations, five hundred dollars (\$500.00). These fines may be levied as special assessments against the lot owner's property to be collected and enforced in the same manner as other assessments made under the authority of the Association.

#### ARTICLE VIII - ENFORCEMENT

1. Enforcement Actions. The Design Review Committee shall have the right to prosecute any action to enforce the provisions of all of these covenants by injunctive relief, on behalf of itself and all or part of the owners of lands within the Ranch. In addition, each owner of a Lot within the Ranch, including the Association and the Town of Gypsum, shall have the right to prosecute any action for injunctive relief or damages by reason of any violation of these covenants, conditions and restrictions in

a court of appropriate jurisdiction. Reasonable attorney's fees incurred by the person or entity bringing such action shall be recoverable from the other party if the person or entity bringing the action shall prevail.

The Board of Directors may also take corrective action of any violation of these covenants 14 days after written notice to the owner of record that such violation exists. The costs of such corrective action may be charged to the Lot owner as a special assessment against the Lot to be collected in the manner of other assessments as provided in the Articles of Incorporation and the By-Laws of the Association and any rules and regulations promulgated by such Association.

#### ARTICLE IX - GENERAL PROVISIONS

1. Covenants to Run. All provisions of this Declaration of Covenants, Conditions and Restrictions shall be deemed to be covenants running with the land. The benefits, burdens, and other provisions contained herein shall be binding upon and shall inure to the benefit of the Declarant, all subsequent owners of any Property in the Ranch, and their respective heirs, executors, administrators, personal representatives, successors, and assigns.
2. Termination of Covenants. The covenants contained in this instrument shall terminate thirty years after the date of execution of this instrument, or at the time of final dissolution of the Association, whichever shall first occur. These covenants may be amended by a vote of two-thirds of the votes entitled to be cast by members of the Association at an annual or special meetings thereof, said vote to be cast at any meeting of the Members duly held in accordance with the Articles of Incorporation and By-Laws of the Cotton Ranch Homeowners' Association, provided a properly certified copy of the resolution of

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amendment is recorded in Eagle County, Colorado upon adoption.

3. Severability. Should any part or parts of these covenants be declared invalid or unenforceable by any court of competent jurisdiction, such decision shall not affect the validity of the remaining covenants.
4. Paragraph Headings. The paragraph headings in this instrument are for convenience only and shall not be construed to be a part of the covenants contained herein.

#### ARTICLE X - SUPPLEMENTAL DECLARATION

1. Intention. Future filings of the Ranch will be subject to the terms and conditions of these Covenants, Conditions and Restriction. The Association, which is set up by these covenants, will be the same association which serves that purpose for all future Filings in the Ranch.
2. Procedure. Declarant, its successors and assigns, shall cause to be filed for record in the office of the Clerk and Recorder of Eagle County, Colorado a Supplemental Declaration declaring that these Covenants, Conditions and Restrictions shall apply to and be binding upon real property that is described therein.
3. Authority. Declarant, its successors and assigns, shall have the right to declare such Supplemental Declarations only until 15 years from the date of recording of these Covenants, Conditions and Restrictions, or when Declarant, its successors and assigns, records a notice in writing waiving this reserved right, whichever shall first occur.

#### ARTICLE XI - COTTON RANCH METROPOLITAN DISTRICT

Declarant has caused to be created, pursuant to the Colorado Special District Act, Title 32, C.R.S., a Special District - Cotton Ranch Metropolitan District - the geographical boundaries of which are substantially identical to the boundaries of the Ranch. So long as the

10/30/95

Cotton Ranch Metropolitan District shall exist, the Ranch shall be subject to the provisions of the Colorado statutes granting powers to Special Districts.

DECLARANT:

COTTON RANCH COMPANY, L.L.C.  
a Colorado limited liability company  
By: MTG Development, L.L.C., a  
Colorado limited liability  
company, Manager

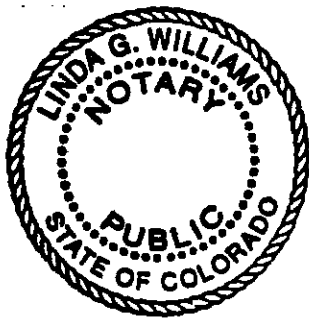
By: *Tim Garton*  
Tim Garton, Manager

and an acknowledgment in the following form:

STATE OF COLORADO            )  
                                          ) ss.  
COUNTY OF EAGLE            )

The foregoing instrument was acknowledged before me this 29 day of October, 1995 by Tim Garton as Manager of MTG Development, L.L.C., a Colorado limited liability company; Manager of Cotton Ranch Company, L.L.C. a Colorado limited liability company  
Witness my hand and official seal.

My commission expires: 10/24/96  
*Linda G. Williams*  
Notary Public



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**SUPPLEMENTAL DECLARATION**  
**OF**  
**PROTECTIVE COVENANTS, CONDITIONS AND RESTRICTIONS**  
**OF**  
**THE COTTON RANCH**

Cotton Ranch Company, L.L.C., a Colorado limited liability company (Declarant), as the owner of certain real property located in Eagle County, Colorado, and more particularly described on Exhibit A, attached hereto and incorporated herein by this reference hereby makes the following grants, submissions, and declarations:

**RECITALS**

WHEREAS, Declarant has previously executed a particular Declaration of Protective Covenants, Conditions and Restrictions of The Cotton Ranch (the "Declaration"), which Declaration was recorded in the office of the Clerk and Recorder of Eagle County, Colorado in Book 679 at Page 552, Reception Number 575562;

WHEREAS, Declarant wishes to subject the real property described in Exhibit A attached hereto to the provisions of the Declaration, as provided in Article X of the Declaration;

NOW THEREFORE, Declarant declares that the real property described in Exhibit A attached hereto and incorporated herein by this reference (the "Property") and such additions as may hereafter be made are and shall be held, transferred, sold, conveyed and occupied subject to the terms, provisions, covenants, conditions, restrictions, easements, charges and liens of the Declaration which shall run with the Property and be binding on all persons having or acquiring any right, title or interest in the Property or any part thereof, and their heirs, successors, and assigns, and shall inure to the benefit of, be binding upon, and be enforceable by Declarant, its successors in interest, each owner of the Property or any part thereof and his successors in interest, and the Cotton Ranch Homeowners' Association and its successors in interest; and

DECLARANT further declares that for purposes of Article IV of the Declaration, any multi-unit building constructed on the Property shall be deemed to have a number of lots equal to the number of living units within the building. The initial assessment deposit shall not be required as to any given unit constructed on the Property until issuance of a final certificate of occupancy for such unit by the Town; and

DECLARANT further declares that the Property may be developed with three-plex, four-plex and other multi-family structures to the extent permitted by the then current zoning for the Property, subject to prior review and approval of the Design Review Committee.



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EXHIBIT "A"

Multi-Family Parcel:

Beginning at the Northwesterly-most corner of Cotton Ranch Filing 1, a point from which a brass cap at angle point 3 of Tract 72, Section 7, Township 5 South, Range 85 West of the 6th P.M. bears S 52 degrees 17'46" W 4481.88 feet;  
thence S 89 degrees 51'22" W 719.08 feet;  
thence N 02 degrees 44'57" E 567.65 feet;  
thence N 50 degrees 11'00" E 849.29 feet;  
thence S 89 degrees 30'10" E 161.21 feet;  
thence S 00 degrees 41'10" E 443.18 feet;  
thence S 06 degrees 36'29" W 668.79 feet;  
thence S 89 degrees 51'22" W 50.04 feet;  
TO THE POINT OF BEGINNING.

also known as:

THE VILLAGE AT COTTON RANCH FILING NO. 1,  
according to the plat thereof recorded May 19, 1997 in  
Book 727 at Page 75 as Reception No. 623038.

including, without limitation, Lots 1-14, inclusive,  
Parcel A, Tract A, and Tract B as shown on said plat

COUNTY OF EAGLE  
STATE OF COLORADO.



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3 of 3 R 16.00 D 0.00 Sara J Fisher, Eagle, CO

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