RECORDED IN
COUNTY OF JEFFERSON
STATE OF COLORADO
RECEPTION NO. 89033830
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DECLARATION OF PROTECTIVE COVENANTS CONDITIONS AND RESTRICTIONS FOR DOUGLASS RANCH

THIS DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS AND RESTRICTIONS (this "Declaration") is made and entered into as of April 1, 1989, by DOUGLASS RANCH VENTURE, INC., a Colorado corporation (herein called "Declarant").

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WHEREAS, Declarant is the record owner of a parcel of real property situated in Jefferson County, Colorado, known as Douglass Ranch, more particularly described in Exhibit A attached hereto and by this reference incorporated herein (the "Property").

WHEREAS, Declarant desires that the Property be developed generally in accordance with a master plan and general scheme of development into a residential community to be known as "Douglass Ranch."

WHEREAS, the Douglass Ranch Property Owners Association, Inc., a Colorado non-profit corporation, has been or will be incorporated to act as a homeowners' association with the powers of managing, maintaining and administering the common areas within the Property, administering and enforcing these covenants, conditions and restrictions, collecting and disbursing funds pursuant to the assessments and charges hereinafter created, and performing such other acts as are herein provided or which generally benefit its members or the Property.

THEREFORE, to further the general purposes herein expressed, the Declarant, for itself, its successors and assigns, hereby declares that all of the Property shall at all times, be owned, held, used and occupied subject to the provisions of this Declaration and to the covenants, conditions and restrictions herein contained.

I

DEFINITIONS

The following words, phrases or terms used in this Declaration shall have the following meanings:

(a) "Annual Assessment" shall mean the charge levied and assessed each year against each Lot pursuant to Section 4.2, hereof.

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(b) "Association" shall mean the Douglass Ranch Property Owners Association, Inc., a Colorado nonprofit corporation organized or to be organized to administer and enforce the covenants and to exercise the rights, powers and duties set forth in this Declaration, its successors and assigns.

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(c) "Board" shall mean the Board of Directors of the Association.

(d) "Common Area" shall mean all land within Douglass Ranch that the Declarant designates as Common Area by this Declaration, a plat, or other recorded instrument and all land within Douglass Ranch for which the Association has been granted an easement or has been permitted to use. Common Area shall also include, but not be limited to, areas shown on any recorded plat for Douglass Ranch as (i) Tract A or "common open space", (ii) the Water Augmentation Pond (also known as the Douglass Ranch Pond), Water Augmentation Pond Easement and Fire Access Easement on Lot 7, (iii) the Utility Easement on Lot 6, (iv) Utility Easements and Private Access Drives, (v) the Access Easement on Lot 3, (vi) the Pedestrian Easement on Lot 19, and (vii) Drainage Easements provided for on any recorded plat for Douglass Ranch.

(e) "Common Expenses" shall mean all expenses of maintenance, utilities and taxes incurred on or in connection with Common Areas within Douglass Ranch, the expenses of owning, operating and maintaining Utility Easements and Private Drives and easements within Douglass Ranch, all insurance premiums, all expenses incurred in connection with enforcement of this Declaration, all expenses expressly declared to be Common Expenses by this Declaration or the bylaws of the Association and all other expenses which the Association is entitled to incur pursuant to the provisions of this Declaration or the bylaws.

(f) "Douglass Ranch Pond" shall mean the water augmentation pond located on Lot 7.

(g) "Dwelling Unit" shall mean one or more rooms in a dwelling occupied by one family living independently of any other family, and having not more than one indoor kitchen facility which is limited to use by the one family.

(h) "Lot" shall mean any area of real property within Douglass Ranch designated as a Lot on any subdivision plat recorded or approved by Declarant.

(i) "Maintenance Charges" shall mean any and all costs assessed against an Owner's Lot and to be reimbursed to the Association for work done pursuant to Sections 5.2 and 5.3 and fines, penalties and collection costs incurred in connection with delinquent assessments pursuant to Section 4.6.

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(j) "Member" shall mean any person holding a membership in the Association.

(k) "Owner" shall mean (when so capitalized) the record holder of legal title to the fee simple interest in any Lot. If there is more than one record holder of legal title to a Lot, each record holder shall be an "Owner."

(l) "Special Assessment" shall mean any assessment levied and assessed pursuant to Section 4.3.

(m) "Utility Easement and Private Access Drive" shall mean any area of real property within Douglass Ranch designated as a Utility Easement and Private Access Drive on any subdivision plat recorded or approved by Declarant and shall include Baldwin Court, Meadowridge Lane, Gordon Court, May Long Court and Drake Court and shall exclude Berry Hill Lane.

II

MEMBERSHIPS AND VOTING

2.1 Members. Every Owner of a Lot which is subject to assessment shall be a Member of the Association. The rights and obligations of a Member shall not be assigned, transferred, pledged, conveyed or alienated in any way except upon transfer of ownership to an Owner's Lot and any such transfer shall automatically transfer the membership appurtenant to said Lot to the new Owner thereof.

2.2 Declarant. The Declarant shall be a Member of the Association for so long as it owns any Lot at Douglass Ranch.

2.3 Voting. The Association shall have two classes of voting memberships:

(a) Class A. Class A Members shall be all Owners except Declarant for so long as Declarant is the Class B Member. Once Declarant ceases to be the Class B Member it shall be a Class A Member if it is an Owner. Each Class A

Member shall be entitled to one vote for each Lot owned, subject to the authority of the Board to suspend the voting rights of the Member for violations of this Declaration in accordance with the provisions hereof. When more than one person holds an interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot.

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(b) Class B. There shall be one Class B Member which shall be the Declarant. The Class B Member shall be entitled to five votes for each Lot owned. In addition, the Class B Member shall be entitled to appoint two members to the Board as long as the Class B membership continues to exist. The Class B membership shall cease to exist and shall be converted to Class A memberships on the happening of one of the following events, whichever occurs earliest: (i) when the total votes outstanding in the Class A membership are equal to or greater than the total votes outstanding in the Class B membership, or (ii) ten years from the date of recordation of this Declaration in the Jefferson County records, or (iii) upon the resignation by the Class B Member.

(c) Voting. Except as otherwise set forth herein the Class A and Class B Members shall vote as one class and the affirmative vote of a majority of the total of all Class A and Class B Members voting on any matter shall be sufficient to approve such matters.

2.4 No Cumulative Voting. In any election of the members of the Board, every Owner entitled to vote at such an election shall have a number of votes for each Lot owned in accordance with the provisions set forth under Section 2.3 times the number of directors to be elected. The candidates receiving the highest number of votes, up to the number of Board members to be elected, shall be deemed elected. Cumulative voting shall not be allowed in the election of members of the Board or for any other purpose.

III

ASSOCIATION

3.1 Formation of Association. The Association shall be a nonprofit Colorado corporation charged with the duties and invested with the powers prescribed by law and set forth in its articles and bylaws and this Declaration. Neither the articles nor bylaws of the Association shall, for any reason,

be amended or otherwise changed or interpreted so as to be inconsistent with this Declaration.

3.2 Board of Directors and Officers. The affairs of the Association shall be conducted by the Board and such officers as the Board may elect or appoint in accordance with the articles and bylaws of the Association as the same may be amended from time to time. The initial Board shall be composed of three members. The Board may also appoint various committees and appoint a Manager who shall, subject to the direction of the Board, be responsible for the day-to-day operation of the Association. The Board shall determine the compensation to be paid to the Manager or any other employee of the Association.

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3.3 Douglass Ranch Rules. By a majority vote of the Board, the Association may, from time to time adopt, amend and repeal rules and regulations to be known as the Douglass Ranch Rules.

3.4 Personal Liability. Neither Declarant nor any member of the Board, officer, manager or other employee or committee member of the Association shall be personally liable to any Member, or to any other person, including the Association, for any damage, loss, claim or prejudice suffered or claimed on account of any act, omission to act, negligence, or other matter, of any kind or nature except for acts performed intentionally and with malice.

IV

ASSESSMENTS

4.1 Purpose of Assessments; Assessment Lien. All Members of the Association hereby covenant and agree, and each Owner by acceptance of a deed to a Lot is deemed to covenant and agree, to pay to the Association the following assessments and charges: (a) Annual Assessments, (b) Special Assessments, and (c) Maintenance Charges, all such assessments and charges to be established and collected as hereinafter provided. The Annual Assessments, Special Assessments and Maintenance Charges, together with interest, costs, and reasonable attorney's fees, shall be secured by a lien (the "Assessment Lien"), on the Lot to which they relate in favor of the Association which shall be a continuing servitude and lien upon the Lot against which each such assessment or charge is made. The Assessment Lien shall be a charge on the Lot, shall attach from the date when the unpaid assessment or charge shall become due and

shall be a continuing lien upon the Lot against which each such assessment is made. Each such assessment, together with interest, costs and reasonable attorney's fees, shall also be the personal obligation of the Owner of such Lot at the time the assessment became due. The personal obligation for delinquent assessments shall not pass to successors in title unless expressly assumed by them. The Assessment Lien may be foreclosed by the Association in the manner as a mortgage on real property upon the recording of a Notice of Delinquent Assessment or Charge as set forth in Section 4.7 hereof. The Association shall be entitled to purchase the Lot at any foreclosure sale.

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4.2 Annual Assessments. Commencing with the year in which this Declaration is recorded, an Annual Assessment shall be made against each Lot for the purpose of paying (or creating a reserve for) Common Expenses. Until January 1, 1989, the Annual Assessment for all Lots shall be $180.00 per Lot.

(a) From and after January 1, 1989, the Annual Assessment may be increased each year not more than five percent above the Annual Assessment for the previous year without a vote of the Members.

(b) From and after January 1, 1989, the Annual Assessment may be increased above five percent by a vote of 66 and two-thirds percent of the Members who are voting in person or by proxy, at a meeting duly called for that purpose.

(c) Notwithstanding the limitations set forth in (a) and (b) above, from and after the time that the Class B Member ceases to exist (as set forth in Section 2.3(b) hereof) the Annual Assessment may be adjusted each year in an amount deemed necessary or appropriate by the Board without a vote of the Members.

4.3 Special Assessments. In addition to the Annual Assessment authorized above, the Association may levy, in any assessment period, a Special Assessment applicable to that period only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon any Common Areas, or for the purpose of defraying other extraordinary expenses, provided that any such assessment shall have the assent of a majority of the total number of votes held by the Members who are voting in person or by proxy at a meeting duly called for such purpose.

4.4 Uniform Rate of Assessment. Annual Assessments shall be fixed at a uniform rate for all Lots and may be col-

lected on a yearly basis or more frequently if the Board shall so determine.

4.5 Establishment of Annual Assessment Period. The period for which the Annual Assessment is to be levied (the "Assessment Period") shall be the calendar year, except that the first Assessment Period shall commence upon the filing of this Declaration and terminate on December 31 of such year. The Board in its sole discretion from time to time may change the Assessment Period by recording with the County an instrument specifying the new Assessment Period. The Board shall fix the amount of the the Annual Assessment against each Lot at least thirty days in advance of the end of each Assessment Period. Written notice of the Annual Assessment shall be sent to each Member. Failure of the Association to send a bill to any Member shall not relieve the Member of liability for payment of any assessment or charge. The due dates shall be established by the Board. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specific Lot have been paid.

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4.6 Effect of Nonpayment. Any assessment or charge or installment thereof not paid when due shall be deemed delinquent and in the discretion of the Board may bear interest from thirty days after the due date until paid at a reasonable rate, and the Member shall be liable for all costs, including attorneys' fees, which may be incurred by the Association in collecting the same. The Board may also record a Notice of Delinquent Assessment or Charge against any Lot as to which an assessment or charge is delinquent. The Notice shall be executed by an officer of the Board, set forth the amount of the unpaid assessment, the name of the delinquent Owner and a description of the Lot. The Board may establish a fixed fee to reimburse the Association for the Association's cost in recording such Notice, processing the delinquency and recording a release of said lien, which fixed fee shall be treated as part of the Maintenance Charge of the Association secured by the Assessment Lien. The Association may bring an action at law against the Owner personally obligated to pay the delinquent assessment and/or foreclose the lien against said Owner's Lot. No Owner may waive or otherwise avoid liability for the assessments provided for herein by non-use of the benefits derived from assessments or abandonment of his Lot.

4.7 Priority of Lien. The Assessment Lien provided for herein shall be subordinate to any first mortgage lien held by, or first deed of trust of which the beneficiary is a lender who has lent funds with a Lot as security, or held by

the lender's successors and assigns, and shall also be subject and subordinate to liens for taxes and other public charges. Except as provided above, the Assessment Lien shall be superior to any and all charges, liens or encumbrances which hereafter in any manner may arise or be imposed upon each Lot. Sale or transfer of any Lot shall not affect the Assessment Lien.

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V

MAINTENANCE

5.1 Common Areas. The Association, or its duly delegated representative, shall maintain and otherwise manage all Common Areas. The Board shall be the sole judge as to the appropriate maintenance of all Common Areas and other properties maintained by the Association. Any cooperative action necessary or appropriate to the proper maintenance and upkeep of said properties shall be taken by the Board or by its duly delegated representative.

5.2 Assessment of Certain Costs. In the event that the need for maintenance or repair of Common Areas and other areas maintained by the Association is caused through the willful or negligent act of any Owner, his family, guests or invitees, the cost of such maintenance or repairs shall be added to and become a part of the Maintenance Charge to which such Owner's Lot is subject and shall be secured by the Assessment Lien.

5.3 Improper Maintenance. In the event any portion of any Lot is so maintained as to present a public or private nuisance, or as to substantially detract from the appearance or quality of the surrounding Lots or other areas of Douglass Ranch which are substantially affected thereby or related thereto, or in the event any portion of a Lot is being used in a manner which violates this Declaration; or in the event any Member is failing to perform any of its obligations under this Declaration or the architectural guidelines and standards of the Design Review Board, the Board may by resolution make a finding to such effect, specifying the particular condition or conditions which exist, and pursuant thereto give notice thereof to the offending Member that unless corrective action is taken within fourteen days, the Board may cause such action to be taken at said Owner's cost. If at the expiration of said fourteen-day period of time the requisite corrective action has not been taken, the Board shall be authorized and empowered to cause such action to be taken and the cost

thereof shall be added to and become a part of the Maintenance Charge and shall be secured by the Assessment Lien.

5.4 Douglass Ranch Pond. The Association, or its duly delegated representative, shall maintain and otherwise manage the Douglass Ranch Pond and Easement and the Fire Access Easement located on Lot 7 together with the 30' Utility Easement located on Lot 6 as a part of the Common Area for the benefit of Owners of Lots within Douglass Ranch and others as set forth in the water Decree, described in Section 8.6 hereof. The Board shall be the sole judge as to the appropriate maintenance and upkeep of these areas.

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5.5. Utility Easements and Private Access Drives. The Association, or its duly delegated representative, shall maintain and otherwise manage the Utility Easements and Private Access Drives located throughout Douglass Ranch as a part of the Common Area and shall have the power to make rules and regulations governing the use thereof. The Association shall also have the power to erect and maintain various street and identification signs, informational and directional markers on or within 10 feet of Utility Easements and Private Access Drives throughout Douglass Ranch. Notwithstanding anything to the contrary set forth herein, however, the Association shall bear no responsibility for the maintenance or upkeep of Berry Hill Lane as shown on the recorded plat for Douglass Ranch and said Berry Hill Lane shall not be used by any Owner, guest or invitee for purposes of access to any Lot or other Property within Douglass Ranch.

5.6 Forest Management Program. The Association intends to implement a forest management program in cooperation with recommendations from the Colorado State Forest Service to assure review of proposed building improvements in connection with mitigation of wildfire safety problems, control of infestation of harmful insects and regulation of wildfire protection measures. All Owners hereby covenant and agree to strictly adhere to any and all rules and regulations which may be imposed in connection with the implementation of this program.

VI

RIGHTS AND POWERS OF ASSOCIATION

6.1 Association's Rights. In addition to the rights and powers of the Association set forth in this Declaration, the Association shall have such rights and powers as are set forth in its articles and bylaws.

6.2 Rights of Enforcement. The Association, as the agent and representative of the Members, shall have the right to enforce the covenants set forth in this Declaration. The Association or the Declarant shall have the right to enforce by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by the Declarant to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

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6.3 Insurance. The Association shall obtain in its name and keep in full force and effect at all times, insurance policies for such casualty and public liability and other insurance policies as the Board deems necessary.

VII

DESIGN REVIEW BOARD

7.1 Purpose. In order to create, maintain and improve Douglass Ranch as a pleasant and desirable environment, to establish and preserve a harmonious design for the community and to protect and promote the value of the Property, exterior design, landscaping and changes or alterations to existing use, landscaping and exterior design and development shall be subject to design review by the Design Review Board.

7.2 Creation.

(a) The Board shall establish a Design Review Board which shall consist of such odd number of regular members and alternate members as the Board may designate and such members shall be appointed by the Board. The regular term of office for each member shall be one year, coinciding with the fiscal year of the Association. Any such member may be removed with or without cause by the Board at any time by written notice to such appointee. A successor or successors appointed to fill such vacancy shall serve the remainder of the term of the former member.

(b) The Design Review Board is hereby authorized to retain the services of one or more consulting architects, landscape architects or urban designers, who need not be licensed to practice in the State of Colorado to advise and assist the Design Review Board in performing the design review

functions prescribed in this Declaration and carrying out the provisions set forth herein.

VIII

Covenants, Conditions and Restrictions

8.1 Use of Lots. All Lots within Douglass Ranch shall be used only for the construction and occupancy of one single family Dwelling Unit together with off street parking for a minimum of four vehicles in garages, carports and on driveways and parking aprons as approved or required by the Design Review Board. Lots may also be used for the construction of typical residential amenities such as a greenhouse or a family swimming pool. All Lots shall be used, improved and devoted exclusively for such single family residential use. No gainful occupation, profession, trade or other nonresidential use shall be conducted on any such property and no person shall enter into any Lot for engaging in such uses or for the purpose of receiving products or services arising out of such usage without review and approval by the Declarant, the Design Review Board and the appropriate officials of Jefferson County.

8.2 Construction Approvals Required. No Owner shall make any improvements, alterations, repairs, excavation, grading, landscaping or other work which in any way alters the exterior appearance of any property within Douglass Ranch, or the improvements located thereon, from its natural or improved state without the prior approval of the Design Review Board. Subsequent to receiving approval of the Design Review Board and prior to the commencement of construction, each Owner will be responsible for obtaining a building permit from Jefferson County. In accordance with requirements imposed by the Forest Management Program provided for in Section 5.6 hereof, plans for each Lot may also have to be reviewed for wildfire safety by the Colorado State Forest Service and Owners may be required to complete wildfire mitigation work prior to issuance of a building permit.

8.3 Architectural Control. No building, fence, wall, residence or other structure shall be commenced, erected, maintained, improved, altered, or made without the prior written approval of the Design Review Board. All subsequent additions to or changes or alterations in any building, fence, wall or other structure, including exterior color scheme, and all changes in the grade of any Lot shall be subject to the prior written approval of the Design Review Board.

No changes or deviations in or from the plans and specifications once approved by the Design Review Board shall be made without the prior written approval of the Design Review Board.

8.4 Animals. Declarant and the Association are committed to the preservation and protection of native animal wildlife which may from time to time wander onto and through the Property. Such wildlife shall not be fed or hunted within Douglass Ranch. No animal, bird, fowl, poultry or livestock of any kind shall be raised, bred or kept on any Lot except that domestic dogs (a maximum of two), cats and other household pets may be permitted by the Association so long as they are maintained in accordance with this Declaration and any additional rules and regulations imposed by the Association and are not a nuisance or kept, bred or maintained for any commercial purposes. Portions of Lots 20 through 29 have been identified by the Colorado Division of Wildlife as historic migration corridors and as potentially critical deer and elk winter range areas. Owners of Lots so identified shall be prohibited from having dogs on their Lots at any time. If, at any time, the dog prohibition imposed by this Section 8.4 is no longer required, Declarant or the Board may amend this Section of the Declaration without a vote of the Members by recording in the Jefferson County records a "Certificate of Amendment" setting forth in full the amendment to this Section.

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All Owners hereby covenant and agree that any dog either owned by said Owner or in said Owner's control or custody, shall not be allowed to roam unattended in Douglass Ranch. All Owners who intend to keep a dog on their Lot must construct a dog run or kennel for the purpose of confinement and in a manner and location approved by the Design Review Board and applicable zoning for Douglass Ranch. At all other times, dogs shall be on a leash and under the direct control and supervision of said Owner.

8.5 Restricted Use of Douglass Ranch Pond. The Douglass Ranch Pond and the area surrounding the pond has been created for use by Owners and the Association in accordance with Section 8.6 hereof and is not a recreational amenity to Douglass Ranch. The Douglass Ranch Pond shall not be used by anyone other than the Owner of Lot 7 for any recreational purposes.

8.6 Water Service, Use and Regulation. Each Owner and the Association shall be responsible for compliance with the water supply plan for Douglass Ranch as approved by the water court pursuant to the Findings of Fact, Conclusions of Law, Judgment and Decree of the District Court of Colorado,

Water Division No. 1, Case No. 87-CW-148 (the "Decree"). This plan, like those for many new subdivisions in Colorado, provides senior water rights to replace water consumed by in-house use, outside irrigation, and pond evaporation on the Property. The use of water on each Owner's Lot is subject to the terms of the plan, any future amendments to the plan, and administration of that plan by the state water officials. 13

Water use on each Lot is limited to ordinary in-house uses in one single-family dwelling and an amount of outside lawn or garden irrigation to be determined by the Association. If the Association decides not to irrigate any common areas in the subdivision, each Lot would be allowed an average of 350 square feet of lawn or 1,700 square feet of garden, or an appropriate combination of gardens and lawns. Use of the available irrigation water, allocation of this water among Lots, and charges for such use shall be determined by the Association. Outside irrigation may occur only from May 1 to October 30 of each year. Each Owner must provide to the Association on request information concerning water usage on his Lot.

The water supply plan must also replace evaporation losses from the Douglass Ranch Pond, which is essential to the operation of the plan. One Pond will be constructed by the Declarant to meet the requirements of the plan. Water will be stored in or released from the Pond as necessary to provide replacement water to senior water rights on Elk Creek and to protect minimum streamflows held by the Colorado Water Conservation Board.

The plan is designed to allow these water uses to occur every year. However, it is always possible that these uses would have to be curtailed because of legal or physical unavailability of water during draught conditions or as a result of flood, natural disaster, or other unforeseen circumstances.

The replacement water rights on which the plan depends are held for the benefit of the Owners and the Association by the Mountain Mutual Reservoir Company, a mutual reservoir company (the "Company") which is owned by its shareholders. Each Owner will hold one share of stock in the Company, which represents his entitlement to in-house uses in one single-family dwelling on his Lot. The shares of stock associated with lawn and garden irrigation and pond evaporation will be held by the Association for the benefit of all of the Owners. These shares cannot be transferred apart from the Property.

Each shareholder in the Company is responsible for complying with the bylaws of the Company and for payment of periodic assessments which are levied by the Company to defray its administrative expenses. Although no assessments have yet been levied, it is possible that future assessments may be made for the administrative expenses of the Company, operation of reservoirs and other water works held by the Company for the benefit of its shareholders, legal and engineering costs, and the like. The assessments, if not paid in accordance with the Company's bylaws, will become a lien on the water stock as well as the individual shareholders' Lots. These liens may be foreclosed and the water and land sold if necessary to satisfy the assessments. The Company may also withhold replacement water under the water supply plan if assessments are not paid.

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The Association, the Company and the state water officials are all empowered to regulate and curtail water use on individual Lots to ensure compliance with the decreed water supply plan, the bylaws of the Company, and state water law. The Association will act as the liaison between the Owners and the Company and the state water officials and will be responsible for operating the Douglass Ranch Pond, keeping the necessary records of water use on the property, and otherwise complying with the water decree. The cost of maintaining and operating the Pond will be assessed to the Owners. The Association will also operate the Pond for the benefit of certain adjoining property which is entitled to use the Pond under agreements with the Declarant.

Each Owner will be responsible for drilling his own groundwater well at a maximum depth of 600 feet and constructing approved soil-absorption septic facilities. Before drilling a well, each Owner must provide the Association with a proposed well permit application, secure approval of the location of the well from the Association, and submit the well permit application to the Colorado State Engineer for approval. The Association must approve the location of all wells so as to minimize interference between wells and septic systems on the Property. Two or more Owners may agree to construct a common well to serve their lots; however, the yield from any one well cannot exceed 15 g.p.m. Each Owner is responsible for maintaining and operating his well in a manner which complies with the decreed plan and state laws and regulations, and for installing and maintaining any measuring devices which may be required by the Division Engineer.

Each Owner, his heirs, successors, and assigns, and the Association are bound by the Decree, the bylaws of the Company, and any future amendments thereto. The Decree and bylaws set forth in detail the obligations regarding the water

supply plan and ownership of water stock, have been recorded in Jefferson County with the subdivision plat for the Property, and are available for inspection.

8.7 Restricted Use of Private Access Drives and Easements.

(a) No automobile, motorcycle, truck, mobile home, trailer, camper shell, boat, boat trailer, horse trailer, or other similar equipment or vehicle may be parked, maintained, constructed or repaired, and no inoperable vehicle may be stored or parked on any Private Access Drive or easement within Douglass Ranch.

(b) The pedestrian easement located on Lot 19 is a hiking trail for use by pedestrians only. Use of said easement by any motorized vehicle is strictly prohibited.

(c) Access to all Lots within Douglass Ranch must be either over Douglass Drive (as shown on the recorded plat) or by one of the Private Access Drives; no Lot may be accessed directly from U.S. Highway 285, old Highway 285 or from Berry Hill Lane. In addition, no access shall be allowed to Lots 22, 13, 14, 15 or 16 from Douglass Drive.

8.9 Reservation of Easements. Declarant reserves for itself and hereby grants to the Association the following perpetual, non-exclusive easements: (a) an easement over the northerly 20 feet of Lots 1 and 2 for the construction and maintenance of an entry sign or marker for Douglass Ranch and the Meadow Creek Bed and Breakfast Inn, and (b) 10 foot easements parallel to and on each side of all Lot lines and upon, across, over and under each Private Access Drive including Berry Hill Lane, for ingress to, egress from, and the installation, replacing, repairing and maintaining of any and all utility and service lines and systems. Declarant reserves the right to further grant, sell, convey, amend, release and otherwise deal with these easements in accordance with Section 10.5 hereof.

8.10 Temporary Occupancy and Temporary Buildings. No trailer, basement of any incomplete building, tent, shack, garage or barn, and no temporary buildings or structures of any kind, shall be used at any time for a residence, either temporary or permanent. Temporary buildings or structures used during the construction of a dwelling on any property shall be removed immediately after the completion of construction.

8.11 Nuisances; Construction Activities. No rubbish or debris of any kind shall be placed or permitted to accumulate upon or adjacent to any Lot, and no odors or loud noises shall be permitted to arise or emit therefrom, so as to render any such property or any portion thereof, or activity thereon, unsanitary, unsightly, offensive or detrimental to any other property in the vicinity thereof or to the occupants of such other property. No other nuisance shall be permitted to exist or operate upon any Lot so as to be offensive or detrimental to any other property in the vicinity thereof or to its occupants. Normal construction activities and parking in connection with the building of improvements on a Lot shall not be considered a nuisance or otherwise prohibited by this Declaration, but Lots shall be kept in a neat and tidy condition during construction periods, trash and debris shall not be permitted to accumulate, and supplies of brick block, lumber and other building materials will be piled only in such areas as may be approved by the Design Review Board. In addition, any construction equipment and building materials stored or kept on any Lot during construction of improvements may be kept only in areas approved by the Design Review Board, which may also require screening of the storage areas. The Board in its sole discretion shall have the right to determine the existence of any such nuisance.

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8.12 Diseases and Insects. No Owner, shall permit any thing or condition to exist upon any Lot which shall induce, breed or harbor infectious plant diseases or noxious insects.

8.13 Repair of Building. No building or structure on any Lot shall be permitted to fall into disrepair and each such building and structure shall at all times be kept in good condition and repair and adequately painted or otherwise finished. In the event any building or structure is damaged or destroyed, then, subject to the approvals required by Subsection 8.1 above, such building or structure shall be immediately repaired or rebuilt or shall be demolished.

8.14 Drilling and Exploration. No Lot shall be used in any manner to explore for or to remove any oil or other hydrocarbons, minerals of any kind, gravel, earth or any earth substance of any kind; however, each Owner will be required to provide a well and to install an individual water system for the purpose of providing domestic water to said Owner's Lot.

8.15 Mechanical Projections. No exterior antenna shall be erected without the specific written approval of the Design Review Board. All mechanical equipment shall be incorporated as an integral part of the architectural character of

any building erected. Satellite dishes, exterior radio and television antenna shall not be permitted unless specifically approved by the Design Review Board.

8.16 Restriction on Further Subdivision, Property Restrictions and Rezoning. No Lot shall be further subdivided or separated into smaller lots by any Owner, and no portion less than all of any such Lot, nor any easement or other interest therein, shall be conveyed or transferred by any Owner, without the prior written approval of the Board, which approval must be evidenced on the plat or other instrument creating the subdivision, easement, or other interest. All building improvements on any Lot must be built within the building envelopes designated for each Lot on the recorded Plat for Douglass Ranch. No further covenants, conditions, restrictions or easements shall be recorded by any Owner or other person against any Lot without the provisions thereof having been first approved in writing by the Board and any covenants, conditions, restrictions or easements recorded without such approval being evidenced thereon shall be null and void. No application for rezoning of any Lot, and no applications for variances or use permits, shall be filed with any governmental authority unless the proposed use of the Lot has been approved by the Board and the proposed use otherwise complies with this Declaration.

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8.17 Declarant's Exemption. Nothing contained in this Declaration shall be construed to prevent the erection or maintenance by Declarant, or its duly authorized agents, of temporary structures, trailers, improvements or signs necessary or convenient to the development, marketing or sale of property within Douglass Ranch.

IX

AMENDMENTS

9.1 Term; Method of Termination. This Declaration shall be effective upon the date of recordation hereof and, as amended from time to time, shall continue in full force and effect for a term of twenty years from the date of recordation. From and after said date, this Declaration, as amended, shall be automatically extended for successive periods of ten years each, unless there is an affirmative vote to terminate this Declaration by the then Members casting seventy-five percent of the total votes cast at an election held for such purpose within six months prior to the expiration of the initial effective period hereof or any ten year extension. The

Declaration may be terminated at any time if at least ninety percent of the votes cast by all Members shall be cast in favor of termination at an election held for such purpose. No vote to terminate this Declaration shall be effective unless and until the written consent to such termination has been obtained, within a period from six months prior to such vote to six months after such vote, from the holders of recorded first mortgages or deeds of trust on seventy-five percent of the Lots upon which there are such recorded first mortgages and deeds of trust. If the necessary votes and consents are obtained, the Board shall cause to be recorded in the Jefferson County records a "Certificate of Termination", duly signed by the President or Vice President and attested by the Secretary or Assistant Secretary of the Association, with their signatures acknowledged. Thereupon the covenants herein contained shall have no further force and effect, and the Association shall be dissolved pursuant to the terms set forth in its articles.

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9.2 Amendments. This Declaration may be amended by recording in the Jefferson County records a "Certificate of Amendment", duly signed and acknowledged as required for a Certificate of Termination. The Certificate of Amendment shall set forth in full the amendment adopted, and shall certify that at an election duly called and held pursuant to the provisions of the articles and bylaws of the Association the Members casting 5 percent of the votes at the election, and Declarant (for so long as Declarant continues to be the Class B Member), voted affirmatively for the adoption of the amendment. Any such amendment shall be effective only if the written consent from the holders of recorded first mortgages or deeds of trust on seventy-five percent of the Lots upon which there are such recorded first mortgages or deeds of trust is obtained.

X

MISCELLANEOUS

10.1 Interpretation of the Covenants. Except for judicial construction, the Association, by its Board, shall have the exclusive right to construe and interpret the provisions of this Declaration. In the absence of any adjudication to the contrary by a court of competent jurisdiction, the Association's construction or interpretation of the provisions hereof shall be final, conclusive and binding as to all persons and property benefited or bound by the Covenants and provisions hereof.

10.2 Severability. Any determination by any court of competent jurisdiction that any provision of this Declaration is invalid or unenforceable shall not affect the validity or enforceability of any of the other provisions hereof.

10.3 Rule Against Perpetuities. Each provision contained in this Declaration which is subject to the laws or rules sometime referred to as the rule against perpetuities or the rule prohibiting unreasonable restraints or alienation shall continue and remain in full force and effect for the period of 21 years following the death of the last survivor of the issue of President George Bush, and the now living children of said issue, or until this Declaration is terminated as hereinafter provided, whichever first occurs. All other provisions contained in this Declaration shall continue and remain in full force and effect in accordance with Section 9.1 hereof.

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10.4 Rules and Regulations. In addition to the right to adopt rules and regulations on the matters expressly mentioned elsewhere in this Declaration, the Association shall have the right to adopt rules and regulations with respect to all other aspects of the Association's rights, activities and duties, provided said rules and regulations are not inconsistent with the provisions of this Declaration.

10.5 General Reservations. Declarant reserves the right to grant, convey, sell, establish, amend, release and otherwise deal with easements, reservations, exceptions and exclusions which do not materially interfere with the best interests of Owners and/or the Association including, but not limited to, access and utility easements, road easements, pedestrian and equestrian easements, pedestrian and hiking trails and easements and drainage easements.

10.6 Run with the Land. Declarant, for itself, its successors and assigns, hereby declares that all of the Property shall be held, used and occupied subject to the provisions of this Declaration, and to the covenants and restrictions contained herein, and that the provisions hereof shall run with the land and be binding upon all persons who hereafter become the Owner of any interest in the Property.

IN WITNESS WHEREOF, Declarant has hereunto caused its name to be signed by the signatures of its duly authorized officials as of the day and year first above written.

DOUGLASS RANCH VENTURE, INC., a Colorado corporation

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ATTEST

Robert Kessler
Secretary

By Joel Ehrlich
President

STATE OF COLORADO)
) ss.
COUNTY OF Jefferson)

The foregoing instrument was acknowledged before me this 4th day of April, 1989 by Joel Ehrlich as President and Robert Kessler as Secretary of DOUGLASS RANCH VENTURE, INC., a Colorado corporation, on behalf of such corporation.

Witness my hand and official seal.

MARY L. BUCKLEY NOTARY PUBLIC STATE OF COLORADO

Mary L. Buckley
Notary Public
My Commission expires January 21, 1990

My commission expires:

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EXHIBIT A

(Attached to and forming a part of
Declaration of Protective Covenants,
Conditions and Restrictions
for Douglass Ranch)

LEGAL DESCRIPTION OF THE PROPERTY

A parcel of land located in Sections 5, 6, 7 and 8, Township 7 South, Range 71 West of the 6th P.M., County of Jefferson, State of Colorado, described as follows:

BEGINNING at a point on the East and West centerline of said Section 6, whence the East 1/4 corner of said Section 6 bears North 88°47'42" East, 305.00 feet, said point being the identical Point of Beginning described in Book 478 at Page 502, said County records; thence South 01°23'06" West, along the East line of said Book 478-Page 502, a distance of 742.71 feet, more or less, to the Northwesterly corner of a parcel of land described in Book 772 at Page 240, said Jefferson County Records; thence along the Northerly and Easterly line of said Book 772-Page 240, the following four courses and distances: 1) North 72°16'16" East, 531.32 feet; 2) thence South 78°49'30" East, 361.25 feet; 3) thence South 49°51'32" East, 222.56 feet; 4) thence South 09°24'56" West, 516.16 feet, more or less, to the North line of the South 1/2 of the Southwest 1/4 of said Section 5; thence, South 89°03'02" East, along said North line of the South 1/2 of the Southwest 1/4, a distance of 1769.72 feet, to the Northwest corner of a parcel of land described in Book 772 at Page 239 of said Jefferson County Records; thence, along the Westerly line of said Book 772-Page 239, the following three courses and distances: 1) South 02°43'11" West, a distance of 1301.95 feet, to a point on the Section line common to said Sections 5 and 8; 2) thence North 89°03'22" West, along said Section line, a distance of 0.29 foot; 3) thence South 02°24'07" East, a distance of 1341.92 feet, more or less, to the South line of the North 1/2 of the Northwest 1/4 of said Section 8; thence North 87°27'01" West, along the South line of said North 1/2 of the Northwest 1/4, a distance of 2390.03 feet, to the Southeast corner of the Northeast 1/4 of the Northeast 1/4 of said Section 7; thence South 88°50'00" West, along the South line of said Northeast 1/4 of the Northeast 1/4, a distance of 789.60 feet; thence North 00°00'00" East, a distance of 2815.16 feet; thence North 90°00'00" West, a distance of 168.64 feet; thence North 60°29'00" East, a distance of 415.00 feet to a point on the West line of the Northeast 1/4 of the Southeast 1/4 of

Section 6; thence North 00°10'20" East, along the West line of the Southeast 1/4 of the Southeast 1/4 of the West line of the Northeast 1/4 of the Southeast 1/4 of said Section 6, a distance of 839.00 feet, to the Northwest corner of said Northeast 1/4 of the Southeast 1/4; thence North 01°16'06" East, a distance of 290.48 feet, more or less, to the Southerly line of a parcel of land described in Book 1053 at Page 1, said Jefferson County Records; thence North 72°23'06" East, along said Southerly line, a distance of 75.30 feet; thence North 65°25'47" East, a distance of 2.28 feet, more or less, to the Northerly line of said Book 478-Page 502; thence, along the Northerly and Easterly line of said Book 478-Page 502, the following five courses and distances: 1) South 88°56'17" East, a distance of 23.70 feet; 2) thence South 56°38'18" East, a distance of 297.00 feet; 3) thence North 78°09'42" East, 232.00 feet; 4) thence North 72°51'42" East, a distance of 455.00 feet; 5) thence South 00°17'42" West, a distance of 307.00 feet, more or less, to the POINT OF BEGINNING.

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