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[Composite Version — Pagination is for this version, which is formatted differently than as recorded.]

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[Exhibits not included]
**MASTER DECLARATION OF PROTECTIVE COVENANTS
FOR
GRAND ELK RANCH & CLUB
[Composite version incorporating Amendments 1 – 8]**

WHEREAS, Grand Elk, LLC, Declarant, is the Owner of the real property described on Exhibit A hereto, which property Declarant has caused to be platted and subdivided as Block C, Grand Elk Ranch & Club, Town of Granby, Grand County, Colorado; and

WHEREAS, Declarant is desirous of subjecting the Property to this Declaration of Protective Covenants;

NOW, THEREFORE, Grand Elk, LLC, hereby declares that the Property, along with any Additional Property which may be subjected to this Declaration, shall be a Planned Community held, transferred and conveyed subject to the terms hereof. This Declaration of Protective Covenants shall run with the land and shall be binding upon all persons and entities having any right, title or interest in and to the Community or to any Lot therein, their heirs, successors and assigns and their employees, guests and invitees.

ARTICLE 1.00
THE OBJECTIVES AND PHILOSOPHY OF GRAND ELK RANCH & CLUB

1.01 It is the intent of the Declarant to create Grand Elk Ranch & Club as a superior mountain residential community, oriented about the Grand Elk Club golf course, development of which is controlled by this Declaration which sets forth both general and specific requirements consistent with such intent. The Grand Elk Owners Association is authorized to adopt additional Rules, Regulations and Guidelines which may be necessary or desirable to effectuate the intent and purposes of this Declaration. Any reference herein to the Declaration shall include any and all Rules, Regulations and Guidelines so adopted.

1.02 The Grand Elk Ranch & Club Design Review Board is authorized to adopt Design Guidelines which may be necessary or desirable to effect the intent of the Declarant or accomplish the goals set forth herein. Any reference herein to these Covenants shall include any and all Design Guidelines so adopted.

1.03 The Property is subjected to these Covenants to insure reasonable and appropriate development and improvement; to preserve, so far as practicable, the natural beauty of the Property; to obtain harmonious color schemes; to insure development in accordance with the plans of the Declarant; to encourage and secure the erection of attractive structures with appropriate locations; to prevent haphazard and inharmonious improvement; to maintain and protect the quality of the environment; to protect the present and future value of the properties located within the Project; and in general to provide adequately for high quality and attractive improvements.

ARTICLE 2.00
DEFINITION OF TERMS

Additional Property means that real property which may be subjected to this Declaration in the future, pursuant to the provisions of section 11.09.

Additional Unit shall mean a single family residential dwelling on a Homesite in addition to (or as part of) the primary residence. An Additional Unit is only allowed where specifically provided for in the deed conveying the Homesite from Declarant. The minimum and maximum floor area may be regulated by the DRB. An Additional Unit may not be constructed prior to construction of the primary residence unless special provision has been made by the DRB however simultaneous construction is allowed.

Allocated Interests means the votes in the Association and the share of Common Expense liability allocated to each Homesite as provided in Article 12 of this Master Declaration. *[Added by sixth amendment]*

Area Association means any Association of Owners having concurrent but subordinate jurisdiction over any part of the Project.

Association means the Grand Elk Owners Association, a Colorado Non-Profit Corporation.

Board or Executive Board means the Board of Directors of the Association.

CCIOA means the Colorado Common Interest Ownership Act, Article 33.3 of Title 38 of the Colorado Revised Statutes. Undefined terms shall have the definitions set forth therein.

Common Elements or Common Areas means any real estate within the Property owned or leased by the Association, other than a Homesite. The Common Elements will generally include open space, certain private streets, drives and access easements, sidewalks, fences and any recreational amenities described in this Declaration or on any Plat. Common Elements shall NOT include any portion of any ditches or ditch easements belonging to others (including the James Snider Ditch and ditch easement.) Common Elements shall also include any additional Common Elements included in the Project as a result of the annexation of any land. *[Revised by sixth amendment]*

Common Expenses means expenditures made or liabilities incurred by or on behalf of the Association together with any allocation to reserves.

Community Investment Fee shall have the meaning set forth in Section 4.09 hereof and shall be deemed to be a Transfer Assessment authorized by section 38-33.3-207(4)(a)(iv) of CCIOA. *[Added by eighth amendment]*

Completion Developer means Colorado Grand Elk Return LLC, which, as of the date of this Sixth Amendment, is the owner of 301 Inventory Homesites acquired from the Declarant, or, if approved by resolution of the Executive Board, a successor entity that acquires ownership of said Inventory Homesites. The rights and obligations of the Completion Developer shall be the same as other Owners, unless otherwise provided in a contract entered into pursuant to Section 5.07 hereof. *[Added by sixth amendment]*

Declarant means Grand Elk, LLC, or any person or entity to which the Declarant rights have been transferred, in whole or in part.

Declaration or Covenants means this document.

Design Review Guidelines or Guidelines means the Design Review Guidelines and Regulations for the Property which have been adopted by the Executive Board and which may be amended by the Board from time to time. Such shall be printed and be made available to any Owner. These guidelines shall be followed by all builders, developers, property Owners and residents of the Property. The DRB shall follow them in its review of plans submitted to it.

Development Area means land described in Supplemental Covenants.

DRB means the Grand Elk Ranch & Club Design Review Board.

First Mortgagee means the beneficiary of a first deed of trust or the holder of a first mortgage or equivalent legal instrument secured by a Homesite who has provided a copy of the recorded instrument establishing the interest of the First Mortgagee to the Association as provided herein.

Golf Course refers to the Grand Elk golf course, including the water rights, maintenance barn, clubhouse and other related facilities located within the boundaries of the Project as same exist at the time of recording this Sixth Amendment or as they may be expanded in the future. *[Revised by sixth amendment]*

Governing Documents means this Declaration, the Articles of Incorporation and Bylaws of the Association, any Rules and Regulations and the Design Review Guidelines.

Homesite means a physical portion of the Project which is designated for separate ownership or occupancy and the boundaries of which are set forth in or determined from the Plat. Homesite has the same meaning as Unit as used in CCIOA. *[Revised by sixth amendment]*

Inventory Homesite means a Homesite that has not been previously transferred to a person other than the Completion Developer, and which has not been improved with completed dwelling for which a temporary or permanent certificate of occupancy has been issued (or which is occupied as a habitation without such a certificate). An Inventory Homesite shall be reclassified as a Primary or Secondary Homesite, as appropriate, upon transfer by the Completion Developer to a third party or upon completion of such a dwelling unit upon the Homesite. *[Added by sixth amendment]*

Primary Homesite means a Homesite improved with a completed dwelling for which a temporary or permanent certificate of occupancy has been issued, or which is occupied as a habitation without such a certificate. Primary Homesite also means and includes an unimproved Homesite (other than an Inventory Homesite) that is owned by a particular Owner or group of Owners, unless such Homesite qualifies as a Secondary Homesite under the following definition. *[Added by sixth amendment]*

Secondary Homesite means one or more unimproved Homesites (other than an Inventory Homesite) owned by the same Owner or group of Owners in addition to a Primary Homesite. In case multiple unimproved Homesites are owned by the same Owner(s), the Owner shall designate in writing the Homesite to be treated as the Primary Homesite, or in the absence of such Owner designation, the Executive Board shall make the designation. *[Added by sixth amendment]*

Improvement means any building, structure, fence, landscaping or any other addition made to the natural state of the Project.

Limited Common Elements means a portion of the Common Elements allocated by the Declaration or by any Supplemental Covenants for the exclusive use of one or more Homesites but fewer than all of the Homesites. Notwithstanding anything to the contrary contained in the definition of Common Elements or elsewhere in this Declaration, Limited Common Elements may be owned or leased by the Association or by an Area Association and held for the exclusive use of fewer than all Owners. *[Added by fifth amendment]*

Owner means any person or entity owning a Homesite or interest therein within the Property.

Plat means the recorded final subdivision plat for the Property and any final subdivision plats that may subsequently be recorded for any Additional Property.

Participating Builder means an Owner other than Declarant which acquires a portion of the Property from Declarant and which is designated a Participating Builder in writing by Declarant.

Property or Project means the real property described on Exhibit A to this Declaration along with any Additional Property which may be subjected to this Declaration in the future.

Rules and Regulations means the various rules and regulations adopted by the Association which govern or control various aspects of living within and use of the Property. These may include environmental controls which govern or control matters relating to noise, pollution or negative impacts on the environment.

Single Family Residential Use shall mean one single family residence and one Additional Unit, where specifically allowed in the deed conveying the Homesite from Declarant, along with a garage and customary accessory uses.

Special Expenses means expenses incurred by the Association in connection with an individual Homesite or caused by the misconduct of an Owner or an Owner's family, guests or assigns.

Supplemental Covenants means additional Covenants, Conditions and Restrictions for portions of the Project which comply with the requirements of section 11.14 hereof. **[Amended by First Amendment]**

Town means the Town of Granby, Grand County, Colorado.

ARTICLE 3.00
THE GRAND ELK OWNERS ASSOCIATION
—ORGANIZATION AND CONTROL—

3.01 Organization and Powers

The administration of the Project shall be governed by the Association which is organized as a Colorado Nonprofit Corporation and is a Master Association as defined by CCIOA. It is charged with the duties and vested with the powers provided by law and the Governing Documents.

3.02 Membership

Each Owner of a Homesite shall be a Member of the Association and all memberships shall be appurtenant to Homesites. The right to vote may not be severed or separated from Homesite ownership except by written proxy. Memberships in the Association shall not be transferred, pledged or alienated in any way, except upon the transfer of title to a Homesite, and then only to the purchaser or foreclosing mortgagee of such Homesite. Upon transfer of fee title to any Homesite, the new Owner shall provide the Board with a copy of the deed of conveyance and the Board shall then record the transfer in the books of the Association.

3.03 Voting Rights and Procedures

Each Member shall be allocated a portion of the votes in the Association based on the Homesites owned by the Member, as provided in Article 12 hereof. In the event there is more than one Owner of a Homesite, all Owners shall jointly be entitled to exercise the votes allocated to the Homesite. **[Revised by sixth amendment]**

3.04 Meetings of Members of Association

Those Members appearing in the records of the Association at 9:00 a.m. on the day preceding the date of any meeting of the Members shall be entitled to attend any such meeting, either in person or by proxy.

3.05 Executive Board

The Association shall be managed by its Executive Board, which shall be elected by the Owners as set forth in the Articles of Incorporation and Bylaws of the Association. **[Revised by sixth amendment]**

~~3.06 Declarant Control of Board of Directors~~

[Deleted in its entirety by Sixth Amendment as Declarant Control was previously terminated.]

ARTICLE 4.00
THE GRAND ELK OWNERS ASSOCIATION
—ASSESSMENTS AND LIEN RIGHTS—

4.01 Purpose of Assessments

Assessments shall be used for the purpose of enforcing and administering the Governing Documents. Assessments shall also be used to promote the health, safety and welfare of Owners; to promote and enhance recreational opportunities; and, in general, to carry out the duties and exercise the powers of the Association. In connection therewith, the Association may assess for making improvements and providing services and facilities devoted to these purposes and related to the maintenance, repair, replacement, use and enjoyment of the Common Elements including, but not limited to, the payment of taxes and insurance and for the cost of labor, equipment, materials and management.

4.02 Common Expenses

4.02.1 Each Owner shall pay to the Association amounts assessed by the Board to the Homesite of such Owner which amounts are called Assessments. If the Association acquires ownership of the Golf Course, Assessments shall include Common Expenses related to the Golf Course as well as Common Expenses related to other functions and operations of the Association. Subject to the provisions hereof, the Board shall have the power and authority to determine all matters in connection with Assessments, including the power and authority to determine where, when and how assessments should be paid to the Association, and each Owner shall be required to comply with any such determinations. The Board may, but shall not be required to allow a discount for early payment of Assessments payable in installments.

4.02.2 The Association shall establish and maintain a reserve fund for the maintenance, repair and replacement of any improvements made to the Common Elements and to provide for unexpected contingencies, emergencies and the like. This fund shall be maintained through the Common Expense Assessments. The reserve fund may also be used to purchase additional Common Elements and to repair and maintain public roads and other improvements within the Project for which the Association is responsible.

4.02.3 Except as provided below for Special Expense Assessments, the Common Expenses shall be assessed against the Homesites in accordance with the allocation formulas set forth in Article 12 of this Master Declaration.

4.02.4 Each Owner is liable for Assessments made against such owner's Homesite. No Owner may be exempt from liability for payment of the Assessments by waiver of the use or enjoyment of any of the Common Elements or by abandonment of the Homesite against which the Assessments are made. Any past-due Common Expense Assessment or installment thereof shall bear interest at the rate of twenty-one percent per year unless a lower rate is established by the Association. ***[Entire Section 4.02 Revised by sixth amendment]***

4.03 Capital Expenditures

If the Executive Board proposes to incur Common Expenses for the construction or purchase of any additional Common Elements or additional improvements to the Common Elements for which the Common Expense expenditures are expected to exceed \$500,000 in one or more budget years (referred to as a Capital Expenditure), notice of such proposed expenditure shall be given to the Owners as part of the notice of the meeting for consideration of the first budget which will include such expenditure, as provided in section 4.07.2 hereof. Any such Capital Expenditure shall require the assent of two-thirds of the votes of Members voting in person or by proxy at the meeting of members at which such matter was voted upon. Once a Capital Expenditure has received such approval, no further approval of the Members shall be required for the budgeting and expenditure of partial payments of the Capital Expenditure in subsequent years other than the normal review of such budgets as provided in section 4.07.2 hereof. ***[Revised by sixth amendment]***

4.04 Special Expenses

The Board of Directors may levy a Special Expense assessment against any Homesite if a failure of the Owner to comply with the Governing Documents has resulted in the expenditure of funds by the Association to cause such compliance. The Board may also levy a Special Expense assessment against any Owner for the provision of services and/or facilities provided to fewer than all of the Owners or provided at the request of such Owners. The amount of the Special Expense assessment shall be due and payable to the Association thirty days after notice to the Owner of the decision of the Board that the Special Expense assessment is owing. Any past-due Special Expense assessment or installment thereof shall bear interest at the rate of twenty-one percent per year unless a lower rate is established by the Association.

4.05 Initial Assessment

Each Homesite shall be subject to an initial assessment at the time of the first conveyance of such Homesite by Declarant to an Owner. (As used herein "first conveyance" shall not include a conveyance from Declarant: to another entity owned or controlled by Declarant, to a Participating Builder or to a transferee who also acquires the Declarant rights in whole or in part. In any such case the transferee shall be responsible for collecting the initial assessment at the time of the subsequent conveyance.) Such initial assessment shall be in the amount of \$500.00 and may be used by the Association for any allowable purpose.

4.06 Lien for Assessments

4.06.1 The Association has a statutory lien on a Homesite for any assessment levied against that Homesite. Fees, charges, late charges, attorney fees, penalties, and interest charged pursuant to this Declaration or CCIOA are enforceable as assessments and the Association shall be entitled to recover same in any judgment or decree in any action brought by the Association. The amount of the lien shall include all those items set forth in this section 4.06 from the time they become due. If an assessment is payable in installments, each installment is a lien from the time it becomes due, including the due date set by any valid Association acceleration of installment obligations. By acceptance of a deed for a Homesite, the Owner or Owners agree that the Assessment lien shall be prior to any homestead exemption or right and irrevocably waive any and all rights they may have to claim a homestead exemption against enforcement of the Assessment lien. The Association's lien may be foreclosed in like manner as a mortgage on real estate.

4.06.2 A lien under this section is prior to all other liens and encumbrances on a Homesite except:

4.06.2.1 Liens and encumbrances recorded before the recordation of the Declaration.

4.06.2.2 A security interest on the Homesite which has priority over all other security interests on the Homesite and which was recorded before the date on which the assessment sought to be enforced became delinquent; and

4.06.2.3 Liens for real estate taxes and other governmental assessments or charges against the Homesite.

4.06.3 A lien under this section is also prior to the security interests described in section 4.06.2.2 to the extent of an amount equal to the Common Expense assessments based on a periodic budget adopted by the Association which would have become due, in the absence of any acceleration, during the six months immediately preceding institution by either the Association or any party holding a lien senior to any part of the Association lien created under this section of an action or a nonjudicial foreclosure either to enforce or to extinguish the lien.

4.06.4 This section 4.06 does not affect the priority of mechanics' or materialmen's liens or the priority of liens for other assessments made by the Association. Nor does it prohibit actions or suits to recover sums for which the Association has a lien or prohibit the Association from taking a deed in lieu of foreclosure.

4.06.5 Recording of the Declaration constitutes record notice and perfection of the lien. No further recordation of any claim of lien for assessments is required.

4.06.6 A lien for unpaid assessments is extinguished unless proceedings to enforce the lien are instituted within six years after the full amount of assessments become due.

4.06.7 Upon written request and payment of a reasonable fee established by the Board the Association shall furnish to an Owner or to a holder of a security interest secured by a Homesite a written statement setting forth the amount of unpaid assessments currently levied against such Homesite. The statement shall be furnished within thirty calendar days after receipt of the request and is binding on the Association, the Executive Board, and every Owner. If no such statement is furnished to the inquiring party, then the Association shall have no right to assert a lien upon the Homesite for unpaid assessments which were due as of the date of the request.

4.06.8 In any action by the Association to collect assessments or to foreclose a lien for unpaid assessments, the court may appoint a receiver of the Owner to collect all sums alleged to be due from the Owner prior to or during the pendency of the action. The court may order the receiver to pay any sums held by the receiver to the Association during the pendency of the action to the extent of the Association's Common Expense assessments.

4.07 Budgetary Requirements

4.07.1 Once a Common Expense Assessment has been made, the Association shall adopt a budget annually. Surplus Funds may be retained by the Association. Unless the Association determines to distribute same, it shall be presumed that the Association determined it would be prudent not to do so.

4.07.2 Within ninety days after adoption of any proposed budget for the Project, the Executive Board will mail, by ordinary first-class mail, or otherwise deliver a summary of the budget to all the Owners and will set a date for a meeting of the Owners to consider the budget. Such meeting will occur within a reasonable time after mailing or other delivery of the summary, or as allowed for in the bylaws. The Executive Board will give notice to the Owners of the meeting as allowed for in the bylaws. The budget proposed by the Executive Board does not require approval from the Owners and it will be deemed approved by the Owners in the absence of a veto at the noticed meeting by a vote of not less than two-thirds of all votes entitled to be cast by all Owners whether or not a quorum is present. In the event that the proposed budget is vetoed, the periodic budget last proposed by the Executive Board and not vetoed by the Owners must be continued until a subsequent budget proposed by the Executive Board is not vetoed by the Owners. In the event section 38-33.3-303 of CCIOA, Executive Board Members and Officers, is amended in the future so as to be inconsistent with this paragraph then the Executive Board

will comply with such amendment in lieu of complying with this paragraph as written. ***[Revised by sixth amendment]***

4.08 Exempt Property

The following property subject to this Declaration shall be exempt from assessments.

4.08.1 All property dedicated to and accepted by a local governmental or quasi-governmental authority;

4.08.2 Any property owned by the Association.

4.09 Community Investment Fee *[Added by eighth amendment]*

4.09.1 Basic Rule. Each person who purchases a Homesite, with or without a residence thereon, shall pay to the Association immediately upon becoming the Owner a Community Investment Fee ("CIF") in such amount as is established from time to time by the Board. In addition each person who builds a residence for the use of the owner or the owner's family shall pay to the Association a Community Investment Fee ("CIF") in such amount as is established from time to time by the Board upon issuance of a certificate or letter of occupancy or upon beginning occupancy of said residence, whichever occurs first. The limitation of "for the use of the owner or the owner's family" is intended to exclude builders constructing a home for sale to a third party. As used herein the term "person" includes entities such as limited liability companies and corporations and if an entity that is not a builder constructs a residence it will be required to pay the CIF based on the retail cost as more particularly described in (2) directly below.

A CIF may not exceed one and one-half percent (1.5%) of the (1) Purchase Price of the Homesite, or (2) the retail cost of all goods and services involved in construction of a residence where the issuance of a Certificate or Letter of Occupancy from the governmental entity with authority to issue same is expected or required for occupancy:

The actual CIF percentage may be determined by the Board by resolution adopted from time to time provided any such change may not impose a CIF in excess of 1.5%. In addition to specifying the applicable percentage the Board may limit the amount of the purchase price to which the CIF will apply. For example, the Board may resolve that the CIF will be 1.5% of the purchase price and that it is applicable only to the first \$500,000.00 of the price. The Board may also establish a sliding scale so that a defined percentage is applicable to a portion of the purchase price and different percentages applicable to the balance. As a example, the Board may provide that a 1.5% CIF is applicable to the first \$400,000.00 of the purchase price and a different percentage applicable to the balance.

4.09.2 Definitions

4.09.2.1 Purchase Price. For the purposes of this Article, "Purchase Price" is defined as the total cost paid to or for the benefit of the seller by or on behalf of the purchaser of the property and also means, in the case of an owner constructing a residence on an owned Homesite, the amount of the retail cost of all goods and services involved in construction. Unless demonstrated otherwise to the reasonable satisfaction of the Board, it will be presumed that the purchase price for the property is the fair market value of the property. Should the Board determine that is not the case, then the purchase price may be determined by the Board based on such investigation that it deems appropriate. Among other data, the Board may rely on values obtained from the Grand County Assessor's office to help the Board determine the fair market value of the property.

4.09.2.2 Builder. "Builder" means a person or entity whose job it is to construct homes for resale to third parties. The Board may adopt an application form for those wishing to qualify as a Builder and will make its determination based on the completed application and such investigation, if any, it deems appropriate.

4.09.3 Use of the CIF by the Association. The primary purpose of the CIF is to benefit the general good and welfare of the Grand Elk Ranch and Club community, as deemed appropriate by the Board. By way of example and not limitation, the CIF may be used for any or all of the following: to construct, refurbish or replace improvements including club houses, golf facilities and related infrastructure, roads, recreational and fitness buildings, curbs, gutters and monuments or other amenities, to acquire or contribute to the acquisition by others of real property, including recreational and fitness facilities, fishing areas, open space, trails and wildlife habitat or other amenities within Grand Elk or to which Owners have access.

4.09.4 Use as Security. The Grand Elk Owners Association is authorized to pledge, assign, transfer, or convey as security (i) its right to levy and/or collect the CIF, and (ii) its right, title, and interest in and to all or any portion of the CIF levied and collected.

4.09.5 Exemptions. The Board may adopt such rules and regulations for exemptions from this section 4.09 as it deems proper.

ARTICLE 5.00
THE GRAND ELK OWNERS ASSOCIATION
—OPERATIONS—

5.01 Common Area Responsibilities

5.01.1 The Association shall regulate use of the Common Areas to enhance the overall rights of use and enjoyment of Owners and to do all things necessary or appropriate to maintain, repair or replace Common Areas and all Improvements located thereon. This shall include but need not be limited to:

5.01.1.1 All landscaping, monumentation and flora including any pathways or trails.

5.01.1.2 Such portions of any Additional Property as may be dictated by any Supplemental Declaration.

5.01.1.3 All ponds, streams, ditches or wetlands including any retaining walls, bulkheads or dams retaining water therein, and any fountains, lighting, pumps, conduits, and similar equipment installed therein or used in connection therewith.

5.01.1.4 Any environmental controls or responsibilities assigned to the Association,

5.01.1.5 The execution and implementation of any annual obligations of the Association, or which may be assigned to the Association, set forth in any plan for augmentation decreed by the District Court for Water Division 5.

5.02 Rules and Regulations

The Board may adopt and modify various rules and regulations which govern or control various aspects of living within and use of the Property. These may include environmental controls which govern or control matters relating to noise, pollution or negative impacts on the environment. Any Rules and Regulations adopted by the Board shall include prohibitions against the use of, entry upon, or interference with the Ditch and the Ditch Easement consistent with this Declaration. After adoption, a copy of such Rules and Regulations shall be made available to all Owners.

5.03 Special Districts

The Association, by contract or agreement, may assign its maintenance responsibility for any part of the Common Areas to a Special District organized pursuant to the laws of Colorado. In the event the Association does transfer any maintenance responsibilities, the transfer may obligate the Association or the Owners to pay for such maintenance in such manner as the Board determines is reasonable.

5.04 Other Property

The Association may maintain other property which it does not own, including, without limitation, property dedicated to the public, if the Board determines that such maintenance is necessary or desirable. Such may include maintenance and landscaping within public rights-of-way within or adjacent to the Property. The Association will establish and maintain landscaping and subdivision entrance signs and other directional or location signs constructed within the Landscaping and Sign Easements. ***[Amended by First Amendment]***

5.05 First Mortgagees

In order to obtain the status of a First Mortgagee under this Declaration it is the sole responsibility of one who wishes to do so to provide a copy of the recorded instrument establishing the interest of the First Mortgagee to the Association and to establish that such has been done. The First Mortgagee may establish providing such a copy by sending a copy of the recorded instrument to the Association at its registered office certified mail, return receipt requested, and by retaining a copy of the signed or refused return receipt, or by sending such copy to the Association and obtaining written confirmation that the copy was received.

5.06 Insurance

5.06.1 The Association shall fully comply with the provisions of CCIOA relating to insurance which, as of the date of recordation of this Declaration, are contained in §38-33.3-313.

5.06.2 Commencing not later than the time of the first conveyance of a Homesite to a person other than a Declarant, the Association shall maintain, to the extent reasonably available:

5.06.2.1 Property insurance on the Common Elements and also on property that must become Common Elements, for broad form covered causes of loss; except that the total amount of insurance must be not less than the full insurable replacement cost of the insured property less applicable deductibles at the time the insurance is purchased and at each renewal date, exclusive of land, excavations, foundations, and other items normally excluded from property policies; and

5.06.2.2 Commercial general liability insurance against claims and liabilities arising in connection with the ownership, existence, use, or management of the Common Elements in an amount deemed sufficient in the judgment of the Executive Board but not less than any amount specified in the Association documents, insuring the Executive Board, the Association, the management agent, and their respective employees, agents, and all persons acting as agents. The Declarant shall be included as an additional insured in such Declarant's capacity as a Homesite Owner and board member. The Owners shall be included as additional insureds but only for claims and liabilities arising in connection with the ownership, existence, use, or management of the common elements. The insurance shall cover claims of one or more insured parties against other insured parties.

5.06.3 If the insurance described in section 5.06.2 is not reasonably available, or if any policy of such insurance is canceled or not renewed without a replacement policy therefore having been obtained, the Association promptly shall cause notice of that fact to be hand delivered or sent prepaid by United States mail to all Owners. The Association may carry any other insurance it considers appropriate.

5.06.4 Insurance policies carried pursuant to section 5.06 must provide that:

5.06.4.1 Each Owner is an insured person under the policy with respect to liability arising out of such Owner's interest in the Common Elements or membership in the Association;

5.06.4.2 The insurer waives its rights to subrogation under the policy against any Owner or member of his household;

5.06.4.3 No act or omission by any Owner, unless acting within the scope of such Homesite owner's authority on behalf of the Association, will void the policy or be a condition to recovery under the policy;

5.06.4.4 If, at the time of a loss under the policy, there is other insurance in the name of an Owner covering the same risk covered by the policy, the association's policy provides primary insurance; and

5.06.4.5 The Association shall name Nordloh as an additional insured under the Association's policies of general liability and property insurance with respect to activities occurring within the Ditch and the Ditch Easement.

5.06.5 Any loss covered by the property insurance policy described in section 5.06.2.1 must be adjusted with the Association, but the insurance proceeds for that loss shall be payable to any insurance trustee designated for that purpose, or otherwise to the Association, and not to any holder of a security interest. The insurance trustee or the Association shall hold any insurance proceeds in trust for the Association Homesite Owners and lienholders as their interests may appear. Subject to the provisions of section 5.06.9, the proceeds must be disbursed first for the repair or restoration of the damaged property, and the Association, Homesite Owners, and lienholders are not entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the property has been completely repaired or restored or the common interest community is terminated.

5.06.6 The Association may adopt and establish written nondiscriminatory policies and procedures relating to the submittal of claims, responsibility for deductibles, and any other matters of claims adjustment. To the extent the Association settles claims for damages to real property, it shall have the authority to assess negligent Owners causing such loss or benefitting from such repair or restoration all deductibles paid by the Association. In the event that more than one Homesite is damaged by a loss, the Association in its reasonable discretion may assess each Owner a pro rata share of any deductible paid by the Association.

5.06.7 An insurance policy issued to the Association does not obviate the need for Owners to obtain insurance for their own benefit; which Owners are encouraged to maintain.

5.06.8 An insurer that has issued an insurance policy for the insurance described in subsections 5.06.2.1 and 5.06.2.2 shall issue certificates or memoranda of insurance to the association and, upon request, to any Owner or holder of a security interest. Unless otherwise provided by statute, the insurer issuing the policy may not cancel or refuse to renew it until thirty days after notice of the proposed cancellation or nonrenewal has been mailed to the association, to each Owner and holder of a security interest to whom a certificate or memorandum of insurance has been issued, and to Nordloh, at their respective last-known addresses.

5.06.9 Any portion of the common interest community for which insurance is required under this section which is damaged or destroyed must be repaired or replaced promptly by the association unless:

5.06.9.1 The common interest community is terminated, in which case section 38-33.3-218 of CCIOA applies;

5.06.9.2 Repair or replacement would be illegal under any state or local statute or ordinance governing health or safety;

5.06.9.3 Sixty-seven percent of the Owners, including every Owner of a Homesite or assigned limited common element that will not be rebuilt, vote not to rebuild; or

5.06.9.4 Prior to the conveyance of any Homesite to a person other than the Declarant, the holder of a deed of trust or mortgage on the damaged portion of the common interest community rightfully demands all or a substantial part of the insurance proceeds.

5.06.10 The cost of repair or replacement in excess of insurance proceeds and reserves is a Common Expense. If the entire Common Interest Community is not repaired or replaced, the insurance proceeds attributable to the damaged Common Elements must be used to restore the damaged area to a condition compatible with the remainder of the Common Interest Community, and, except to the extent that other persons will be distributees, the insurance proceeds attributable to units and Limited Common Elements that are not rebuilt must be distributed to the Owners of those Homesites and the Owners of the Homesites to which those Limited Common Elements were allocated, or to lienholders, as their interests may appear, and the remainder of the proceeds must be distributed to all the Owners or lienholders, as their interests may appear, as follows:

5.06.10.1 If any Owner or employee controls or disburses funds of the Project, the Association must obtain and maintain, to the extent reasonably available, fidelity insurance. Coverage shall not be less in aggregate than two months' current assessments plus reserves, as calculated from the current budget of the Association.

5.06.10.2 Any person employed as an independent contractor for the purposes of managing the Project must obtain and maintain fidelity insurance in an amount not less than the amount specified in section 5.06.10.1, unless the Association names such person as an insured employee in a contract of fidelity insurance.

5.06.11 Premiums for insurance that the Association acquires and other expenses connected with acquiring such insurance are Common Expenses.

5.07 Contract with Completion Developer

5.07.1 The Executive Board may enter into a contract with the Completion Developer regarding the development and sale of the Inventory Homesites owned by the Completion Developer, which contract may waive or alter various restrictions contained in this Declaration with respect to such Inventory Homesites. Specifically, such contract may contain or provide for the following:

5.07.1.1 Exemption of the Inventory Homesites from the Design Review Guidelines and ORB review processes provided Article 6.00 of this Master Declaration. In lieu of such requirements, the contract may provide for minimum design standards and an alternative review process established and controlled by the Completion Developer.

5.07.1.2 The contract may provide for a waiver of some or all of the restrictions contained in Article 7.00 with respect to the Inventory Homesites.

5.07.1.3 The contract may limit the maximum amount of periodic Assessments that may be levied on the Inventory Homesites by the Association.

5.07.1.4 The contract may allow the Completion Developer to exercise some or all of the development rights and special Declarant rights provided in Article 11.00 of this Master Declaration

5.07.1.5 The contract may allow the Completion Developer to offer privileges to owners in other development projects created by Completion Developer or its affiliates, with respect to use of the Golf Course facilities. Any such privileges shall not be more favorable than those available to members of the Association, with respect to cost (including Assessment obligations) and access to such facilities.

5.07.2 Any such contract with the Completion Developer shall be for a term agreed upon by the Board and the Completion Developer, or until the number of Inventory Homesites owned by the Completion Developer is reduced to less than seventy-five (75), whichever first occurs. Such contract shall not be assignable by the Completion Developer.

5.07.3. Any contract entered into with the Completion Developer pursuant to this Section shall be binding on the Association and shall not be subject to termination or modification except with the consent of the Completion Developer. While such contract is in effect, this Section 5.07 shall not be revoked or amended without the written consent of the Completion Developer. ***[Entire section added by sixth amendment]***

ARTICLE 6.00
GRAND ELK RANCH & CLUB DESIGN REVIEW BOARD

6.01 General Rule

No earth may be moved; no improvements of any kind may be erected, placed or altered; no vegetation shall be removed or destroyed; no landscaping shall be performed until approval for same has been provided by the DRB in writing. A complete design review application, on such form as the DRB may prescribe, along with any other items required by the Design Review Guidelines, shall be submitted to the DRB. The DRB shall process the application in accordance with the Design Guidelines.

6.02 Committee Members

6.02.1 The members of such DRB shall be appointed by the Executive Board. If no such appointments are made the Executive Board shall function as the DRB.

6.02.2 Notwithstanding the provisions of section 6.02.1, until Declarant has conveyed the last Homesite that may be created to a purchaser, Declarant reserves the right to appoint all members of the DRB and to fill any vacancies in such membership. The provisions of this section supersede and control the provisions of section 6.02.1.

6.03 Freedom from Liability

Neither the DRB nor any member thereof shall be liable, in damages or otherwise, to any person or entity submitting any plans for approval, or to any Owner by reason of any action, failure to act, approval, disapproval, or failure to approve or disapprove, with regard to such plans. Any Owner or other person or entity submitting plans to the DRB for approval, by doing so, agrees and covenants that he will not bring any action or suit against the DRB, its members, or their advisers, employees, or agents which in any way relates to such plans or the decision of the DRB in relation thereto.

6.04 Function of Committee

The DRB shall review and approve, approve with changes or disapprove all plans submitted to it for any proposed improvement, alteration or addition to the Property. The DRB shall take into consideration the aesthetic aspects of the architectural design, placement of buildings, landscaping, color schemes, exterior finishes and materials and any other features addressed by the Design Guidelines. The Committee's approval, approval with changes or disapproval shall be based solely on the considerations set forth in these Covenants and in the Design Guidelines. The DRB shall not be responsible for reviewing, nor shall its approval of any plan or design be deemed approval of, any plan or design from the standpoint of structural safety or conformance with building or other codes. In fulfilling its duties, the DRB may request the submission of such plans, specifications, drawings and the like which it deems necessary to review any request.

6.05 Fees, Deposits and Fines

The Design Guidelines establish a number of fees and deposits payable in connection with design review and construction along with non-compliance fines. Members must pay same as required.

6.06 Variances

As part of a design review application, the DRB may authorize variances from compliance with the Design Guidelines when circumstances such as topography, natural obstructions, hardship, aesthetic or environmental considerations, indicate that it would be reasonable to do so. An approval of a request for a variance must be in writing, shall state with particularity the grounds for and the nature of same, must be signed by at least a majority of the DRB, and shall become effective upon delivery to the applicant. No violation of the Design Guidelines shall be deemed to have occurred with respect to a matter for which a variance was granted. The granting of a variance shall not operate to waive any of the terms and provisions of the Design Guidelines except as to the particular property and particular provisions covered by the variance, nor shall it affect in any way the Owner's obligation to comply with all governmental laws and regulations.

6.07 Inspections

The DRB may inspect any work being done at any time while the work is being performed or after completion to ensure that the work complies with the plans approved by the DRB. If the DRB determines that the work is not being performed in accordance with such plans it may take such steps as it deems necessary to enforce the Governing Documents including the filing of an appropriate action for injunctive relief. Notwithstanding the foregoing there shall be no right of inspection of work in progress with respect to Improvements being constructed by Declarant or any Participating Builder so long as the DRB shall have approved plans for such Improvement.

ARTICLE 7.00 GENERAL RESTRICTIONS ON ALL LANDS

7.01 Uses

The Homesites shall be used only as allowed by the Planned Development Overlay District zoning for the Project approved by the Town and as set forth in any Supplemental Covenants.

7.02 Materials and Appearance

All Improvements must fully comply with the Design Guidelines with respect to the materials contained therein and the appearance thereof and shall be properly maintained during and after construction.

7.03 Minimum Area

The minimum floor area permitted for residences shall be as set forth in the Design Guidelines. The size of any Additional Unit shall not exceed thirty per cent of the total floor area of the primary residence.

7.04 Garages and Temporary Structures

Garages shall be attached to or part of the main dwelling. However, the DRB may permit a detached garage if it finds same to be reasonably required by site conditions. In addition a Participating Builder who has received the right to construct detached garages on one or more specified Homesites in a written and recorded document provided by Declarant may construct such garages, in accordance with the terms of the recorded document, prior to the resale of the Homesite for which such a right exists. In no event may such right be reassigned by the Participating Builder. Trailers, tents, shacks, or any temporary buildings or structures are prohibited except as an actual construction trailer or trailers may be permitted by the DRB in connection with ongoing construction. If permitted, any construction trailer shall be removed from the Homesite within 15 days of substantial completion of construction or, within 30 days of revocation of permission by the DRB. Under no circumstances may a construction trailer be used for residential purposes. ***[Amended by Second Amendment]***

7.05 Continuity of Construction

The entire exterior of any Improvement shall be completed within twelve months from ground breaking. In the event there is a violation of this requirement or if construction is abandoned for a period in excess of 90 days, the DRB may levy a penalty against the Owner in an amount not less than \$100.00 per day which may be enforced as in the case of any assessment or deducted from the security deposit. (Notwithstanding the preceding sentence it shall be allowable to construct a foundation in the autumn and then terminate construction until the following spring.) Alternatively the Association may complete the exterior of any such Improvement at the Owner's expense, including interest on all sums expended at the rate of 21% per year. Such a penalty may only be levied or a decision to complete the exterior may only be made after notice and hearing. Prior to such hearing the DRB shall give the Owner not less than fifteen days notice which shall be given by certified mail to any address shown on the plans and shall be posted on the Homesite. Should the exterior be completed during the ensuing fifteen days, then the hearing shall be cancelled. At such hearing the only defense shall be that the failure to complete construction on a timely basis or the abandonment was caused by a circumstance beyond the Owner's control.

7.06 Outbuildings

Outbuildings are allowed only with approval from the DRB. In making a determination to approve or deny an outbuilding, the DRB shall assess the impacts to neighboring Homesites as to size, location and design consistent with the dwelling. If allowed, all outbuildings shall be constructed of the same exterior siding and roofing materials of the dwelling.

7.07 Utilities and Water

7.07.1 Installation

All utilities, including but not limited to electricity, natural gas, telephone, and cable, shall be installed underground.

7.07.2 Water

Water is supplied by the Silver Creek Water and Sanitation District which is a Special District organized pursuant to requirements of the State of Colorado. This district is controlled by the Owners of real property within the district and is not subject to any control by the Declarant or the Association. The district has a variety of rules and regulations applicable to water use which are available from the district.

7.07.3 Irrigation

Owners may irrigate a limited area per Homesite. The precise area within which irrigation is allowed will be set forth in the Rules and Regulations. This right is subject to the various requirements of the water law of the State of Colorado. In particular, such rights may be subject to prior calls by senior water rights and the district may be unable to supply water for irrigation purposes during times of such calls. Possible damage to landscaping as a result of water shortage or unavailability is a risk assumed by each Owner.

7.08 Nuisances

No noxious or offensive activities shall be allowed on any Homesite or carried on within the Property, nor shall anything be done or permitted which shall constitute a public nuisance.

7.09 Fencing

Fencing shall be permitted by the DRB only for limited areas but is prohibited for the entire perimeter of Homesites.

7.10 Animals; Wildlife

7.10.1 No animals of any kind other than dogs, cats, or other common household pets, not exceeding four animals at any one time, shall be raised, bred or kept on any part of the Area. (Newborn litters may be kept until the young reach the age of four months without violating this section.) No animals may be raised, bred or kept for any commercial purposes and no barnyard animals or livestock such as pigs, goats, cows, sheep, horses, llamas, emus, ostriches or fowl may be kept at all. The Association shall have the right to prohibit the maintenance of any animal which constitutes, in the reasonable opinion of the Association, a nuisance or danger to any person, animal or property. Each Owner, and such Owner's guests or tenants, shall bear full responsibility for their animals and shall have the duty and responsibility to clean up after an animal when on or off such owner's Homesite.

7.10.2 All animals, including domestic dogs and cats, must be kept within an enclosure or leashed at all times. Free roaming domestic pets are prohibited. Leashed domestic pets are prohibited from the wetland mitigation zone and from the zone I wetlands shown on any Plat. Any wetland mitigation zone and zone I wetlands are wildlife refuges and unnecessary human intrusion is prohibited. The provisions of this section 7.10.2 are a requirement of Department of the Army Wetlands permit No. 199000236 and notwithstanding any other provisions of this Declaration, may not be amended or eliminated without a change in such permit which would allow same.

7.11 Parking and Vehicles

No dwelling shall be constructed unless there is concurrently provided on or near the same Homesite adequate off-street parking as required by the Town. The placement of the spaces shall be shown on the plans submitted to the DRB prior to construction. No motorized vehicles, trailers, snowmobiles, boats, campers or other similar types of possessions whatsoever, with the exception of currently licensed automobiles, pickup or utility trucks (vans) with a capacity of one ton or less, may be kept or placed except in an enclosed garage. (Notwithstanding the preceding sentence, motorized vehicles, trailers, snowmobiles, boats, campers or other similar types of possessions may be temporarily parked for not more than 48 hours in a parking space within or assigned to a Homesite.) This restriction, however, shall not be deemed to prohibit commercial or construction vehicles, in the ordinary course of business, from making deliveries or otherwise providing services, or for the initial construction by Declarant or other Owners. This restriction shall also not prohibit temporary parking by guests within the specified parking area of a Homesite. Garage doors are to be kept closed when the garage is not in active use. ***[Amended by First Amendment]***

7.12 Setbacks

All structures on all Homesites shall be setback the distance required by the Town from all lot lines unless a specific building site is shown on the final Plat in which case all structures must be located within the specified site. Structures on Homesites which are adjacent to the Golf Course may have setbacks larger than those specified in the preceding sentence, not to exceed fifty feet, imposed by the DRB from those lot lines adjacent to the course if the DRB, in its sole discretion, determines that safety considerations require same. ***[Amended by Third Amendment]***

7.13 Common Areas

Common Areas shall be used only for walking, hiking, snowshoeing, horseback riding and cross country skiing or for such other uses as may be permitted by the Rules and Regulations. No motorized vehicles of any kind are permitted except for maintenance or service vehicles authorized by the Association.

7.14 Paving

All residential drives and parking areas shall be paved. The trail system within the Project need not be.

7.15 Resubdivision of Homesites *[Amended by fourth amendment]*

Homesites shall not be resubdivided into smaller tracts or Homesites nor conveyed or encumbered in any size less than the full dimensions shown on the recorded Plat without first obtaining the written approval of the Executive Board. As applicant desiring to resubdivide a Homesite must submit an application to the Board executed by the Owner and including those items required by section 38-33.3-213 of CCIOA, as same may be amended. The applicant may include plans for all Improvements planned for the Homesites involved which have already been approved by the Design Review Board and if such approval is included then the Executive Board must approve the requested resubdivision so long as all items required by 38-33.3-213 have been provided by the applicant.

7.16 Environmental Controls

No activities which involve the generation or production of offensive levels of noise, pollution or negative impacts on the environment are allowed. Without limiting the generality of the foregoing, no exterior speakers, horns, whistles, bells, or other sound devices, other than security devices used exclusively for security purposes, shall be located or used on any Homesite except with the prior written approval of the DRB or the Board. All materials located upon a Homesite, including animal wastes, which create or cause an odor shall be disposed of by the Owner in such a manner as will eliminate such odor. The Board may promulgate rules and regulations governing and controlling all matters relating to environmental matters within the Property. Such shall be printed and made available to any Owner. These rules and regulations need not be uniform within the Property and may be amended from time to time, by the Board.

7.17 Home Occupations

7.17.1. Permissible Home Occupations shall be limited to those which:

7.17.1.1 Are carried on by the Owners living on the premises and no others.

7.17.1.2 Are clearly incidental and secondary to the use of the dwelling for dwelling purposes and shall not change the character thereof.

7.17.1.3 Do NOT result in the physical presence of clients or customers at the Homesite. (This does not prohibit the use of a Homesite for a business where contact with clients or customers is by electronic means and does not result in their physical presence at the Homesite.)

7.17.2 There shall be no exterior advertising or other permanent evidence outside of the home, visible or audible, that a home occupation is being conducted therein.

7.17.3 There shall be no offensive noise, vibration, smoke, dust, odors, heat or glare noticeable at or beyond the Homesite lines and no excessive vehicular traffic or deliveries. The determination of what constitutes excessive traffic shall be made solely by the Board.

7.17.4 The providing of child care services is prohibited.

7.18 Trash Storage and Removal

All rubbish and trash shall be removed from each Homesite, shall not be allowed to accumulate and shall not be burned. If an Owner does not comply with this paragraph, the Board is authorized to go on the Homesite and remove or cause such rubbish and trash to be removed and charge the Owner for the cost. Individual trash receptacles shall be stored inside except on the day of pickup.

7.19 Maintenance of Homesites

Each Owner shall maintain his or her Homesite and all structures, parking areas, and other improvements therein. The responsibility for maintenance shall include the responsibility for repair and replacement, as necessary. The Rules and Regulations may contain specific maintenance and repair requirements.

7.20 Responsibility of Owners for Visitors

Each Owner is responsible, financially and otherwise, for the actions of that Owner's family members, guests, licensees and invitees.

7.21 Prohibitions Within the Project

7.21.1 Hunting or the discharge of firearms.

7.21.2 The use of the exterior portion of any Homesite for the storage of any materials related to any business or commercial use or enterprise.

7.21.3 Allowing concrete suppliers and contractors to clean their equipment at any location outside the construction area of a Homesite.

7.21.4 The use of surface water for construction.

7.21.5 The installation or display of signs of any kind except those required by law and those allowed by the DRB. The DRB shall establish criteria to allow one "For Sale" sign per Homesite.

7.22 The Sage Grouse Lek

A lek is the focal point for breeding sage grouse, a distinctive western bird whose existence is threatened. One strategy for protection of these grouse is to protect existing leks. An historical lek site is located to the west and within one mile of the Project. No one may approach within 500 feet of the lek between March 1 and May 15 every year.

7.23 Double Frontage Lots

Certain lots within the Project have frontage on more than one road. All of such lots may be accessed from only the one road which is identified as the access road on the final recorded Plat containing such lot. The driveway within such lots must connect only to the proper access road.

7.24 Continuing Development

The Project is planned to be developed about the Grand Elk golf course with residential, commercial, mixed use and public amenity types of development. Development may continue for an indefinite period and plans for the density, type and location of development projects or land uses may change over time at the discretion of the Declarant and, to the extent required, as approved by the Town. Such development may entail changes to or alterations in views of or from the Project or the Homesites, surrounding land uses, open space, trails or facilities, traffic volumes or patterns, privacy or other aspects or amenities of the Project. Development also may entail the creation of noise, odors, unsightliness, dust and other inconveniences or disruptions. By the acceptance of a deed conveying a Homesite, each Owner acknowledges being informed of the contents of this section and waives any objection to continuing development.

ARTICLE 8.00
TREES AND LANDSCAPING

8.01 General Rule

The front yard of each Homesite shall be landscaped and plans therefor submitted to the DRB as an element of any design review application for a residence. The term "front yard" means the area between the street and a line drawn parallel to the front of the residence and extended to the side lot lines. Such landscaping shall be completed within 24 months of the issuance of a building permit for a residence. The DRB may, by rule, require the planting of trees by Owners.

8.02 Screening Required

All equipment, service yards, woodpiles, pet enclosures, above ground storage or the like on any Homesite shall be kept screened by adequate planting or fencing so as to conceal them from the view of neighboring Homesites, streets, and Common Areas.

8.03 Zone I Wetlands

Any Zone I wetlands within residential lots may not be mowed. The provisions of this section 8.03 are a requirement of Department of the Army Wetlands permit No. 199000236 and notwithstanding any other provisions of this Declaration, may not be amended or eliminated without a change in such permit which would allow same.

ARTICLE 9.00
VIOLATIONS AND ENFORCEMENT

9.01 Violation of any portion of the Governing Documents shall give to Declarant, the Board and their agents or assigns, the right, but not the obligation, to enter upon the property as to which such violation exists, and to summarily abate and remove, at the expense of the Owner, any structure, thing or condition that may be or exist thereon contrary to the intent and meaning of the provisions hereof or of the Governing Documents. The Board, Declarant or their agents or assigns shall not thereby be deemed guilty or liable in any manner for such entry, abatement or removal.

9.02 These Covenants shall bind and inure to the benefit of and be enforceable by Declarant, the Board and their successors and assigns. The Board shall have the first and prior right to enforce the provisions of these Covenants by whatever means may be available in law or equity. In lieu of, or in addition to other remedies, the Board may levy penalties against any owner violating the terms hereof or for violating the Design Guidelines or the Rules and Regulations. Unless specifically set forth in a schedule, penalties for violations shall be as follows: first violation, one hundred dollars (\$100.00); second violation, five hundred dollars (\$500.00); third and subsequent violations one thousand dollars (\$1,000.00). These penalties may be leveled against the owner's Homesite and shall be collected and enforced as a Special Expense. In the event any provision of the Governing Documents contains a specific monetary penalty for violation thereof, then the specific provision shall control and the penalties set forth in this section shall not apply. The Board may also take judicial action against any Owner to enforce compliance with the Governing Documents or other obligations, including injunctive relief or to obtain damages for noncompliance. The Board may adopt and publish a penalty schedule which shall list penalties which shall be imposed for violations of the Governing Documents.

9.03 An Owner may request, in writing, a rehearing by the Board of any Board decision except that any final approval by the DRB of a design review application shall be definitive, conclusive and not subject to any rehearing or review. An Owner may also request, in writing, that the Board take action with respect to a claimed violation of these Governing Documents and the decision of the Board regarding such a request shall also be final and conclusive.

9.04 Any failure to enforce any portion of the Governing Documents shall not be deemed a waiver of the right to do so thereafter.

ARTICLE 10.00
PROPERTY RIGHTS & EASEMENTS

10.01 Owner's Rights of Use and Enjoyment

Unless otherwise provided in this Declaration, all Owners may use the Common Areas, however, the Owner's right of use and of enjoyment shall not include the right to use the Ditch or the Ditch Easement. The Ditch and Ditch Easement shall not be part of the Common Area, and no Owner shall have any right in the Ditch by virtue of owning a Homesite and being a Member of the Association. No Owner shall have any right of access to, and no Owner shall remove or divert water from, any Ditch for any purpose. Underground utilities may be placed within any Common Areas by Owners only with the prior written approval of the ORB. *[Revised by sixth amendment]*

10.02 Liability of Owners for Damage

Each Owner shall be liable to the Association for any damage to Common Areas or for any expense or liability incurred by the Association, to the extent not covered by insurance, which may be sustained by reason of the negligence or willful misconduct of such Owner or any person using the Common Areas through such Owner and for any violation by such Owner or any such Person of the Governing Documents. The Association shall have the power to levy and collect a Special Expense assessment against an Owner to cover the costs and expenses incurred by the Association on account of any such damage or any such violation or for any increase in insurance premiums directly attributable to any such damage or violation.

10.03 Emergency, Inspection and Enforcement

A special easement is hereby granted to police, sheriff, fire protection, ambulance and other similar emergency agencies or persons for use of common areas in the performance of their duties. The Association shall have the right, but not the obligation, to enter upon any Homesite for emergency, security and safety reasons, to inspect for the purpose of ensuring compliance with the Governing Documents and for the purpose of enforcement thereof. These rights may be exercised by any Owner of the Board, the Association, its officers, agents, employees and managers and all policemen, firemen, ambulance personnel and similar emergency personnel in the performance of their duties. Except in an emergency situation entry shall only be during reasonable hours and after notice to the Owner. This right of entry shall include the right of the Association to enter upon any Homesite to cure any condition which may increase the possibility of a fire or other hazard in the event an Owner fails or refuses to cure the condition within a reasonable time after being requested to do so by the Board but shall not authorize entry into any single family dwelling without permission of the Owner except by emergency personnel acting in their official capacities.

10.04 Utilities *[Amended by First Amendment]*

10.04.1 Blanket Easement

A perpetual, non-exclusive easement over, across and under the Property, but excepting tracts GC1—GC 9, inclusive, Golf Course, Grand Elk Ranch & Club, according to the recorded plat thereof, is hereby established for the installation and maintenance of public utilities including but not limited to electricity, natural gas, water, sewer, cable television and telephone. This easement is for the benefit of any special district, company or entity providing such services but shall be subordinate to existing improvements and may only be exercised by the beneficiaries in such a fashion as to not interfere with the intended use of any portion of the Property. Any utility lines, appurtenances or the like constructed by or on behalf of Declarant and transferred to a special district or other provider will be conclusively be presumed not to interfere with the intended use of any portion of the Property.

10.04.2 Cleanup,

In the event an Owner does not properly remove and clean up any residual debris after construction or installation of any utility, the Board is hereby authorized to cause the cleanup to be done at the Owner's expense and, if not timely paid, the Board may collect such unpaid sums as a Special Expense.

10.05 Golf Course

10.05.1 Every Homesite, the Common Elements, and the entirety of the Property are burdened with an easement permitting golf balls unintentionally to come upon the Homesites, Common Elements, or Property immediately adjacent to the golf course and for golfers at reasonable times and in a reasonable manner to come upon the exterior portions of a Homesite, Common Elements, or Property to retrieve errant golf balls. However, if the ball lands within a portion of a Homesite which is fenced or walled, the golfer must obtain the Owner's permission before entry. The existence of this easement shall not relieve golfers of liability for damage caused by errant golf balls. Under no circumstances shall any of the following be held liable for any damage or injury resulting from errant golf balls or in the exercise of this easement: the Declarant, the Town, the Association, or its Members (in their capacity as such), any member, manager, officer, director, or partner of any of the foregoing, or the operator of the Golf Course,

10.05.2 All lands adjacent to the golf course are hereby burdened with non-exclusive easements in favor of the golf course, its operators and users, for operation, maintenance and repair of the course; and over spray of fertilizers, herbicides, pesticides and water (from any irrigation system). Under no circumstances will the Association, the Declarant, or any member, manager, officer, director, or partner of any of the foregoing, be held liable for any damage or injury resulting from the exercise of these easements.

10.05.3 Maintenance of the Golf Course may entail the use of fertilizers, herbicides, pesticides and the like which may be dangerous to pets. Pets have no right to be on the Golf Course at any time and under no circumstances will the Association, or any member, manager, officer, director, or partner of any of the foregoing, or the operator of the Golf Course, be held liable for any injury to or death of pets resulting from their presence on the course. ***[Revised by sixth amendment]***

10.05.4 In the event the Association acquires ownership of the Golf Course, the Executive Board shall be authorized to enter into leases or other contracts with respect to the operation of the Golf Course and may adopt rules or restrictions relating to the use thereof. The Executive Board may establish a separate membership club for Owners and other persons who wish to use the Golf Course, and the Board or such club may require payment of fees for use of the course. Expenses for the acquisition, leasing, operation, maintenance and repair of the Golf Course shall be deemed Common Expenses, and such expenses and any revenues from the operation or leasing of the Course shall be included in the Association budgets for purposes of determining amounts assessed to the Owners as provided herein. No Owner shall have the right to use the Golf Course without compliance with such rules, restrictions and other requirements established by the Executive Board. ***[Added by sixth amendment]***

10.06 Association Powers in the Event of Condemnation

If any Common Areas or interests therein are taken under exercise of the power of eminent domain or by private purchase in lieu thereof, the award in condemnation or the price payable shall be paid to the Association, except to the extent payable to any other person with an interest in such property, including any Mortgagee of such property. The Association shall have the exclusive right to participate in such condemnation proceedings and to represent the interests of all Owners or other persons therein. Any award or funds received by the Association shall be held by the Association as a reserve for future maintenance, repair, reconstruction, or replacement of Common Areas or may be used for Improvements or additions to or operation of Common Areas. No Owner shall be entitled to participate as a party or otherwise in any condemnation proceedings.

10.07 Landscaping and Sign Easements *[Added by First Amendment]*

Perpetual, non-exclusive easements to establish and maintain landscaping and signs, over, across and under the platted Utility Easements adjacent to public roads on all corner Homesites is granted to the Association.

ARTICLE 11.00
GENERAL PROVISIONS

11.01 Limitation on Number of Homesites; Description

The maximum number of Homesites which Declarant reserves the right to create within the Project is 1,200. The boundaries of each Homesite affected by this Declaration, including the Homesite's identifying number, are set forth in the final recorded Plat for the Property recorded in the real property records of Grand County, Colorado. If Additional Property is subjected to this Declaration, a final Plat will be recorded for each filing showing the boundaries of each Homesite and all other matters required by the Town.

11.02 Severability

If any provision of these Covenants is declared to be unenforceable by a Court of competent jurisdiction, the remaining provisions shall remain in full force and effect and the Court shall construe the Covenants to reflect the intent of the Declarant to the maximum extent permitted by law.

11.03 Article, Section and Paragraph Headings

The various headings, captions and titles are for convenience only. In the interpretation or construction of these Covenants they shall be given no effect unless the context requires otherwise. Any reference to a section or paragraph includes the sub-sections or sub-paragraphs of the specified section or paragraph.

11.04 Duration

This Declaration shall run with and bind the property described in Exhibit A and shall inure to the benefit of and shall be enforceable by the Declarant, the Association or any Owner, their respective legal representatives, heirs, successors and assigns for a term of fifty years from the date of recordation in the records of the clerk and recorder of Grand County, Colorado. After such time, this Declaration shall be automatically extended for successive periods of ten years unless an instrument in writing, signed by a majority of then Owners, has been recorded within the year preceding each extension, agreeing to terminate this Declaration, in which case it shall be terminated as specified therein.

11.05 Amendment

11.05.1. By Declarant

11.05.1.1. For a ten year period from the date this Declaration is recorded, Declarant reserves the right to unilaterally amend this Declaration to correct any provision which is determined by a court of competent jurisdiction not to comply with CCIOA.

11.05.1.2. For so long as it owns any of the Property, Declarant may unilaterally amend these Covenants:

A. To correct clerical, typographical or technical errors.

B. To comply with the requirements, standards, or guidelines of recognized secondary mortgage markets, the department of housing and urban development, the federal housing administration, the veterans administration, the federal home loan mortgage corporation, the government national mortgage association, or the federal national mortgage association.

C. To annex land or add property as provided for in section 11.09.

11.05.2. By Owners and First Mortgagees

11.05.2.1. Except as set forth above, this Declaration may be amended only by the Owners allocated not less than two-thirds of the total votes in the Association, and by at least fifty percent (50%) of First Mortgagees. Any proposed amendment shall be mailed by the Association to all First Mortgagees at the address shown on the recorded deed of trust or mortgage provided to the Association by the mortgagee or at such address that the mortgagee has provided to the Association in writing. Such mailing shall be by certified mail or the like or faxed to any fax address provided in writing by the First Mortgagee. Thirty days after such mailing or fax transmittal any First Mortgagee that has not delivered a negative response in writing shall conclusively be deemed to have approved or consented to the proposal. No such notice need be given to a secured party who would otherwise qualify as a First Mortgagee if that party has not complied with the provisions of section 5.05. The Owners must evidence their approval of any amendment in writing and the Association will retain the records showing such written approval. An amendment may be evidenced by a written instrument, acknowledged by the Secretary of the Association, which sets forth the terms of the amendment and certifies that such amendment has received the requisite approval. Any amendment will take effect on the date of its recordation in the records of the Grand County Clerk and Recorder unless the amendment itself specifies a later date. **[Revised by sixth amendment]**

11.05.2.2. No amendment may revoke, modify or eliminate any right or privilege of the Declarant without the written consent of Declarant or of the assignee of any such right or privilege.

11.06 Assignment of Powers

Any or all of the rights, powers and reservations of Declarant herein contained may be assigned to any individual or entity which will assume the duties of Declarant hereunder pertaining to the particular rights and powers and reservations assigned; and upon such individual or entity evidencing consent in writing to accept such assignment and assume such duties, it shall, to the extent of such assignment, have the same rights and powers and be subject to the same obligations and duties as are given to and assumed by the Declarant herein.

11.07 Masculine and Feminine, Singular and Plural

As used in this Declaration, when the context so requires, the masculine shall include the feminine and the singular the plural, and *vice versa*.

11.08 Participating Builders' Right to Use of Common Elements

During the construction phase of the Property, which shall end on December 31, 2021, any Participating Builder may use the Common Elements (excepting the Golf Course) for purposes related to construction of subdivision improvements. The Participating Builder shall reasonably restore the Common Elements following such use and shall be responsible for any and all costs of such restoration. Any Participating Builder may maintain signs on the Common Elements (excepting the Golf Course) or on any Homesite advertising the Project or the portion thereof being developed by the Participating Builder subject to the provisions of any local sign ordinance and subject to review and approval by the ORB. **[Revised by sixth amendment]**

11.09 Annexation

11.09.1 Specified Real Estate.

Declarant reserves the right to Amend this Declaration, at any time prior to December 31, 2021, to add Additional Property to the Project, the location of which is described in Exhibit B. Until all property described on Exhibit B has been subjected to this Declaration or December 31, 2021, whichever first occurs, Declarant may from time to time unilaterally subject all or any portion of the land described on Exhibit B to the provisions hereof. Declarant may transfer this right to annex specified property so long

as such transfer is accomplished by a written instrument executed by Declarant and recorded in the real property records of Grand County.

11.09.2 Unspecified Real Estate

Declarant reserves the right to Amend this Declaration, at any time prior to December 31, 2021, to add Additional Property to the Project, the location of which is not described in this Declaration. The area of any real estate added to the Project pursuant to this reserved right may not exceed ten percent of the total area of real estate described in Exhibit A, and in no event may the total number of Homesites in the Project exceed the number set forth in section 11.01.

11.09.3 Procedure

Annexation shall be accomplished by filing an Annexation Amendment annexing such property in the real property records of Grand County. Such Annexation Amendment shall be sufficient if it: (1) describes the property to be annexed; (2) states that such property shall thereafter be subject to the terms of this Declaration; and (3) is properly acknowledged by Declarant or by the transferee of such annexation right. ***[Amended by First Amendment]***

11.10 Additional Development Rights And Special Declarant Rights

In addition to any such rights described above, the Declarant reserves the following Development Rights and Special Declarant Rights for a period of twenty years from the date of recordation of this Declaration. If any development right is exercised in any portion of the property subject to that development right, that development right does not have to be exercised in all or in any other portion of the property.

11.10.1 The right but not the obligation to complete or make improvements indicated on any Plats or maps or allowed by the P.D.O.D. Preliminary Plan or Final Plan(s) approved by the Town of Granby.

11.10.2 The right to maintain sales models and a sales office on Homesites, but not more than five models at any one time. Any such models or office may be located on any Homesite.

11.10.3 The right to maintain signs on the property to advertise the Homesites so long as such signs conform to the then applicable sign code.

11.10.4 The right to use, and to permit others to use, easements through the property as may be reasonably necessary for the purpose of discharging the Declarant's obligations under CCIOA and this Declaration.

11.10.5 The right to appoint or remove any officer of the Association or any Director during the Declarant Control Period consistent with CCIOA.

11.10.6 The right but not the obligation to provide view corridors and/or view easements on, over and across any Homesite prior to the date such Homesite is sold and conveyed by instrument properly recorded.

11.10.7 The right to transfer any one or all of the rights reserved herein subject to the requirements of CCIOA.

11.10.8 Different Development Rights may be exercised with respect to different parcels of the Property at different times. No assurances are made with regard to the description of the parcels as to which Development Rights may be exercised.

11.11 Dispute Resolution

11.11.1 In order to encourage the amicable resolution of disputes involving the property and to avoid the emotional and financial costs of litigation, mediation and arbitration for disputes or claims is made mandatory for the Association, Declarant, Owners, and all persons subject to this Declaration ("Contestants") subject to the following provisions.

11.11.2 All disputes or claims between or among those subject to this Declaration shall be mediated and, if mediation is unsuccessful shall then be arbitrated, according to the appropriate rules of the American Arbitration Association although such Association need not provide the mediator or arbiter. Should the American Arbitration Association no longer provide or publish such rules then the mediator or arbitrator shall be responsible for establishing appropriate rules.

11.11.3 The following claims shall be EXEMPT from the mediation and arbitration requirements of this section:

11.11.3.1 Any suit by the Association to enforce any assessment.

11.11.3.2 Any suit by the Association to obtain a temporary restraining order or equivalent emergency equitable relief and such other ancillary or related relief as the Court may deem necessary in order to maintain the status quo and preserve the Association's ability to enforce the Design Review Guidelines or the Rules and Regulations.

11.11.3.3 Any claim or dispute among Owners, other than Declarant, if such claim is not based upon the Governing Documents or does not relate in any way to ownership of a Homesite.

11.11.3.4 Any suit, which does not include a claim for damages, by a Contestant for declaratory or injunctive relief which seeks a determination as to applicability, clarification or interpretation of any provision of the Governing Documents.

11.11.4 In recognition of the expenses and disruption associated with arbitration and litigation, the Association shall not commence a judicial or administrative proceeding or arbitration without the approval of Owners representing at least 75% of the total vote of the Association. The Association shall fully document any such vote which documentation must include names of all Owners voting for and voting against the institution of such proceeding. This section 11.11.4 shall not apply to:

11.11.4.1 Actions brought by the Association to enforce the Governing Documents (including, without limitation, the foreclosure of liens).

11.11.4.2 The collection of assessments.

11.11.4.3 Proceedings involving challenges to *ad valorem* taxation.

11.11.4.4 Counterclaims, crossclaims or the like brought by the Association in proceedings instituted against it.

11.11.4.5. Actions brought by the Association against any contractor, vendor, or supplier of goods or services arising out of an express contract with the Association or its manager for services or supplies.

11.11.5 Unless approved by Owners representing at least 90% of the total vote of the Association, no action shall be conducted utilizing legal counsel who are compensated on a contingency fee or similar means of compensation in which litigation costs and attorneys fees are not paid on a current basis or are paid out of the settlement or judgment amount recovered by the Association in such action. The Association shall fully document any such vote which documentation must include names of all Owners voting for and voting against the utilization of such counsel.

11.11.6 Sections 11.11.4 and 11.11.5 shall not be amended unless such amendment is by a written instrument signed by 90% of the Owners and by at least fifty percent (50%) of First Mortgagees.

11.12 Venue

To the extent, if any, that mediation and arbitration are not required for dispute resolution, the venue for any action involving the Property, the Association or this Declaration will be exclusively in the District Court in and for Grand County, Colorado.

11.13 Neighborhood Commitments

11.13.1 The James Snider Ditch (the "Ditch") runs through the Project, as generally depicted on the Common Interest Community Map recorded August 3, 1999 at Reception Number 99008065 of the records of the Office of the Clerk and Recorder of Grand County, Colorado (the "Map").

11.13.2 The water rights to the Ditch are owned by Alice Marie Nordloh Family Protection Trust, and Alice Marie Nordloh and Gary Lee Nordloh as Trustees thereof ("Nordloh"). In addition to those water rights, Nordloh has an easement for access to the Ditch, maintenance of the Ditch and related activities, as set forth on that certain Grant of Easement and Quitclaim Deed recorded January 24, 2001, under Reception No.2001-000647 of the records of the Office of the Clerk and Recorder of Grand County, Colorado (the "Ditch Easement").

11.13.3 The Association, on behalf of itself and the Owners of Homesites in the Project, acknowledges that the Ditch (as depicted on the Map), is subject to water rights in favor of Nordloh, and that the Project is subject to the Ditch Easement in favor of Nordloh, as described in section 11.13.2. Except as specifically provided herein with respect to the maintenance and other obligations of the Association for the Ditch and the Ditch Easement, the Ditch Easement shall be an exclusive easement in favor of Nordloh, and neither the Association nor any Owner shall have the right to enter upon, interfere with or trespass upon the Ditch or Ditch Easement or water carried in the Ditch.

11.13.4 The Association shall perform all required maintenance, on a periodic basis and as otherwise needed, to remove weeds, trash, debris, sand, soil, dirt, rocks or other matter from the Ditch, and any culverts across, under or through (i) any wetland areas as depicted on the Map or (ii) the Ditch, that may be necessary to maintain the unimpeded flow of water through those culverts in the decreed amount for the Ditch, and for cleaning, and silt and debris removal of the Ditch located within the Ditch Easement and any culverts located within the Ditch Easement. Any silt, trash or other debris located within the Ditch Easement shall be removed by the Association each year prior to the diversion of water through the Ditch, or promptly if the Ditch is running water.

11.13.5 All Ditch crossings and culverts in the Ditch and the Easement shall be maintained so as not to damage the Ditch or the embankments thereof, or the subjacent and lateral support thereof, and so as to not materially interfere with the flow of water in the Ditch.

11.13.6 If any time, in the reasonable opinion of Nordloh, the Ditch is not being adequately maintained and cleaned as provided in Section 11.13, Nordloh may provide written notice to the Association, describing any required cleaning or maintenance. If the Association does not commence such cleaning or maintenance operations within ten (10) days, or such longer period as the Association and Nordloh may mutually agree in writing, and once commenced does not diligently pursue such maintenance and cleaning operations to completion, Nordloh may have the maintenance and cleaning work performed at the Association's expense.

11.13.7 Neither the Ditch nor the Ditch Easement shall be used as any part of storm flow collection or conveyance from any developed areas of the Project. All storm flows and runoff collected from developed areas shall be diverted away from the Ditch.

11.13.8 Provided that Nordloh undertakes reasonable efforts to prevent and minimize the risk of damages, Nordloh shall not be liable for damages, including damage from leaking, seepage or flooding from the Ditch, to any facilities or structures owned by the Owners or the Association located within the Ditch Easement, or within areas immediately adjacent to the Ditch Easement that are reasonably necessary to maintain the Ditch,

11.13.9 Notwithstanding any contrary provision herein, the cost of performing the maintenance activities on the James Snider Ditch and culverts shall be borne by the Association as a Common Expense.

11.13.10 The Association shall name Nordloh as an additional insured under the Association's policies of general liability and property insurance with respect to activities occurring within the Ditch and the Ditch Easement.

11.13.11 Notwithstanding any provision to the contrary in the Governing Documents, Nordloh shall retain the right and responsibility to clean, maintain, repair and operate the Ditch; Nordloh retains the right to deposit Ditch cleaning spoils within the Ditch Easement; provided, however, that Nordloh may only have maintenance or cleaning of the Ditch or the Ditch Easement performed at the Association's expense upon ten (10) days' prior written notice as provided in section 11.13.6.

11.13.12 Notwithstanding any provision to the contrary in the Governing Documents, Nordloh shall have the right to erect fences and/or to post signs within and along the Ditch Easement to restrict access to the Ditch and Ditch Easement.

11.13.13 Notwithstanding any provision to the contrary in the Governing Documents, the Ditch Easement shall not be subject to any of the terms and conditions of this Declaration except as specifically set forth in those sections herein mentioning the Ditch Easement specifically.

11.13.14 Notwithstanding any provision to the contrary in this Declaration, in the event of any litigation between Nordloh and the Association or any Owner relating to the Ditch or Ditch Easement, in addition to any other relief sought or obtained, the prevailing party in such litigation shall be entitled to recover his, her or its reasonable costs and attorney's fees.

11.14 Supplemental Covenants

Declarant, or a Participating Builder who has specifically been assigned the right to do so, may record Supplemental Covenants for Development Areas within the Project within which no Homesite has been conveyed to a third party. Any such Supplemental Covenants shall contain at least a reference to these Covenants which shall state the date of recordation hereof and the reception number in the records of the clerk and recorder of Grand County, an exact description of the land subjected to same and a statement that they are Supplemental Covenants as defined herein. Supplemental Covenants may impose such other restrictions and requirements within the Development Areas as are desired by Declarant and may designate an Area Association to deal with specified matters within the area. For the purpose of amendment or termination, such Supplemental Covenants shall be deemed to share the Recordation Date of these Covenants. Any Supplemental Covenants prepared by a Participating Builder must be executed by Declarant as well or they will be void and of no force or effect whatsoever; such execution by Declarant will constitute conclusive proof that the Participating Builder was assigned the right to record the Supplemental Covenants. ***[Amended by First Amendment]***

ARTICLE 12 ALLOCATED INTERESTS

12.01 Allocation of Assessments for Common Expenses

12.01.1 Except for Special Expense Assessments, the Common Expenses shall be assessed against the Homesites in accordance with the allocation formulas set forth in this Section 12.01. Primary, Secondary and Inventory Homesites shall be assessed at different rates, to reflect the fact that Secondary and Inventory Homesites are not using or are not benefitted by the Common Areas and services provided by the Association to the same extent as Primary Homesites.

12.01.2 Secondary and Inventory Homesites shall be assessed for Common Expenses at a rate which equals twenty-seven percent (27%) of the rate assessed to Primary Homesites; provided, however, that a contract entered into between the Board and the Completion Developer may limit

Assessments against Inventory Homesites to a fixed amount, which shall be not less than \$150 per year for each Inventory Homesite. Such Assessments shall be determined and levied by the Executive Board as part of the budget process, based on estimated Common Expenses and the number of Primary Homesites, Secondary and Inventory Homesites existing in the Project at the time the budget is adopted or at the time the Assessments are to be levied, as determined by the Executive Board.

12.01.3 In consideration of the greater proportion of Assessments paid by the Owners of Primary Homesites, the Board may grant special privileges regarding use of the Golf Course facilities to such Owners of Primary Homesites, upon such terms as the Board may establish from time to time.

12.02 Allocation of Voting Rights

The Owner of each Homesite shall be entitled the number of votes as a Member of the Association equal to such Owner's percentage of liability for Common Expenses, rounded to four decimal places, as determined by the Board in accordance with the formulas set forth in section 12.01 hereof and the Assessments in effect at the time the vote is to be taken. Applying such formulas, the total Member votes in the Association shall equal 100, or the approximate equivalent that may result due to rounding of percentages as provided in this section.

12.03 Reallocation

If there is a change in the number of Homesites as a result of the annexation or withdrawal of Homesites from the Project, the Common Expense assessments and voting rights of Owners shall be reallocated in accordance with the formulas provided above. In the discretion of the Executive Board, the reallocated Common Expense assessments may be prorated to the date of the change in the number of Homesites, or the reallocation may be deferred until the next annual assessment is levied. If there is a change in the status of a Homesite as Inventory, Secondary or Primary, the adjusted assessment for the Homesite shall be prorated from the date of the change at the assessment rate then in effect. Any overpayments that had been made in advance shall be credited to the following year or, at the Board's discretion, refunded. Reallocated voting rights shall be effective at the next meeting of Members following the change that resulted in the reallocation. ***[Entire Article added by sixth amendment]***

12.04 Reallocation of Assessments and Voting Rights (Lots A-21, A-22 and A-23, The Village at Riverside, Second Filing, Grand Elk Ranch and Club)

An Administrative Plat Amendment for Lots A-21, A-22 and A-23, The Village at Riverside, Second Filing, Grand Elk Ranch and Club, has been approved by the Executive Board. The effect of the Administrative Plat Amendment is to eliminate Lot A-22 and split and join its area between Lot A-21 and Lot A-23, such that the westerly one-third of Lot A-22 attaches and becomes a permanent part of Lot A-21 and the easterly two-thirds of Lot A-21 attaches and becomes a permanent part of Lot A-23. Due to the fact that Lot A-22 was classified as a Secondary Homesite prior to the Administrative Plat Amendment, the Common Expense assessments for former Lot A-22 shall be proportionately reallocated under the Secondary Homesite classification to Lots A-21 and A-23, one-third and two-thirds, respectively. Henceforth, Lot A-21, as amended by the Administrative Plat Amendment, Common Expenses shall be assessed for one (1) Primary Homesite and for .33 (33%) of a Secondary Homesite. Correspondingly, Lot A-23, as amended by the Administrative Plat Amendment, Common Expenses shall be assessed for one (1) Primary Homesite and for .67 (67%) of a Secondary Homesite. In line with the foregoing and the other provisions of Article 12, the voting rights previously associated with Lot A-22 shall be similarly reallocated to Lots A-21 and A-23, as amended by the Administrative Plat Amendment. ***[This section added by seventh amendment]***

*Revised: April 24, 2020
Incorporates First – Eighth Amendments*