

DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS
FOR
EDGEMONT MEADOWS

Return to: Highlands Holding Corporation
P.O. Box 2327 Durango, CO 81302

TABLE OF CONTENTS

PART ONE:	INTRODUCTION TO THE COMMUNITY	6
ARTICLE I	CREATION OF THE COMMUNITY	6
1.1	Purpose and Intent	6
1.2	Binding Effect	6
1.3	Governing Documents	6
1.3.1	Articles of Incorporation	6
1.3.2	By-Laws	6
1.3.3	Declaration	6
1.3.4	Supplemental Declarations	6
1.3.5	Architectural Guidelines	7
1.3.6	Rules and Regulations	7
1.3.7	Board Resolutions	7
1.3.8	Landscaping Guidelines	7
1.3.9	Plats and Supplemental Plats	7
ARTICLE II	CONCEPTS AND DEFINITIONS	7
2.1	"Act"	7
2.2	"Allocated Interests"	7
2.3	"Architectural Guidelines"	7
2.4	"Articles"	8
2.5	"Association"	8
2.6	"Base Assessment"	8
2.7	"Executive Board" or "Board"	8
2.8	"By-Laws"	8
2.9	"Common Area"	8
2.10	"Common Expenses"	8
2.11	"Community-Wide Standard"	8
2.12	"Conceptual Development Plan"	8
2.13	"Declarant"	8
2.14	"Declarant Control Period"	8
2.15	"Edgemont Meadows"	9
2.16	"Governing Documents"	9
2.17	"Member"	9
2.18	"Mortgage"	9
2.19	"Mortgagee"	9
2.20	"Neighborhood"	9
2.21	"Open Space"	9
2.22	"Owner"	9
2.23	"Person"	9
2.24	"Property"	9
2.25	"Record", "Recording", or "Recorded"	9
2.26	"Rules and Regulations"	9
2.27	"Special Assessment"	9
2.28	"Specific Assessment"	9
2.29	"Supplemental Declaration"	10
2.30	"Unit"	10

PART TWO:	CREATION AND MAINTENANCE OF COMMUNITY STANDARDS	10
ARTICLE III	USE AND CONDUCT	10
3.1	Framework for Regulation	10
3.2	Rule Making Authority	10
3.3	Owners' Acknowledgement and Notice to Purchasers	11
3.4	Protection of Owners and Others	11
3.4.1	Similar Treatment	12
3.4.2	Displays	12
3.4.3	Household Composition	12
3.4.4	Activities Within Dwellings	12
3.4.5	Allocation of Burdens and Benefits	12
3.4.6	Alienation and Leasing	12
3.4.7	Abridging Existing Rights	13
3.4.8	Reasonable Rights to Develop	13
3.4.9	Energy Efficiency Measures	13
ARTICLE IV	ARCHITECTURAL AND LANDSCAPING	13
4.1	General	13
4.2	Wildfire Mitigation	13
4.3	Architectural Review	14
4.3.1	By Declarant	14
4.3.2	Architectural Review Committee (ARC)	14
4.3.3	Fees, Assistance	15
4.4	Guidelines and Procedures	15
4.4.1	Architectural Guidelines	15
4.4.2	Procedures	15
4.5	No Waiver of Future Approvals	17
4.6	Variances	17
4.7	Limitation of Liability	17
4.8	Final Construction Approval	18
ARTICLE V	MAINTENANCE AND REPAIR	18
5.1	Maintenance of Units	18
5.2	Maintenance of Property	18
5.3	Responsibility for Repair and Replacement	18
5.4	General Liability	19
PART THREE:	COMMUNITY GOVERNANCE AND ADMINISTRATION	19
ARTICLE VI	THE ASSOCIATION AND ITS MEMBERS	19
6.1	Function of Association	19
6.2	Membership	19
6.3	Voting	20
6.4	Notice to Association	21

ARTICLE VII	ASSOCIATION POWERS AND RESPONSIBILITIES	21
7.1	Acceptance and Control of Association Property	21
7.2	Maintenance of Common Area	22
7.3	Insurance	23
7.3.1	Required Coverages	23
7.3.2	Policy Requirements	24
7.3.3	Restoring Damaged Improvements	25
7.4	Compliance and Enforcement	26
7.5	Implied Rights: Board Authority	27
7.6	Indemnification of Officers, Directors and Others	28
7.7	Safety and Security	28
7.8	Provision of Services	29
7.9	Relationships with Other Properties	29
7.10	Facilities and Services Open to the Public	29
7.11	Education and Training	29
ARTICLE VIII	ASSOCIATION FINANCES	30
8.1	Budgeting and Allocating Common Expenses	30
8.2	Budgeting for Reserve	30
8.3	Special Assessments	30
8.4	Borrowing	31
8.5	Specific Assessment	31
8.6	Authority to Assess Owners: Time of Payment	31
8.7	Obligation for Assessments	32
8.8	Lien for Assessments	32
8.9	Exempt Property	33
8.10	Capitalization of Association	33
PART FOUR:	COMMUNITY DEVELOPMENT	33
ARTICLE IX	EXPANSION OF THE COMMUNITY	33
9.1	Expansion by Declarant	33
9.2	Expansion by the Association	34
9.3	Effect of Filing Supplemental Declaration	34
9.4	Number of Units	34
ARTICLE X	ADDITIONAL RIGHTS RESERVED TO DECLARANT	34
10.1	Marketing and Sales Activities	34
10.2	Right to Develop	34
10.3	Right to Approve Easements for Additional Property	35
10.4	Additional Covenants and Easements	35
10.5	Right to Approve Changes in Edgemont Meadows Standards	35
10.6	Right to Transfer or Assign Declarant Rights	35
10.7	Exclusive Rights to Use Name of Development	36
10.8	Easement to Inspect and Right to Correct	36

10.9	Right to Notice of Design or Construction Claims	36
10.10	Termination of Rights	36
PART FIVE:	PROPERTY RIGHTS WITHIN THE COMMUNITY	36
ARTICLE XI	EASEMENTS	36
11.1	Easements in Common Area	36
11.2	Easements of Encroachment	37
11.3	Easements for Utilities, Etc.	37
	11.3.1 Installation and Maintenance	37
	11.3.2 Specific Easements	38
	11.3.3 Minimal Interference	38
11.4	Easements for Maintenance, Emergency and Enforcement	38
PART SIX:	RELATIONSHIPS WITHIN AND OUTSIDE THE COMMUNITY	38
ARTICLE XII	DISPUTE RESOLUTION AND LIMITATION ON LITIGATION	39
12.1	Agreement to Encourage Resolution of Disputes without Litigation	39
12.2	Dispute Resolution Procedures	39
	12.2.1 Notice	39
	12.2.2 Negotiation	40
	12.2.3 Mediation	40
	12.2.4 Settlement	40
12.3	Initiation of Litigation by Association	41
PART SEVEN:	CHANGES IN THE COMMUNITY	41
ARTICLE XIII	CHANGES IN COMMON AREA	41
13.1	Condemnation	41
13.2	Partition	42
13.3	Transfer or Dedication of Common Area	42
ARTICLE XIV	AMENDMENT OF DECLARATION	42
14.1	By Declarant	42
14.2	By Members	42
14.3	Validity and Effective Date	43
14.4	Exhibits	43
EXHIBIT "A"		45
EXHIBIT "B"		46

PART ONE: INTRODUCTION TO THE COMMUNITY

As the developer of Edgemont Meadows, Declarant has established this Declaration to provide a governance structure and a flexible system of standards and procedures for the overall development, expansion, administration, maintenance and preservation of Edgemont Meadows.

ARTICLE I CREATION OF THE COMMUNITY

1.1 Purpose and Intent.

Declarant, as the owner of the real property described in Exhibit "A", intends by Recording this Declaration to establish a general plan of development for the community known as Edgemont Meadows. This Declaration provides a flexible and reasonable procedure for Edgemont Meadows' future expansion and provides for its overall development, administration, maintenance and preservation. An integral part of the development plan is the creation of Edgemont Meadows Community Association, Inc., an association comprised of all Owners of real property in Edgemont Meadows, to own, operate and/or maintain various common areas and community improvements and to administer and enforce this Declaration and the other Governing Documents referenced in this Declaration.

1.2 Binding Effect.

All property described in Exhibit "A", and any additional property which is made a part of Edgemont Meadows in the future by Recording one or more Supplemental Declarations, shall be owned, conveyed and used subject to all of the provisions of this Declaration, which shall run with the title to such property. This Declaration shall be binding upon all Persons having any right, title, or interest in any portion of Edgemont Meadows, their heirs, successors, successors-in-title, and assigns. This Declaration, as it may be amended, shall remain in effect, shall be enforceable by Declarant, the Association, any Owner, and their respective legal representatives, heirs, successors, and assigns, in perpetuity.

1.3 Governing Documents.

Edgemont Meadows' Governing Documents consist of the following, as they may be amended:

- 1.3.1** Articles of Incorporation (filed with the Colorado Secretary of State) establish the Association as a nonprofit corporation under Colorado law.
- 1.3.2** By-Laws (the Board of Directors adopts) govern the Association's internal affairs, such as voting, elections, meetings, etc.
- 1.3.3** Declaration (recorded by La Plata County Clerk and Recorder) creates obligations which are binding upon the Association and all present and future owners of property at Edgemont Meadows.
- 1.3.4** Supplemental Declaration(s), if applicable, (recorded by La Plata County Clerk and Recorder) adds property to Edgemont Meadows; may create easements and impose additional obligations or restrictions on such property.

- 1.3.5 Architectural Guidelines (the Board of Directors adopts; initial set to be recorded as a separate document at the time of recording of this Declaration; subject to revision and modification from time to time) establish architectural standards and guidelines for improvements and modifications to Units, including structures, landscaping and other items on Units.
- 1.3.6 Rules and Regulations (initial set to be recorded at the time of recording of this Declaration; subject to change from time to time) govern use of property, activities, and conduct within Edgemont Meadows.
- 1.3.7 Board Resolutions (the Board of Directors adopts) establishes rules, policies and procedures for internal governance and Association activities, regulate operation and use of Common Area.
- 1.3.8 Landscaping Guidelines (initial set to be recorded at the time of recording of this Declaration; subject to change from time to time) establish landscaping standards and guidelines, including grading, fencing, patios, signs, fire mitigation and approved plant materials.
- 1.3.9 Plats and Supplemental Plats recorded by the La Plata County Clerk and Recorder of any portion of Exhibits "A" and/or "B".

Nothing in this Section shall preclude any Supplemental Declaration or other Recorded covenants applicable to any portion of Edgemont Meadows from containing additional restrictions or provisions which are more restrictive than the provisions of this Declaration and, in such case, the more restrictive shall control. The Association may, but shall not be required to, enforce any such covenants, restrictions or other instruments applicable to any Community Association.

The Governing Documents apply to all Owners and occupants of property within Edgemont Meadows, as well as to their respective tenants, guests and invitees. If a Unit is leased, the lease shall provide that the tenant and all occupants of the leased Unit are bound by and obligated to comply with the Governing Documents.

If any court should determine that any provision of this Declaration is invalid, or invalid as applied in a particular instance, such determination shall not affect the validity of other provisions or applications of such provision.

ARTICLE II CONCEPTS AND DEFINITIONS

The terms used in the Governing Documents shall generally be given their natural, commonly accepted definitions unless otherwise specified. Capitalized terms shall be defined as set forth below.

- 2.1 **"Act":** The Act shall mean the Colorado Common Interest Ownership Act, C.R.S. § 38-33.3-101 *et seq.*, as amended from time to time.
- 2.2 **"Allocated Interests":** Allocated Interests shall mean the interest of each Unit in the liability for Common Expenses and the votes in the Association, determined by a fraction, the numerator of which is one and the denominator of which is the total number of Units.
- 2.3 **"Architectural Guidelines":** The guidelines, standards and requirements for architecture,

design, construction, landscaping and exterior items on Units recorded pursuant to Article IV, as they may be amended.

- 2.4 **"Articles"**: Edgemont Meadows Community Association, Inc.'s Articles of Incorporation, filed with the Colorado Secretary of State, as they may be amended.
- 2.5 **"Association"**: Edgemont Meadows Community Association, Inc., a Colorado nonprofit corporation, its successors or assigns.
- 2.6 **"Base Assessment"** : Assessments levied on all Units subject to assessment under Article VIII to fund Common Expenses for the general benefit of all Units, as determined in accordance with Section 8.1.
- 2.7 **"Executive Board" or "Board"** : The body responsible for administration of the Association, selected as provided in the By-Laws and generally serving the same role as the board of directors under Colorado corporate law.
- 2.8 **"By-Laws"**: The By-Laws of Edgemont Meadows Community Association, Inc., as they may be amended.
- 2.9 **"Common Area"**: All real and personal property, including easements, which the Association owns, leases, or otherwise holds possessory or use rights in for the common use and enjoyments of the Owners. The term shall include the Limited Common Area, as defined below. Except where the context otherwise requires, the term Common Area shall be the same as Common Elements as defined in the Act and as depicted on the Plat.
- 2.10 **"Common Expenses"**: The actual and estimated expenses incurred, or anticipated to be incurred, by the Association for the general benefit of all Owners, including but not limited to all maintenance obligations of the Association, and including any reasonable reserve, as the Board may find necessary and appropriate pursuant to the Governing Documents. Payments due under leases of capital improvements such as telecommunication equipment, if any, shall not be considered an initial development or original construction cost.
- 2.11 **"Community-Wide Standard"**: The standard of conduct, maintenance, or other activity generally prevailing at Edgemont Meadows, or the minimum standard established pursuant to the Architectural Guidelines, Rules and Regulations, and Board resolutions, whichever is a highest standard. Declarant shall establish initially such standard and it may contain both objective and subjective elements. The Community-Wide Standard may evolve as development progresses and as the needs and desires within Edgemont Meadows change.
- 2.12 **"Conceptual Development Plan"**: The Conceptual Development Plan of Edgemont Meadows recorded on _____, 2015 at Reception No. _____ of the records of the La Plata County Colorado Clerk and Recorder.
- 2.13 **"Declarant"**: Meadows Developers, or any successor or assign who takes title to any portion of the property described in Exhibit "A" or "B" for the purpose of development and/or sale and who is designated as Declarant in a Recorded instrument that the immediately preceding Declarant executes.
- 2.14 **"Declarant Control Period"**: The period of time during which the Declarant is entitled to

appoint or remove members of the Board as provided in the By-Laws and as set forth in the Act. The Declarant Control Period shall terminate on the first to occur of the following:

- 2.14.1 sixty (60) days after conveyance of seventy-five (75) percent of the maximum number of units permitted by this Declaration for the property described in Exhibits "A" and "B" to non-Declarant owners;
 - 2.14.2 as determined by the Act; or
 - 2.14.3 when, in its discretion, the Declarant so determines.
- 2.15 **"Edgemont Meadows":** The real property described in Exhibit "A", together with such additional property as is subjected to this Declaration in accordance with Article IX.
- 2.16 **"Governing Documents":** A collective term referring to this Declaration and any applicable Supplemental Declaration(s), the By-Laws, the Articles of Incorporation, the Architectural Guidelines, the Rules and Regulations, and Board Resolutions, all as they may be amended.
- 2.17 **"Member":** A Person subject to membership in the Association pursuant to Section 6.2.
- 2.18 **"Mortgage":** A mortgage, a deed of trust, a deed to secure debt, or any other form of security affecting title to any Unit.
- 2.19 **"Mortgagee":** The beneficiary or holder of a Mortgage.
- 2.20 **"Neighborhood":** A section, area or segment within Edgemont Meadows designated by the Declarant to have separate or different Architectural and/or Landscaping Guidelines or Rules and Regulations.
- 2.21 **"Open Space":** The Open Space area as depicted on the Plat, which is Common Area. Use of the Open Space is subject to rules and regulations adopted from time to time by the Board.
- 2.22 **"Owner":** One or more Persons who hold the record title to any Unit, but excluding in all cases any party holding an interest merely as security for the performance of an obligation. If a Unit is sold under a Recorded contract of sale, and the contract specifically so provides, the purchaser (rather than the fee owner) will be construed to be the Owner.
- 2.23 **"Person":** A natural person, a corporation, a partnership, a trustee, or any other legal entity.
- 2.24 **"Property" :** The real property described in Exhibit "A", together with such additional property which is made a part of Edgemont Meadows in subsequent Recording(s).
- 2.25 **"Record", "Recording", or "Recorded" :** The filing of a legal instrument in the La Plata County, Colorado land records or such other place as may be designated as the official location for recording deeds, plats, and similar documents affecting title to real estate.
- 2.26 **"Rules and Regulations":** The initial Rules and Regulations will be recorded as a separate document and may be supplemented, modified, and/or repealed pursuant to Article III.
- 2.27 **"Special Assessment:"** Assessments levied in accordance with Section 8.4.
- 2.28 **"Specific Assessment":** Assessments levied in accordance with Section 8.5.

- 2.29 "Supplemental Declaration":** An instrument Recorded pursuant to Article IX which subjects additional property to this Declaration, identifies phases and neighborhoods, and/or creates or imposes additional easements, restrictions and obligations on the land described in such instrument.
- 2.30 "Unit":** A portion of Edgemont Meadows which may be independently owned and is intended for development, use and occupancy as an attached or detached residence for a single family or a commercial use approved by La Plata County. The term shall refer to the land, if any, which is part of the Unit as well as any improvements thereon. In the case of a structure containing multiple dwellings, each dwelling shall be deemed to be a separate Unit. Similarly, in the case of a structure, containing one or more business condominiums or Units, each such condominium or Unit shall be deemed to be a separate Unit. Subdivision of a Unit into two or more Units, or changing the boundary lines of any Unit after a subdivision plat including such Unit has been approved and Recorded is prohibited, except that Declarant shall be permitted to subdivide or replat Units that it owns, subject to governmental authority.

PART TWO: CREATION AND MAINTENANCE OF COMMUNITY STANDARDS

The standards for use and conduct, maintenance, architecture, landscaping and other aesthetic matters at Edgemont Meadows are what give the community its identity and make it a place that people want to call "home". Each Owner and resident upholding such standards can take pride in the results of that common effort. This Declaration establishes procedures for adopting, modifying, applying, and enforcing such standards while providing the flexibility for the community standards to evolve as Edgemont Meadows changes and grows over time.

ARTICLE III USE AND CONDUCT

3.1 Framework for Regulation.

As part of the general plan of development for Edgemont Meadows, the Governing Documents establish a framework of affirmative and negative covenants, easements and restrictions that govern Edgemont Meadows. Within that framework, the Board and the Members must have the ability to respond to unforeseen problems and changes in circumstances, conditions, needs, desires, trends, and technology. Therefore, this Article establishes procedures for modifying and expanding the initial set of Rules and Regulations set forth in Exhibit "C". This Article is not intended to apply to rules and regulations relating to use and operation of the Common Area which the Board may adopt by resolution pursuant to Section 7.1.3, nor to administrative policies which the Board may adopt to interpret, define or implement the Rules and Regulations.

3.2 Rule Making Authority.

- 3.2.1** Subject to the terms of this Article and the Board's duty to exercise reasonableness on behalf of the Association and its Members, the Board may modify, cancel, limit, create exceptions to, or expand the Rules and Regulations. With respect to the consideration of any such action the Board shall notice all Owners concerning any proposed action at least five (5) business days prior to the Board meeting at which such action is to be considered. Members shall have a reasonable opportunity to be heard at a Board meeting prior to such action being taken.

Such action shall become effective, after compliance with subsection 3.2.3, unless Members representing more than fifty (50) percent of the total Non-Declarant votes in the Association and the Declarant, if any, disapprove such action at a meeting. The Board shall have no obligation to call a meeting of the Members to consider disapproval except upon receipt of a petition of the Members as required for special meetings in the By-Laws. Upon such petition of the Members prior to the effective date of any Board action under this Section 3.2.1, the proposed action shall not become effective until after such meeting is held, and subject to the outcome of such meeting.

- 3.2.2** Alternatively, Members, representing more than fifty (50) percent of the total Non-Declarant votes in the Association at an Association meeting duly called for such purposes, may vote to adopt rules that modify, cancel, limit, create exceptions to, or expand the Rules and Regulations then in effect. Such action shall require approval of the Declarant.
- 3.2.3** Prior to any action taken under this Section becoming effective, the Board shall send a copy of the new rule or explanation of any changes to the Rules and Regulations to each Owner. The effective date shall be not less than thirty (30) days following distributions to Owners unless such action is emergency in nature (i.e. watering restrictions if supply is in jeopardy) in which case such action may become effective immediately. The Association shall provide, without cost, a copy of the Rules and Regulations then in effect to any requesting Member or Mortgagee.
- 3.2.4** No action taken under this Article shall have the effect of modifying, repealing or expanding the Architectural Guidelines or any provision of this Declaration other than the initial Rules and Regulations. In the event of a conflict between the Architectural Guidelines and the Rules and Regulations, the Architectural Guidelines shall control.
- 3.2.5** The procedures required under this Section 3.2 shall not apply to the enactment and enforcement of administrative rules and regulations governing use of the Common Area unless the Board chooses in its discretion to submit to such procedures. Examples of such administrative rules and regulations shall include, but not be limited to, hours of operation of a recreational facility, speed limits on private roads, and the method of allocating or reserving use of a facility (if permitted) by particular individuals at particular times.

3.3 Owners' Acknowledgment and Notice to Purchasers.

All Owners are given notice that use of their Units and the Common Area is limited by the Rules and Regulations as modified from time to time. By acceptance of a deed, each owner acknowledges and agrees that the use and enjoyment and marketability of his or her Unit can be affected by this provision and that the Rules and Regulations may change from time to time. All purchasers of Units are on notice that the Association may have adopted changes. Copies of the current Rules and Regulations may be obtained from the Association.

3.4 Protection of Owners and Others.

Except as may be set forth in this Declaration (either initially or by amendment) or in the initial Rules and Regulations set forth in Exhibit "C", all Rules and Regulations shall comply with the

following provisions:

3.4.1 Similar Treatment. Similarly situated Owners shall be treated similarly.

3.4.2 Displays. The rights of Owners to display religious and holiday signs, symbols, and decorations inside structures on their Units of the kinds normally displayed in dwellings located in single-family residential neighborhoods shall not be abridged, except that the Association may adopt time, place, and manner restrictions with respect to displays visible from outside the dwelling.

Rules and Regulations may govern the placement of political signs to the extent allowed by the Act.

Display of the American flag or service flags (as defined in the Act) shall not be prohibited but may be regulated in terms of size and manner of display to the extent allowed by the Act.

3.4.3 Household Composition. No rule shall interfere with the Owners' freedom to determine the composition of their households, except that the Association shall have the power to require that all occupants be members of a single housekeeping unit and to limit the total number of occupants permitted in each Unit on the basis of the size and facilities of the Unit and its fair use of the Common Area.

3.4.4 Activities Within Dwellings. No rule shall interfere with the activities carried on within the confines of dwellings, except that the Association may prohibit activities not normally associated with property restricted to residential use, and it may restrict or prohibit any activities that create monetary costs for the Association or other Owners, that create a danger to the health or safety of occupants of other Units, that generate excessive noise or traffic, that create unsightly conditions visible outside the dwelling, or that create an unreasonable source of annoyance.

3.4.5 Allocation of Burdens and Benefits. No rule shall alter the allocation of financial burdens among the various Units or rights to use the Common Area to the detriment of any Owner over that Owner's objection expressed in writing to the Association. Nothing in this provision shall prevent the Association from changing the Common Area available, from adopting generally applicable rules for use of Common Area, or from denying use privileges to those who are delinquent in paying assessments, abuse the Common Area, or violate the Governing Documents. This provision does not affect the right to increase the amount of assessments as provided in Article VIII.

3.4.6 Alienation and Leasing. No rule shall prohibit leasing or transfer of any Units, or require consent of the Association or Board for leasing or transfer of any Unit; provided, the Association or the Board may require a minimum lease term of up to 12 months. The Association may require that Owners use lease forms approved by the Association but shall not impose any fee on the lease or transfer of any Unit greater than an amount reasonably based on the costs to the Association of administering that lease or transfer. Vacation rentals are not allowed. Use of any Unit for operation of a timesharing, fraction-sharing, or similar program whereby the right to exclusive use of the Unit rotates among participants in the program on a fixed or floating time schedule over a period of years, unless such participants are all co-owners of the Unit.

- 3.4.7 Abridging Existing Rights.** No rule shall require an Owner to dispose of personal property that was in or on a Unit prior to the adoption of such rule if such personal property was in compliance with all rules previously in force. This exemption shall apply only during the period of such Owner's ownership of the Unit, and shall not apply to subsequent Owners who take title to the Unit after adoption of the rule.
- 3.4.8 Reasonable Rights to Develop.** No rule or action by the Association or Board shall unreasonably impede Declarant's right to develop Edgemont Meadows.
- 3.4.9 Energy Efficiency Measures.** Rules and Regulations may govern the installation, placement and locations of energy efficiency measures to the extent allowed by the Act.

ARTICLE IV ARCHITECTURAL AND LANDSCAPING

4.1 General.

No structure or thing shall be placed, erected, or installed upon any Unit and no improvements or other work (including staking, clearing, excavation, grading and other site work, exterior alterations of existing improvements or planting or removal of landscaping) shall take place within Edgemont Meadows, except in compliance with this Article, the Architectural Guidelines and the Landscaping Guidelines.

No approval shall be required to repaint, re-stain or re-stucco (using the same color/color scheme) the exterior of a structure in accordance with the most recently approved color scheme or to rebuild in accordance with originally approved plans and specifications unless changes are required to meet current codes. Any Owner may remodel, paint, or redecorate the interior of his or her Unit without approval. However, modifications to the interior of screened porches, patios and similar portions of a Unit visible from outside the structure shall be subject to approval.

All dwellings constructed on any portion of Edgemont Meadows shall be designed and built in accordance with the plans and specifications approved by the Architectural Review Committee.

4.2 Wildfire Mitigation

All improvements on the Property shall be constructed to incorporate a surrounding area of "defensible space" to mitigate wildfire danger. Owners are encouraged to follow the Colorado State University Cooperative Extension's "Creating Wildfire-Defensible Zones - No. 6.302" guidelines which provide for Defensible Space Management Zones. The design of defensible space for each lot within Edgemont Meadows depends on several factors, including size and shape of buildings, materials used in their construction, the slope of the ground on which the structures are built, surrounding topography, and the size and types of vegetation on the property and adjoining properties. Owners may want to request additional guidance from the local Colorado State Forest Service forester or the local fire department. Owners shall inspect their property on an annual basis to determine if additional mitigation is necessary. This annual inspection shall verify that trees and shrubs are properly thinned, roof and gutters are clear of debris, branches overhanging roofs and chimneys are removed, chimney screens are in place and in working condition, and that all grass and weeds are mowed. Notwithstanding the importance of wildfire mitigation, all plans for removal of trees and other vegetation, other than removal of dead trees, maintenance and routine thinning, must

be approved by the Architectural Review Committee but subject to limitations in the Act.

4.3 Architectural Review.

- 4.3.1 By Declarant.** By accepting a deed or other instrument conveying any interest in any portion of Edgemont Meadows, each Owner acknowledges that, as the developer of Edgemont Meadows and as an owner of portions of Edgemont Meadows as well as other real estate adjacent to Edgemont Meadows, Declarant has a substantial interest in ensuring that the improvements within Edgemont Meadows enhance its reputation as a neighborhood possessing features of more than ordinary value and do not impair Declarant's ability to market, sell, or lease its property. Therefore, each Owner agrees that no activity within the scope of this Article shall be commenced on such Owner's Unit unless and until Declarant or its designee has given its prior written approval for such activity upon proper application therefor.

In reviewing and acting upon any request for approval, Declarant or its designee shall be acting solely in Declarant's interest and shall owe no duty to any other Person. Declarant's rights reserved under this Article shall continue so long as Declarant owns any portion of the real property described in Exhibit A and/or Exhibit B, and has any Reserved Declarant Rights pursuant to Article X, unless earlier terminated in an instrument the Declarant Records.

Declarant may designate one or more Persons to act on its behalf in reviewing applications hereunder.

Declarant may from time to time, but shall not be obligated to, delegate all or a portion of its reserved rights under this Article to (i) an architectural review committee appointed by the Board of Directors (the "ARC"); or (ii) a committee comprised of architects, engineers or other persons who may or may not be Members of the Association. Any such delegations shall be in writing specifying the scope of responsibilities delegated and shall be subject to (i) Declarant's right to revoke such delegation at any time and reassume jurisdiction over the matters previously delegated; and (ii) Declarant's right to veto any decision which Declarant reasonably determines to be inappropriate or inadvisable under the guidelines. So long as Declarant has any rights under this Article, the jurisdiction of the foregoing entities shall be limited to such matters as Declarant specifically delegates to them.

- 4.3.2 Architectural Review Committee (ARC).** Upon delegation by Declarant or upon expiration or termination of Declarant's rights under this Article, the Association, acting through the ARC, shall assume jurisdiction over architectural matters. The ARC, when appointed, shall consist of at least three, but not more than five, persons who shall serve and may be removed and replaced at the Board's discretion. The members of the ARC need not be Members of the Association or representatives of Members, and may, but need not, include architects, engineers or similar professionals, who may be compensated in such manner and amount if any, as the Board may establish.

Unless and until such time as Declarant delegates all or a portion of its reserved rights to the ARC or Declarant's rights under this Article terminate, the Association shall have no jurisdiction over architectural matters.

- 4.3.3 Fees, Assistance.** For purposes of this Article, the entity having jurisdiction in a particular case shall be referred to as the "Declarant or ARC, as appropriate". The Declarant or ARC, as appropriate, may establish and charge reasonable fees for review of applications and may require such fees to be paid in full prior to review of any application. Such fees may include the reasonable costs incurred in having any application reviewed by architects, engineers or other professionals. Declarant and the Association may employ architects, engineers, or other persons as deemed necessary to perform the review. The Board may include the compensation of such persons in the Association's annual operating budget.

4.4 Guidelines and Procedures.

- 4.4.1 Architectural Guidelines.** Declarant has prepared the initial Architectural Guidelines, which contain general provisions applicable to all of Edgemont Meadows as well as specific provisions which may vary from Neighborhood to Neighborhood. The Architectural Guidelines are intended to provide guidance to Owners and Builders regarding matters of particular concern to the Declarant or ARC, as appropriate, in considering applications. The Architectural Guidelines are not the exclusive basis for decisions of the Declarant or ARC, as appropriate, and, therefore, compliance with the Architectural Guidelines does not guarantee approval of any application.

Declarant shall have sole and full authority to amend the Architectural Guidelines as long as it owns any portion of or has a right to expand Edgemont Meadows pursuant to Section 9.1, notwithstanding a delegation of reviewing authority to the ARC, unless Declarant also delegates the power to amend to the ARC. Upon termination or delegation of Declarant's right to amend, the ARC shall have the authority to amend the Architectural Guidelines with the consent of the Board.

Any amendments to the Architectural Guidelines shall be prospective only and shall not apply to required modifications to or removal of structures previously approved once the approved construction or modification has commenced. There shall be no limitation on the scope of amendments to the Architectural Guidelines, and such amendments may remove requirements previously imposed or otherwise make the Architectural Guidelines less restrictive.

The Declarant or ARC, as appropriate, shall make the Architectural Guidelines available to Owners and Builders who seek to engage in development or construction within Edgemont Meadows. At Declarant's discretion, such Architectural Guidelines may be Recorded, in which event the Recorded version, as it may unilaterally be amended from time to time, shall control in the event of any dispute as to which version of the Architectural Guidelines was in effect at any particular time.

- 4.4.2 Procedures.** Except as otherwise specifically provided in the Architectural Guidelines, no activities shall commence on any portion of Edgemont Meadows until an application for approval has been submitted to and approved by the Declarant or ARC, as appropriate, subject to expiration without objection of any reserved Declarant right of review and approval. Such application shall include plans and specifications showing site layout, structural design, exterior elevations, exterior materials and colors, landscaping, drainage, exterior lighting, irrigation, and other

features of proposed construction, as applicable. The Architectural Guidelines and the Declarant or ARC, as appropriate, may require the submission of such additional information as may be reasonably necessary to consider any application.

In reviewing each submission, the Declarant or ARC, as appropriate, may consider any factors it deems relevant, including, without limitation, harmony of external design with surrounding structures and environment. Decisions may be based on purely aesthetic considerations. Each Owner acknowledges that determinations as to such matters are purely subjective and opinions may vary as to the desirability and/or attractiveness of particular improvements. The Declarant or ARC, as appropriate, shall have the sole discretion to make final, conclusive, and binding determinations on matters of aesthetic judgment and such determinations shall not be subject to review so long as made in good faith and in accordance with the procedures set forth herein.

The Declarant or ARC, as appropriate, shall make a determination on each application within twenty-one (21) days after receipt of a completed application and all required information. The Declarant or ARC, as appropriate, may (i) approve the application, with or without conditions; (ii) approve a portion of the application and disapprove other portions; or (iii) disapprove the application.

Until expiration of Declarant's rights under this Article, the ARC shall notify Declarant in writing within three (3) business days after the ARC has approved any application within the scope of matters delegated to the ARC by Declarant. The notice shall be accompanied by a copy of the application and any additional information Declarant may require. Declarant shall have ten (10) days after receipt of such notice to veto any such action, in its sole discretion, by written notice to the ARC.

The Declarant or ARC, as appropriate, shall notify the applicant in writing of the final determination on any application within ten (10) days thereafter or, with respect to any determination by the ARC subject to Declarant's veto right, within ten (10) days after the earlier of: (i) receipt of notice of Declarant's veto or waiver thereof; or (ii) expiration of the 10-day period for exercise of Declarant's veto. In the case of disapproval, the Declarant or ARC, as appropriate, may, but shall not be obligated to, specify the reasons for any objections and/or offer suggestions for curing any objections.

In the event that Declarant or ARC, as appropriate, fails to respond in a timely manner, approval shall be deemed to have been given, subject to Declarant's right to veto pursuant to this Section. However, no approval, whether expressly granted or deemed granted, shall be inconsistent with the Architectural Guidelines unless a written variance has been granted pursuant to Section 4.6. Notice shall be deemed to have been given at the time the envelope containing the response is deposited with the U.S. Postal Service. However, personal delivery of such written notice shall be sufficient and shall be deemed to have been given at the time of delivery to the applicant.

If construction does not commence on a project for which plans have been approved within one year after the date of approval, such approval shall be deemed withdrawn and it shall be necessary for the Owner to reapply for approval before commencing

any activities. Once construction is commenced, it shall be diligently pursued to completion. All work shall be completed within one year of commencement unless otherwise specified in the notice of approval or unless the Declarant or ARC, as appropriate, grants an extension in writing, which it shall not be obligated to do. Completed work shall be evidenced by a Certificate of Occupancy issued by La Plata County after Architectural Review Committee approval is received in accordance with Section 4.8. If approved work is not completed within the required time, it shall be considered nonconforming and shall be subject to enforcement action by the Association, Declarant or any aggrieved Owner.

The Declarant or ARC, as appropriate, may, by resolution, exempt certain activities from the application and approval requirements of this Article, provided such activities are undertaken in strict compliance with the requirements of such resolution.

4.5 No Waiver of Future Approvals.

Each Owner acknowledges that the persons reviewing applications under this Article will change from time to time and that opinions on aesthetic matters, as well as interpretation and application of the Architectural Guidelines may vary accordingly. In addition, each Owner acknowledges that it may not always be possible to identify objectionable features until work is completed, in which case it may be unreasonable to require changes to the improvements involved, but the Declarant or ARC, as appropriate, may refuse to approve similar proposals in the future. Approval of applications or plans, or in connection with any other matter requiring approval, shall not be deemed to constitute a waiver of the right to withhold approval as to any similar applications, plans or other matters subsequently or additionally submitted for approval.

4.6 Variances.

The Declarant or ARC, as appropriate, may authorize variances from compliance with any of its guidelines and procedures when circumstances such as topography, natural obstructions, hardship, or aesthetic or environmental considerations require, but only in accordance with duly adopted rules and regulations. No variance shall (a) be effective unless in writing; (b) be contrary to this Declaration; or (c) preclude the Declarant or ARC, as appropriate, from denying a variance in other circumstances. For purposes of this Section, the inability to obtain approval of any governmental agency, the issuance of any permit, or the terms of any financing shall not be considered a hardship warranting a variance.

4.7 Limitation of Liability.

The standards and procedures established by this Article are intended as a mechanism for maintaining and enhancing the overall aesthetics of the Edgemont Meadows; they do not create any duty to any Person. Review and approval of any application pursuant to this Article may be made on the basis of aesthetic considerations only, and the Declarant or ARC, as appropriate, shall not bear any responsibility for ensuring the structural integrity or soundness of approved construction or modifications, nor for ensuring compliance with building codes and other governmental requirements, nor for ensuring that all dwellings are of comparable quality, value or size, of similar design, or aesthetically pleasing or otherwise acceptable to neighboring property owners.

Declarant, the Association, the Board, any committee, or member of any of the foregoing shall

not be held liable for soil conditions, drainage or other general site work; any defects in plans revised or approved hereunder; any loss or damage arising out of the action, inaction, integrity, financial condition, or quality of work of any contractor or its subcontractors, employees, or agents, whether or not Declarant has approved or featured such contractor as a builder; or any injury, damages, or loss arising out of the manner or quality or other circumstances of approved construction on or modifications to any Unit. In all matters, the Association shall indemnify the Board, the ARC, and the members of each as provided in the Section 7.6.

4.8 Final Construction Approval.

Upon completion of any residence or other improvement for which AR approval is necessary, Owner must submit and must complete the process for issuance of the Edgemont Meadows Architectural Review Final Construction Approval (The "Final Construction Approval"). The AR shall either grant or deny such submittal within thirty (30) days after the receipt thereof and may charge a reasonable administrative fee for issuing such certificates. Issuance of such approval shall preclude the Association from taking enforcement action with respect to any condition as to which the Association had notice as of the date of such certificate. If Owner does not apply for and obtain approval from AR, Owner will be in violation and after notice and hearing will be subject to sanctions imposed by the Board.

ARTICLE V MAINTENANCE AND REPAIR

5.1 Maintenance of Units.

Each Owner shall maintain his or her Unit and all landscaping and improvements comprising the Unit in a manner consistent with the Governing Documents, the Community-Wide Standard and all applicable covenants, unless such maintenance responsibility is otherwise assumed or assigned to the Association or a Neighborhood pursuant to any Supplemental Declaration or other declaration of covenants applicable to such Unit.

5.2 Maintenance of Property.

Edgemont Meadows Community Association shall maintain its Common Area and any other property for which it has maintenance responsibility in a manner consistent with Governing Documents, the Community-Wide Standard and all applicable covenants.

The Association may assume maintenance responsibility for property within any Neighborhood, in addition to that designated by any Supplemental Declaration, either by agreement with the Neighborhood or because, in the Board's opinion, the level and quality of service then being provided is not consistent with the Community-Wide Standard. All costs of maintenance pursuant to this paragraph shall be assessed as a Neighborhood Assessment only against the Units within the Neighborhood to which the services are provided. The provision of services in accordance with this Section shall not constitute discrimination within a class.

5.3 Responsibility for Repair and Replacement.

Unless otherwise provided in the Governing Documents or in other instruments creating and assigning maintenance responsibility, responsibility for maintenance shall include responsibility for repair and replacement, as necessary to maintain the property to a level consistent with the Community-Wide Standard.

By virtue of taking title to a Unit, each Owner covenants and agrees with all other Owners and with the Association to carry property insurance for the full replacement cost of all insurable improvements on his or her Unit, less a reasonable deductible, unless either the Neighborhood Association (if any) for the Neighborhood in which the Unit is located or the Association carries such insurance (which they may, but are not obligated to do hereunder). If the Association assumes responsibility for obtaining any insurance coverage on behalf of Owners, the premiums for such insurance shall be levied as a Specific Assessment against the benefitted Unit and the Owner. Owner shall provide the Association with a current Certificate of Insurance evidencing appropriate coverage.

Each Owner further covenants and agrees that in the event of damage to or destruction of structures on or comprising his or her Unit, the Owner shall proceed promptly to repair or to reconstruct in a manner consistent with the original construction or such other plans and specifications as are approved in accordance with Article IV. Alternatively, the Owner shall clear the Unit and maintain it in a neat and attractive, landscaped condition consistent with the Community-Wide Standard. The Owner shall pay any costs not covered by insurance proceeds.

5.4 General Liability.

By virtue of taking title to a Unit, each owner also covenants and agrees with all other Owners and with the Association to carry general liability insurance, which may be through their hazard insurance policy, in the amount established by the Rules and Regulations.

PART THREE: COMMUNITY GOVERNANCE AND ADMINISTRATION

This Declaration establishes the Association as a mechanism by which each Owner is able to participate in the governance and administration of Edgemont Meadows. While many powers and responsibilities are vested in the Association's Board of Directors in order to facilitate day-to-day management and operation, some decisions are considered of such importance that they are reserved for the Association's membership -- the owners of property in Edgemont Meadows.

ARTICLE VI THE ASSOCIATION AND ITS MEMBERS

6.1 Function of Association.

The Association is the entity responsible for management, maintenance, operation, and control of the Common Area. The Association also is the primary entity responsible for enforcement of the Governing Documents. The Association shall perform its functions in accordance with the Governing Documents and Colorado law.

6.2 Membership.

Every Owner shall be a Member of the Association. There shall be only one membership per Unit. If a Unit is owned by more than one Person, all co-Owners shall share the privileges of such membership, subject to reasonable Board regulation and the restrictions on voting set forth in Section 6.3.3 and in the By-Laws, and all such co-Owners shall be jointly and severally obligated to perform the responsibilities of Owners. The membership rights of an Owner that is not a natural person may be exercised by any officer, director, partner or trustee, or by the individual designated from time to time by the Owner in written instrument provided to the Secretary of the Association.

6.3 Voting.

On all matters Units shall have the votes in accordance with Allocated Interests. Where there are multiple Owners of a Unit, there shall remain only one vote for each Unit. If only one of the multiple Owners of a Unit are present at a meeting of the Association, such Owner shall be entitled to cast the vote allocated to such Unit. If more than one of the multiple Owners are present, the vote allocated to the Unit may be cast only in accordance with the agreement of a majority in interest of the Owners of such Unit. For the election of Board Members, those candidates receiving the highest number of votes shall be deemed elected. Lessees of Units shall have no voting rights.

In recognition of the different character and intended use of the property subject to such Supplemental Declaration, Declarant may, by Supplemental Declaration, create additional classes of membership for the owners of Units within any property made subject to this Declaration pursuant to Article IX. These classes shall have such rights, privileges and obligations as specified in such Supplemental Declaration.

6.3.1 Association's acceptance of votes.

6.3.1.1 If the name signed on a vote, consent, written ballot, waiver, proxy appointment, or proxy appointment revocation corresponds to the name of a member, the Association, if acting in good faith, is entitled to accept the vote, consent, written ballot, waiver, proxy appointment, or proxy appointment revocation and to give it effect as the act of the member.

6.3.1.2 If the name signed on a vote, consent, written ballot, waiver, proxy appointment, or proxy appointment revocation does not correspond to the name of a member, the Association, if acting in good faith, is nevertheless entitled to accept the vote, consent, written ballot, waiver, proxy appointment, or proxy appointment revocation and to give it effect as the act of the member if:

- a. The member is an entity and the name signed purports to be that of an officer or agent of the entity;
- b. The name signed purports to be that of an administrator, executor, guardian, or conservator representing the member and, if the Association requests, evidence of fiduciary status acceptable to the Association has been presented with respect to the vote, consent, written ballot, waiver, proxy appointment, or proxy appointment revocation;
- c. The name signed purports to be that of a receiver or trustee in bankruptcy of the member and, if the Association requests, evidence of this status acceptable to the Association has been presented with respect to the vote, consent, written ballot, waiver, proxy appointment, or proxy appointment revocation;
- d. The name signed purports to be that of a pledgee, beneficial owner, or attorney-in-fact of the member and, if the Association requests, evidence acceptable to the Association of the signatory's authority to sign for the member has been presented with respect to the vote, consent, written ballot, waiver, proxy appointment, or proxy appointment revocation;
- e. Two or more persons are the member as cotenants or fiduciaries and the name signed purports to be the name of at least one of the cotenants or

fiduciaries and the person signing appears to be acting on behalf of all the cotenants or fiduciaries; or

- f. The acceptance of the vote, consent, written ballot, waiver, proxy appointment, or proxy appointment revocation is otherwise proper under rules established by the Association that are not inconsistent with the provisions of this subsection 6.3.3.2.

6.3.1.3 The Association is entitled to reject a vote, consent, written ballot, waiver, proxy appointment, or proxy appointment revocation if the secretary or other officer or agent authorized to tabulate votes, acting in good faith, has reasonable basis for doubt about the validity of the signature on it or about the signatory's authority to sign for the member.

6.3.1.4 The Association and its officer or agent who accepts or rejects a vote, consent, written ballot, waiver, proxy appointment, or proxy appointment revocation in good faith and in accordance with the standards of this section are not liable in damages for the consequences of the acceptance or rejection.

6.3.1.5 Association action based on the acceptance or rejection of a vote, consent, written ballot, waiver, proxy appointment, or proxy appointment revocation under this section is valid unless a court of competent jurisdiction determines otherwise.

6.4 Notice to Association.

Upon request, each Owner shall be obligated to furnish to the Association the name and address of the holder of any Mortgage encumbering such Owner's Unit.

ARTICLE VII ASSOCIATION POWERS AND RESPONSIBILITIES

7.1 Acceptance and Control of Association Property.

7.1.1 The Association may acquire, hold, lease (as lessor or lessee), operate and dispose of tangible and intangible personal property and real property. The Association may enter into leases, licenses or operating agreements for portions of the Common Area, for such consideration or no consideration as the Board deems appropriate, to permit use of such portions of the Common Area by community organizations and by others, whether nonprofit or for profit, for the provision of goods or services for the general benefit or convenience of owners, occupants and residents of Edgemont Meadows.

7.1.2 Declarant and its designees may convey to the Association, and the Association shall accept, personal property and fee title, leasehold or other property interests in any real property, improved or unimproved, described in Exhibit "A" or "B". Declarant shall convey the initial Common Area to the Association prior to the conveyance of a Unit to any Person other than a Builder. Upon Declarant's written request, the Association shall reconvey to Declarant any unimproved portions which Declarant originally conveyed to the Association for no consideration, to the extent conveyed by Declarant in error or needed by Declarant to make minor adjustments in property lines. Unimproved portions shall mean those portions that have not yet been improved, or whose improvements are limited to those in the nature of landscaping.

- 7.1.3 The Association shall be responsible for management, operation, and control of the Common Area, subject to any covenants and restrictions set forth in the deed or other instrument transferring such property to the Association. The Board may adopt such reasonable rules regulating use of the Common Area as it deems appropriate.

7.2 Maintenance of Common Area

The Association shall maintain, in accordance with the Community-Wide Standard, the Common Area, which shall include, but need not be limited to:

- 7.2.1 all portions of and structures situated on the Common Area, including but not limited to trails and trail signage. The trail system planned for Edgemont Meadows consists of a variety of types of trails. Maintenance of trails does not include plowing or snow removal;
- 7.2.2 landscaping abutting public rights-of-way;
- 7.2.3 such portions of any additional property included within the Common Area as may be dictated by this Declaration, any Supplemental Declaration, or any contract or agreement for maintenance thereof entered into by the Association;
- 7.2.4 all water drainage and detention systems, and ponds, streams or riparian areas located within Edgemont Meadows which serve as part of the stormwater drainage system for Edgemont Meadows, including improvements and equipment installed therein or used in connection therewith, unless Edgemont Ranch Metro District expressly undertakes maintenance within rights of way dedicated to and accepted by Edgemont Ranch Metro District; and
- 7.2.5 any property and facilities which Declarant owns and makes available, on a temporary or permanent basis, for the primary use and enjoyment of the Association and its Members. Such property and facilities shall be identified by written notice from Declarant to the Association and will remain part of the Common Area maintained by the Association until such time as Declarant revokes such privilege of use and enjoyment by written notice to the Association.

The Association may maintain other property it does not own, including, without limitation, property dedicated to the public, if the Board determines that such maintenance is necessary or desirable to maintain the Community-Wide Standard.

The Association shall not be liable for any damage or injury occurring on or arising out of the condition of property it does not own except to the extent that it has been negligent in the performance of its maintenance responsibilities or other duties assumed by the Association.

The Association shall maintain the facilities and equipment within the Common Area in continuous operation, except for any periods necessary, as determined in the Board's sole discretion, to perform required maintenance or repairs, unless Members representing sixty-seven (67) percent of the Non-Declarant votes in the Association and the Declarant Member, if any, agree in writing to discontinue such operation.

Except as provided above, the Common Area shall not be reduced except with Declarant's prior written approval as long as Declarant owns any property described in Exhibit "A" or "B".

The costs associated with maintenance, repair, and replacement of the Common Area shall be a Common Expense; provided the Association may seek reimbursement from the owner(s) of, or other Persons responsible for, certain portions of the Common Area pursuant to this Declaration, other Recorded covenants, or agreements with the owner(s) thereof.

7.3 Insurance.

7.3.1 Required Coverages. The Association, acting through its Board or its duly authorized agent, shall obtain and continue in effect the following types of insurance, if reasonably available, or if not reasonably available, the most nearly equivalent coverages as are reasonably available:

- 7.3.1.1** Blanket property insurance covering "risks of direct physical loss" on a "special form" basis (or comparable coverage by whatever name denominated) for all insurable improvements on the Common Area and within the Common Area to the extent that Association has assumed responsibility in the event of a casualty, regardless of ownership. If such coverage is not generally available at reasonable cost, then "broad form" coverage may be substituted. All property insurance policies obtained by the Association shall have policy limits sufficient to cover the full replacement cost of the insured improvements under current building ordinances and codes;
- 7.3.1.2** Commercial general liability insurance on the Common Area, insuring the Association and its Members for damage or injury caused by the negligence of the Association or any of its Members, employees, agents, or contractors while acting on its behalf. If generally available at reasonable cost, such coverage (including primary and any umbrella coverage) shall have a limit of at least \$2,000,000.00 per occurrence with respect to bodily injury, personal injury, and property damage; provided, if additional coverage and higher limits are available at reasonable cost which a reasonably prudent person would obtain, the Association shall obtain such additional coverages or limits;
- 7.3.1.3** Workers compensation insurance and employers liability insurance, if and to the extent required by law;
- 7.3.1.4** Directors and officers liability coverage;
- 7.3.1.5** Commercial crime insurance, including fidelity insurance covering all Persons responsible for handling Association funds in an amount determined in the Board's business judgment but not less than an amount equal to one-quarter of the annual Base Assessments on all Units plus reserves on hand. Fidelity insurance policies shall contain a waiver of all defenses based upon the exclusion of Persons serving without compensation; and
- 7.3.1.6** Such additional insurance as the Board, in the exercise of its business judgment, determines advisable.

Premiums for all insurance on the Common Area shall be Common

Expenses, except that (i) premiums for insurance on Limited Common Areas may be included in the Limited Common Expenses of the Neighborhood(s) to which such Limited Common Areas are assigned unless the Board reasonably determines that other treatment of the premiums is more appropriate.

- 7.3.2 Policy Requirements.** The Association shall arrange for an annual review of the sufficiency of its insurance coverage by one or more qualified persons, at least one of whom must be familiar with insurable replacement costs in the Durango area. All Association policies shall provide for a certificate of insurance to be furnished to the Association and, upon request, to each Member insured.

The policies may contain a reasonable deductible and the amount thereof shall not be subtracted from the face amount of the policy in determining whether the policy limits satisfy the requirements of Section 7.3.1. In the event of an insured loss, the deductible shall be treated as a Common Expense or a Neighborhood Expense in the same manner as the premiums for the applicable insurance coverage. However, if the Board reasonably determines, after notice and an opportunity to be heard in accordance with the By-Laws, that the loss is the result of the negligence or willful misconduct of one or more Owners, their guests, invitees, or lessees, then the Board may assess the full amount of such deductible against such Owner(s) and their Units as a Specific Assessment.

All insurance coverage obtained by the Board shall:

- 7.3.2.1** be written with a company authorized to do business in Colorado which satisfies the requirements of the Federal National Mortgage Association, or such other secondary mortgage market agencies or federal agencies as the Board deems appropriate;
- 7.3.2.2** be written in the name of the Association as trustee for the benefited parties. Policies on the Common Areas shall be for the benefit of the Association and its Members. Policies secured on behalf of a Neighborhood shall be for the benefit of the Owners within the Neighborhood and their Mortgagees, as their interests may appear;
- 7.3.2.3** not be brought into contribution with insurance purchased by Owners, occupants, or their Mortgagees individually;
- 7.3.2.4** contain an inflation guard endorsement;
- 7.3.2.5** include an agreed amount endorsement, if the policy contains a co-insurance clause;
- 7.3.2.6** provide that each Owner is an insured person under the policy with respect to liability arising out of such Owner's interest in the Common Area as a Member in the Association (provided, this provision shall not be construed as giving an Owner any interest in the Common Area other than that of a Member);
- 7.3.2.7** provide a waiver of subrogation under the policy against any Owner or household member of an Owner;
- 7.3.2.8** include an endorsement precluding cancellation, invalidation, suspension, or non-renewal by the insurer on account of any one or more individual Owners, or on account of any curable defect or violation without prior written demand to the Association to cure the defect or violation and

- allowance of a reasonable time to cure; and
- 7.3.2.9** include an endorsement precluding cancellation, invalidation, or condition to recovery under the policy on account of any act or omission of any one or more individual Owners, unless such Owner is acting within the scope of its authority on behalf of the Association.

In addition, the Board shall use reasonable efforts to secure insurance policies that list the Owners as additional insureds and provide:

- 7.3.2.10** a waiver of subrogation as to any claims against the Association's Board, officers, employees, and its manager, the Owners and their tenants, servants, agents, and guests;
- 7.3.2.11** a waiver of the insurer's rights to repair and reconstruct instead of paying cash;
- 7.3.2.12** an endorsement excluding Owners' individual policies from consideration under any "other insurance" clause;
- 7.3.2.13** an endorsement requiring at least thirty (30) days' prior written notice to the Association of any cancellation, substantial modification, or non-renewal;
- 7.3.2.14** a cross liability provision; and
- 7.3.2.15** a provision vesting in the Board exclusive authority to adjust losses; provided, however, no Mortgagee having an interest in such losses may be prohibited from participating in the settlement negotiations, if any, related to the loss.

- 7.3.3** Restoring Damaged Improvements. In the event of damage to or destruction of Common Area or other property which the Association is obligated to insure, the Board or its duly authorized agent shall file and adjust all insurance claims and obtain reliable and detailed estimates of the cost of repairing or restoring the property to substantially the condition in which it existed prior to the damage, allowing for changes or improvements necessitated by changes in applicable building codes.

Damaged improvements on the Common Area shall be repaired or reconstructed unless the Members representing at least sixty-seven (67) percent of the total Non-Declarant votes in the Association, and the Declarant Member, if any, decide within sixty (60) days after the loss not to repair or reconstruct. If either the insurance proceeds or estimates of the loss, or both, are not available to the Association within such 60-day period, then the period shall be extended until such funds or information are available. However, such extension shall not exceed sixty (60) additional days. No Mortgagee shall have the right to participate in the determination of whether the damage or destruction to the Common Area shall be repaired or reconstructed.

If a decision is made not to restore the damaged improvements, and no alternative improvements are authorized, the affected property shall be cleared of all debris and ruins and thereafter shall be maintained by the Association in a neat and attractive, landscaped condition consistent with the Community-Wide Standard.

Any insurance proceeds remaining after paying the costs of repair or reconstruction,

or after such settlement as is necessary and appropriate, shall be retained by the Association for the benefit of its Members or the Owners of Units within the insured Neighborhood, as appropriate, and placed in a capital improvements account. This is a covenant for the benefit of Mortgagees and may be enforced by the Mortgagee of any affected Unit.

If insurance proceeds are insufficient to cover the costs of repair or reconstruction, the Board may, without a vote of the Members, levy Special Assessments to cover the shortfall against those Owners responsible for the premiums for the applicable insurance coverage under Section 7.3.1.

7.4 Compliance and Enforcement.

7.4.1 Every Owner and occupant of a Unit shall comply with the Governing Documents. The Board may impose sanctions for violation of the Governing Documents after notice and a hearing in accordance with the procedures set forth in the By-Laws. Such sanctions may include, without limitation:

- 7.4.1.1** imposing reasonable monetary fines which shall constitute a lien upon the violator's Unit. (In the event that any occupant, guest, or invitee of a Unit violates the Governing Documents and a fine is imposed, the fine shall first be assessed against the violator; provided, however, if the fine is not paid by the violator within the time period set by the Board the Owner shall pay the fine upon notice from the Board);
- 7.4.1.2** suspending an Owner's right to vote;
- 7.4.1.3** suspending any Person's right to use any recreational facilities within the Common Area; provided, however, nothing herein shall authorize the Board to limit ingress or egress to or from a Unit;
- 7.4.1.4** suspending any services provided by the Association to an Owner or the Owner's Unit if the Owner is more than thirty (30) days delinquent in paying any assessment or other charge owed to the Association;
- 7.4.1.5** exercising self-help or taking action to abate any violation of the Governing Documents in a non-emergency situation;
- 7.4.1.6** requiring an Owner, at its own expense, to remove any structure or improvement on such Owner's Unit in violation of the Governing Documents and to restore the Unit to its previous condition and, upon failure of the Owner to do so, the Board or its designee shall have the right to enter the property, remove the violation and restore the property to substantially the same condition as previously existed and any such action shall not be deemed a trespass;
- 7.4.1.7** without liability to any Person, precluding any contractor, subcontractor, agent, employee, or other invitee of an Owner who fails to comply with the terms and provisions of Article IV and the Architectural Guidelines from continuing or performing any further activities in Edgemont Meadows; and
- 7.4.1.8** levying Specific Assessments to cover costs incurred by the Association to bring a Unit into compliance with the Governing Documents.

In addition, the Board may take the following enforcement procedures to ensure compliance with the Governing Documents without the necessity of compliance with the procedures set forth in the By-Laws:

- 7.4.1.9 exercising self-help in any emergency situation (specifically including, but not limited to, the towing of vehicles that are in violation of parking rules and regulations); or
- 7.4.1.10 bringing suit at law or in equity to enjoin any violation or to recover monetary damages or both.

In addition to any other enforcement rights, if an Owner fails properly to perform his or her maintenance responsibility, the Association may Record a notice of violation or perform such maintenance responsibilities and assess all costs incurred by the Association against the Unit and the Owner as a Specific Assessment. Except in an emergency situation, the Association shall provide the Owner reasonable notice and an opportunity to cure the problem prior to taking such enforcement action.

All remedies set forth in the Governing Documents shall be cumulative of any remedies available at law or in equity. In any action to enforce the Governing Documents, if the Association prevails, it shall be entitled to recover all costs, including, without limitation, attorney's fees and court costs, reasonably incurred in such action.

- 7.4.2 The decision to pursue enforcement action in any particular case shall be left to the Board's discretion, except that the Board shall not be arbitrary or capricious in taking enforcement action. Without limiting the generality of the foregoing sentence, the Board may determine that, under the circumstances of a particular case:

- 7.4.2.1 the Association's position is not strong enough to justify taking any or further action;
- 7.4.2.2 the covenant, restriction or rule being enforced is, or is likely to be construed as, inconsistent with applicable law;
- 7.4.2.3 although a technical violation may exist or may have occurred, it is not of such a material nature as to be objectionable to a reasonable person or to justify expending the Association's resources; or
- 7.4.2.4 that it is not in the Association's best interests, based upon hardship, expense, or other reasonable criteria, to pursue enforcement action.

Such a decision shall not be construed as a waiver of the Association's right to enforce such provision at a later time under other circumstances or preclude the Association from enforcing any other covenant, restriction, or rule.

7.5 Implied Rights: Board Authority.

The Association may exercise any right or privilege given to it expressly by the Governing Documents, or reasonably implied from or reasonably necessary to effectuate any such right or privilege. All rights and powers of the Association may be exercised by the Board without a vote of the membership except where applicable law or the Governing Documents specifically require a vote of the membership.

The Board may institute, defend, settle, or intervene on behalf of the Association in mediation, binding or non-binding arbitration, litigation, or administrative proceedings in matters pertaining to the Common Area, enforcement of the Governing Documents, or any other civil claim or action. However, the Governing Documents shall not be construed as creating any independent legal duty to institute litigation on behalf of or in the name of the Association or its Members.

In exercising the rights and powers of the Association, making decisions on behalf of the Association, and conducting the Association's affairs, Board members shall be subject to, and their actions shall be judged in accordance with, the standards set forth in the By-Laws.

7.6 Indemnification of Officers, Directors, and Others.

In the performance of their duties, Association directors and officers shall be insulated from personal liability as provided by Colorado law for directors and officers of nonprofit corporations, and as otherwise provided in the Governing Documents. Except in connection with a proceeding by or in the right of the Association in which the Director and/or Officer was adjudged liable to the Association; or in connection with any other proceeding charging that the Director and/or Officer derived an improper personal benefit, whether or not involving action in an official capacity, in which proceeding the Director and/or Officer was adjudged liable on the basis that the Director and/or Officer derived an improper personal benefit, the Association shall indemnify a person made a party to a proceeding because the person is or was a Director and/or Officer against liability incurred in the proceeding if:

The person's conduct was in good faith;

The person acted on a disinterested basis, promptly disclosed any real or potential conflict of interests (pecuniary or other), and avoided participation in decisions and actions when a conflict existed; and

The person reasonably believed:

In the case of conduct in an official capacity with the Association, that the conduct was in the Association's best interests; and

In all other cases, that the conduct was at least not opposed to the Association's best interests; and

In the case of any criminal proceeding, the person had no reasonable cause to believe the conduct was unlawful.

7.7 Safety and Security.

Each Owner and occupant of a Unit, and their respective guests and invitees, shall be responsible for their own personal safety and the security of their property in Edgemont Meadows. The Association may, but shall not be obligated to, maintain or support certain activities within Edgemont Meadows designed to enhance the level of safety or security which each person provides for himself or herself and his or her property. Neither the Association nor Declarant shall in any way be considered insurers or guarantors of safety or security within Edgemont Meadows, nor shall either be held liable for any loss or damage by reason of failure to provide adequate security or ineffectiveness of security measures undertaken.

No representation or warranty is made that any systems or measures, including any mechanism or system for limiting access to Edgemont Meadows, cannot be compromised or circumvented, nor that any such systems or security measures undertaken will in all cases prevent loss or provide the detection or protection for which the system is designed or intended. Each Owner acknowledges, understands, and shall be responsible for informing its tenants and all

occupants of its Unit that the Association, that its Board and committees, and Declarant are not insurers or guarantors of security or safety and that each Person within Edgemont Meadows assumes all risks of personal injury and loss or damage to property, including Units and the contents of Units, resulting from acts of third parties.

7.8 Provision of Services.

The Association may provide, or provide for, services and facilities for the Members and their Units, and shall be authorized to enter into and terminate contracts or agreements with other entities, including Declarant, to provide such services and facilities. The Board may charge use or service fees for any such services and facilities provided at the option of an Owner, or may include the costs thereof in the Association's budget as a Common Expense and assess it as part of the Base Assessment if provided to all Units. By way of example, such services and facilities might include landscape maintenance, cable television service, phone service, internet access, security, caretaker, transportation, utilities, and similar services and facilities.

Nothing in this Section shall be construed as a representation by Declarant or the Association as to what, if any, services shall be provided. In addition, the Board shall be permitted to modify or cancel existing contracts for services in its discretion, unless the provision of such services is otherwise required by the Governing Documents. Non-use of services provided to all Owners or Units as a Common Expense shall not exempt any Owner from the obligation to pay assessments for such services.

7.9 Relationships with Other Properties.

The Association may enter into contractual agreements or covenants to share costs with any neighboring property or other organization to contribute funds for, among other things, shared or mutually beneficial property or services and/or a higher level of Common Area maintenance. The Association is authorized to exercise some of all of the powers of one or more other associations on behalf of the owners of one or more common interest communities.

7.10 Facilities and Services Open to the Public.

Certain facilities and areas within Edgemont Meadows may be open for use and enjoyment of the public. Such facilities and areas may include, by way of example: greenbelts, trails and paths, parks, and other neighborhood spots conducive to gathering and interaction, roads, sidewalks, and medians. Declarant may designate such facilities and areas as open to the public at the time Declarant makes such facilities and areas a part of the Common Area or the Board may so designate at any time thereafter.

7.11 Education and Training.

As a Common Expense, the Association may provide educational and training opportunities within Edgemont Meadows, including providing funding and permitting facilities use for such purposes. The Association may provide education and training activities as a tool for fostering Owner and resident awareness of Edgemont Meadows governance, operations, and concerns. Appropriate educational topics include dispute or conflict resolution, issues involving the Governing Documents, Landscaping Guidelines and Education, and benefiting from and contributing to Edgemont Meadows as a planned community. The Association also shall fund and support the education and training required for officers and directors under the By-Laws.

ARTICLE VIII ASSOCIATION FINANCES

8.1 Budgeting and Allocating Common Expenses.

At least sixty (60) days before the beginning of each fiscal year, the Board shall prepare a budget of the estimated Common Expenses for the coming year, including any contributions to be made to a reserve fund pursuant to Section 8.2. The budget shall also reflect the sources and estimated amounts of funds to cover such expenses, which may include any surplus to be applied from prior years, any income expected from sources other than assessments levied against the Units, and the amount to be generated through the levy of Base Assessments and Special Assessments against the Units, as authorized in this Article.

The Association is authorized to levy Base Assessments equally against all Units subject to assessment under Section 8.6 to fund the Common Expenses. In determining the Base Assessment rate per Unit, the Board may consider any assessment income expected to be generated from any additional Units reasonably anticipated to become subject to assessment during the fiscal year.

Declarant may, but shall not be obligated to, reduce the Base Assessment for any fiscal year by payment of a subsidy, which may be either a contribution, an advance against future assessments due from Declarant, or a loan, in Declarant's discretion. Any such subsidy shall be disclosed as a line item in the income portion of the budget. Payment of such subsidy in any year shall not obligate Declarant to continue payment of such subsidy in future years, unless otherwise provided in a written agreement between the Association and Declarant.

Within thirty (30) days after adoption of any proposed budget for the common interest community, the executive board shall mail, by ordinary first-class mail, e-mail to Owner last known e-mail address or otherwise deliver a summary of the budget to all the unit owners and shall set a date for a meeting of the unit owners to consider ratification of the budget not less than fourteen (14) nor more than sixty (60) days after mailing or other delivery of the summary. Unless at that meeting 66.67% of all unit owners reject the budget, the budget is ratified, whether or not a quorum is present. In the event that the proposed budget is rejected, the periodic budget last ratified by the unit owners must be continued until such time as the Unit Owners ratify a subsequent budget proposed by the executive board.

The Board may revise the budget and adjust the Base Assessment from time to time during the year, subject to the notice requirements and the right of the Members to disapprove the revised budget as set forth above.

8.2 Budgeting for Reserve.

The Board shall prepare and review at least annually a reserve budget for the Common Area. The budget shall take into account the number and nature of replaceable assets, the expected life of each asset, and the expected repair or replacement cost. The Board shall include in the Common Expense budget adopted pursuant to Section 8.1, as appropriate, a capital contribution to fund reserves in an amount sufficient to meet the projected need with respect to both amount and timing by annual contributions over the budget period.

8.3 Special Assessments.

In addition to other authorized assessments, the Association may levy Special Assessments

to cover unbudgeted expenses or expenses in excess of those budgeted. Any such Special Assessment may be levied against the entire membership, if such Special Assessment is for Common Expenses, or against the Units within any Neighborhood if such Special Assessment is for Neighborhood Expenses. Except as otherwise specifically provided in this Declaration, any Special Assessment shall require the affirmative vote or written consent of Members representing more than fifty (50) percent of the total votes allocated to Units which will be subject to such Special Assessment, and the affirmative vote or written consent of the Declarant, if such exists. Special Assessments shall be payable in such manner and at such times as determined by the Board and may be payable in installments extending beyond the fiscal year in which the Special Assessment is approved.

8.4 Borrowing.

The Association shall have the authority to assign its right to future income, including the right to receive common expense assessments.

8.5 Specific Assessment.

The Association shall have the power to levy Specific Assessments against a particular Unit as follows:

- 8.5.1** to cover the costs, including overhead and administrative costs, of providing services to Units upon request of an Owner pursuant to any menu of special services which may be offered by the Association (which might include the items identified in Section 7.8). Specific Assessments for special services may be levied in advance of the provision of the requested service; and
- 8.5.2** to cover costs incurred in bringing the Unit into compliance with the Governing Documents, or costs incurred as a consequence of the conduct of the Owner or occupants of the Unit, their agents, contractors, employees, licensees, invitees, or guests; provided, the Board shall give the Unit Owner prior written notice and an opportunity for a hearing, in accordance with the By-laws, before levying any Specific Assessment under this subsection.

8.6 Authority to Assess Owners: Time of Payment.

Declarant hereby establishes and the Association is hereby authorized to levy assessments as provided for in this Article and elsewhere in the Governing Documents. The obligation to pay assessments shall commence as to each Unit on the first day of the month following: (a) the month in which the Unit is made subject to this Declaration; or (b) the month in which the Board first determines a budget and levies assessments pursuant to this Article, whichever is later. The first annual Base Assessment and Special Assessment, if any, levied on each Unit shall be adjusted according to the number of months remaining in the fiscal year at the time assessments commence on the Unit.

Assessments shall be paid in such manner and on such dates as the Board may establish. The Board may require advance payment of assessments at closing of the transfer of title to a Unit and impose special requirements for Owners with a history of delinquent payment. If the Board so elects, assessments may be paid in two or more installments. Unless the Board otherwise provides, the Base Assessment shall be due and payable in advance on the first day of each fiscal year. If any

Owner is delinquent in paying any assessments or other charges levied on his or her Unit, the Board may require the outstanding balance on all assessments to be paid in full immediately.

8.7 Obligation for Assessments.

Each Owner, by accepting a deed for property within Edgemont Meadows, is deemed to covenant and agree to pay all assessments authorized in the Governing Documents. All assessments, together with interest (computed from its due date at a rate of ten (10) percent per annum or such higher rate as the Board may establish, subject to the limitations of Colorado law), late charges as determined by Board resolution, costs, and reasonable attorneys' fees, shall be the personal obligation of each Owner and a lien upon each Unit until paid in full.

Failure of the Board to fix assessment amounts or rates or to deliver or mail or e-mail to each Owner an assessment notice shall not be deemed a waiver, modification, or a release of any Owner from the obligation to pay assessments. In such event, each Owner shall continue to pay Base Assessments on the same basis as during the last year for which an assessment was made, if any, until a new assessment is levied, at which time the Association may retroactively assess any shortfalls in collections.

No Owner may exempt himself or herself from liability for assessments by non-use of Common Area, abandonment of his or her Unit, or any other means. The obligation to pay assessments is a separate and independent covenant on the part of each Owner. No reduction or abatement of assessments or set-off shall be claimed or allowed for any alleged failure of the Association or Board to take some action or perform some function required of it, or for inconvenience or discomfort arising from the making of repairs or improvements, or from any other action it takes.

Upon written request, the Association shall furnish to any Owner liable for any type of assessment a certificate in writing signed by an Association officer setting forth whether such assessment has been paid. Such certificate shall be conclusive evidence of payment. The Association may require the advance payment of a reasonable processing fee for the issuance of such certificate.

8.8 Lien for Assessments.

The Association shall have a lien against each Unit including Declarant's to secure payment of delinquent assessments, as well as interest, late charges (subject to the limitations of Colorado law), and costs of collection (including attorney's fees). Such lien shall have the priority as specified in Section 316 of the Act, and such lien, when delinquent, may be enforced by suit, judgment, and judicial or nonjudicial foreclosure to the extent provided in the Act.

If a Unit becomes owned by the Association following foreclosure on a lien for assessments: (a) no right to vote shall be exercised on its behalf; (b) no assessment shall be levied on it; and (c) each other Unit shall be charged, in addition to its usual assessment, its pro rata share of the assessment that would have been charged such Unit had it not been acquired by the Association. The Association may sue for unpaid assessments and other charges authorized hereunder without foreclosing or waiving the lien securing the same.

Sale or transfer of any Unit shall not affect the assessment lien or relieve such Unit from the lien for any subsequent assessments. However, the sale or transfer of any Unit pursuant to foreclosure of the first Mortgage shall extinguish the lien as to any installments of such assessments

due prior to the Mortgagee's foreclosure subject to the lien priority of Section 316 of the Act and the Association's redemption and cure rights. The subsequent Owner to the foreclosed Unit shall not be personally liable for assessments on such Unit due prior to such acquisition of title. Such unpaid assessments shall be deemed to be Common Expenses collectible from Owners of all Units subject to assessment under Section 8.6, including such acquirer, its successors and assigns.

8.9 Exempt Property.

The following property shall be exempt from payment of Base Assessments, and Special Assessments:

8.9.1 All Common Area and such portions of the property owned by Declarant as are included in the Common Area;

8.9.2 Any property dedicated to and accepted by any governmental authority or public utility; and

In addition, Declarant and/or the Association shall have the right, but not the obligation, to grant exemptions to certain Persons qualifying for tax-exempt status under Section 501(c) of the Internal Revenue Code so long as such Persons own property subject to this Declaration for purposes listed in Section 501(c).

8.10 Capitalization of Association.

Upon acquisition of record title to a Unit by the first Owner thereof other than Declarant, a contribution shall be made by or on behalf of the purchaser to the working capital of the Association in the amount of \$500.00. This amount shall be deposited into the purchase and sales escrow and disbursed therefrom to the Association for use in covering operating expenses and other expenses incurred by the Association pursuant to this Declaration and the By-Laws.

PART FOUR: COMMUNITY DEVELOPMENT

The Declaration reserves various rights to the developer in order to facilitate the smooth and orderly development of Edgemont Meadows and to accommodate changes in the master plan which inevitably occur as a community the size of Edgemont Meadows grows and matures.

ARTICLE IX EXPANSION OF THE COMMUNITY AND DECLARANT RESERVED RIGHTS

9.1 Expansion by Declarant.

Declarant may subject to the provisions of this Declaration all or any portion of the property described in Exhibit "B" by Recording a Supplemental Declaration describing the additional property to be subjected. A Supplemental Declaration Recorded pursuant to this Section shall not require the consent of any Person except the owner of such property, if other than Declarant.

Declarant's right to expand Edgemont Meadows pursuant to this Section shall expire when all property described in Exhibit "B" has been subjected to this Declaration or forty years after this Declaration is Recorded, whichever is earlier. Until then, Declarant may transfer or assign this right to any Person who is the developer of at least a portion of the real property described in Exhibit "A"

or "B." Any such transfer shall be memorialized in a written, Recorded instrument executed by Declarant.

Nothing in this Declaration shall be construed to require Declarant or any successor to subject additional property to this Declaration or to develop any of the property described in Exhibit "B" in any manner whatsoever.

9.2 Expansion by the Association.

At expiration of Declarant's right to expand the community, if Declarant has failed to do so, the Association may subject additional property described on Exhibit B to the provisions of this Declaration by Recording a Supplemental Declaration describing the additional property. Any such Supplemental Declaration shall require the affirmative vote of Members representing more than sixty-seven (67) percent of the Non-Declarant votes of the Association represented at a meeting duly called for such purpose and the consent of the owner(s) of the property. In addition, so long as Declarant owns property subject to this Declaration or which may become subject to this Declaration in accordance with Section 9.1, Declarant's consent shall be necessary. The Association's President and Secretary, the owner of the property, and Declarant, if Declarant's consent is necessary, shall sign the Supplemental Declaration.

9.3 Effect of Filing Supplemental Declaration.

A Supplemental Declaration shall be effective upon Recording unless otherwise specified in such Supplemental Declaration. On the effective date of the Supplemental Declaration, any additional property subjected to this Declaration shall be assigned voting rights in the Association and assessment liability in accordance with the provisions of this Declaration.

9.4 Number of Units.

The maximum number of Units for the property described in Exhibits A and B is 200.

ARTICLE X ADDITIONAL RIGHTS RESERVED TO DECLARANT

10.1 Marketing and Sales Activities.

Declarant may construct and maintain upon portions of the Common Area or upon Units owned by the Declarant such facilities and activities as, in Declarant's sole opinion, may be reasonably required, convenient, or incidental to the construction or sale of Units, including, but not limited to, business offices, signs, model units, and sales offices. Declarant and authorized Builders shall have easements for access to and use of such facilities at no charge by the Association other than for direct costs, and will have the responsibility to revegetate to original condition any portions of the common area disturbed by such activities.

10.2 Right to Develop.

Declarant and its employees, agents, and designees shall have a right of access and use and an easement over and upon all of the Common Area for the purpose of making, constructing and installing such improvements to the Common Area as it deems appropriate in its sole discretion.

Every Person that acquires any interest in Edgemont Meadows acknowledges that Edgemont

Meadows is a master planned community, the development of which is likely to extend over many years, and recognizes that there may be changes in uses or density for the property in Exhibit A and B and changes in the Master Plan and that the Declarant is authorized to pursue these changes through appropriate land use approvals.

10.3 Right to Approve Easements for Additional Property.

Declarant reserves the right to grant access and utility easements over and through Edgemont Meadows to serve additional or adjacent properties, whether or not Declarant owns any portion of such additional or adjacent properties.

10.4 Additional Covenants and Easements.

Declarant may subject any portion of Edgemont Meadows to additional covenants and easements, including covenants obligating the Association to maintain and insure such property. Such additional covenants and easements may be set forth either in a Supplemental Declaration subjecting such property to this Declaration or in a separate Supplemental Declaration referencing property previously subjected to this Declaration. If someone other than Declarant owns the property, then the consent of the Owner(s) shall be necessary and shall be evidenced by their execution of the Supplemental Declaration. Any such Supplemental Declaration may supplement, create exceptions to, or otherwise modify the terms of this Declaration as it applies to the subject property in order to reflect the different character and intended use of such property.

No Person shall Record any declaration of covenants, conditions and restrictions, declaration of condominium, or similar instrument affecting any portion of Edgemont Meadows without Declarant's review and written consent. Any attempted Recordation without such consent shall result in such instrument being void and of no force and effect unless subsequently approved by written consent signed and Recorded by Declarant. So long as Declarant owns any property as described in Exhibit A or Exhibit B, Declarant's consent shall be necessary. Thereafter, the Board's consent shall be necessary.

10.5 Right to Approve Changes in Edgemont Meadows Standards.

No amendment to or modification of any Rules and Regulations or Architectural Guidelines shall be effective without prior notice to and the written approval of Declarant so long as Declarant owns property subject to this Declaration or which may become subject to this Declaration in accordance with Section 9.1.

10.6 Right to Transfer or Assign Declarant Rights.

Any or all of Declarant's special rights and obligations set forth in this Declaration or the By-Laws may be transferred in whole or in part to other Persons; provided, the transfer shall not reduce an obligation nor enlarge a right beyond that which Declarant has under this Declaration or the By-laws. No such transfer or assignment shall be effective unless it is in a written instrument Declarant signs and Records. The foregoing sentence shall not preclude Declarant from permitting other Persons to exercise, on a one time or limited basis, any right reserved to Declarant in this Declaration where Declarant does not intend to transfer such right in its entirety, and in such case it shall not be necessary to Record any written assignment unless necessary to evidence Declarant's consent to such exercise.

10.7 Exclusive Rights To Use Name of Development.

No Person shall use the name "Edgemont Meadows" or any derivative of such name or logo or depiction in any period or promotional material without Declarant's prior written consent. However, Owners may use the name "Edgemont Meadows" in printed or promotional matter where such term is used solely to specify that particular property is located within Edgemont Meadows and the Association shall be entitled to use the words "Edgemont Meadows" in its name.

10.8 Easement to Inspect and Right to Correct.

Declarant reserves for itself and others it may designate, and for the Association, upon termination of the Declarant Membership, the right to inspect, monitor, test, redesign, and correct any structure, improvement, or condition which may exist on any Common Areas of the property within Edgemont Meadows, and a perpetual nonexclusive easement of access throughout Edgemont Meadows to the extent reasonably necessary to exercise such right. Except in an emergency, entry onto a Unit shall be only after reasonable notice to the Owner, and no entry into a dwelling shall be permitted without the consent of the Owner. The person exercising this easement shall promptly repair, at such person's own expenses, any damage resulting from such exercise.

10.9 Right to Notice of Design or Construction Claims.

No Person shall retain an expert for the purpose of inspecting the design or construction of any structures or improvements within Edgemont Meadows in connection with or in anticipation of any potential or pending claim, demand, or litigation involving such design or construction unless Declarant and any builder involved in the design or construction have been first notified in writing and given an opportunity to meet with the owner of the property to discuss the owner's concerns and conduct their own inspection.

10.10 Termination of Rights.

The rights contained in this Article shall not terminate until the earlier of (a) 40 years from the date this Declaration is Recorded; or (b) Recording by Declarant of a written statement that all sales activity has ceased.

PART FIVE: PROPERTY RIGHTS WITHIN THE COMMUNITY

The nature of living in a planned community, with its wide array of properties and development types and its ongoing development activity, requires the creation of special property rights and provisions to address the needs and responsibilities of the Owners, Declarant, the Association, and others within or adjacent to the community.

ARTICLE XI EASEMENTS

11.1 Easements in Common Area.

Declarant grants to each Owner a nonexclusive right and easement of use, access, and enjoyment in and to the Common Area, subject to:

11.1.1 The Governing Documents and any other applicable covenants;

11.1.2 Any restrictions or limitations contained in any deed conveying such property to the Association;

11.1.3 The Board's right to:

- 11.1.3.1** adopt rules regulating use and enjoyment of the Common Area, including rules limiting the number of guests who may use the Common Area;
 - 11.1.3.2** suspend an Owner's right to use recreational facilities within the Common Area (A) for any period during which any charge against such Owner's Unit remains delinquent beyond sixty (60) days; and (B) for a period not to exceed thirty (30) days for a single violation or for a longer period in the case of any continuing violation, of the Governing Documents after notice and a hearing, if requested, pursuant to the By-Laws;
 - 11.1.3.3** dedicate or transfer all or any part of the Common Area, subject to such approval requirements as may be set forth in this Declaration;
 - 11.1.3.4** impose reasonable membership requirements and charge reasonable admission or other use fees for the use of any recreational facility situated upon the Common Area;
 - 11.1.3.5** permit use of any recreational facilities situated on the Common Area by persons other than Owners, their families, lessees, and guests upon payment of use fees established by the Board and designate other areas and facilities within the Common Area as open for the use and enjoyment of the public; and
 - 11.1.3.6** mortgage, pledge, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred; and
- 11.1.4** The rights of certain Owners to the exclusive use of those portions of the Common Area designated "Limited Common Areas," as described in Article XII. Any Owner may extend his or her right of use and enjoyment to the members of his or her family, lessees, and social invitees, as applicable, subject to reasonable Board regulation. An Owner who leases his or her Unit shall be deemed to have assigned all such rights to the lessee of such Unit for the period of the lease.

11.2 Easements of Encroachment.

Declarant grants reciprocal appurtenant easements of encroachment, and for maintenance and use of any permitted encroachment, between each Unit and any adjacent Common Area and between adjacent Units or any Unit and any Private Amenity due to the unintentional placement or settling or shifting of the improvements constructed, reconstructed, or altered thereon (in accordance with the terms of these restrictions) to a distance of not more than six inches, as measured from any point on the common boundary along a line perpendicular to such boundary. However, in no event shall an easement for encroachment exist if such encroachment occurred due to willful and knowing conduct on the part of, or with the knowledge and consent of, the Person claiming the benefit of such easement.

11.3 Easements for Utilities. Etc.

- 11.3.1** Installation and Maintenance. So long as Declarant owns any property described in Exhibit "A" or "B", Declarant reserves for itself and hereby grants to the Association,

the non-exclusive right and power to grant and record perpetual non-exclusive easements throughout Edgemont Meadows (but not through a structure) to the extent reasonably necessary for the purpose of:

- 11.3.1.1 installing utilities and infrastructure to serve Edgemont Meadows, cable and other systems for sending and receiving data and/or other electronic signals, security and similar systems, walkways, pathways and trails, water drainage and detention systems, street lights, and signage on property which Declarant owns or within public rights-of-way or easements reserved for such purpose on Recorded plats;
- 11.3.1.2 inspecting, maintaining, repairing, and replacing the utilities, infrastructure, and other improvements described in Section 11.3.1.1; and
- 11.3.1.3 access to read utility meters.

11.3.2 Specific Easements. Declarant also reserves for itself the non-exclusive right and power to grant and Record such specific easements as may be necessary, in Declarant's sole discretion, in connection with the orderly development of any property described in Exhibits "A" and "B". The Owner of any property to be burdened by any easement granted pursuant to this subsection shall be given written notice in advance of the grant. The location of the easement shall be subject to the written approval of the Owner of the burdened property, which approval shall not unreasonably be withheld, delayed, or conditioned.

11.3.3 Minimal Interference. All work associated with the exercise of the easements described in subsections 11.3.1 and 11.3.2 of this Section shall be performed in such a manner as to minimize interference with the use and enjoyment of that property burdened by the easement. Upon completion of the work, the Person exercising the easement shall restore the property, to the extent reasonably possible, to its condition prior to the commencement of the work. The exercise of these easements shall not extend to permitting entry into the structures on any Unit, nor shall it unreasonably interfere with the use of any Unit and, except in an emergency, entry onto any Unit shall be made only after reasonable notice to the Owner or occupant.

11.4 Easements for Maintenance, Emergency and Enforcement.

Declarant grants to the Association easements over Edgemont Meadows as necessary to enable the Association to fulfill its maintenance responsibilities under Section 7.2. The Association shall also have the right, but not the obligation, to enter upon any Unit for emergency, security, and safety reasons, to perform maintenance and to inspect for the purpose of ensuring compliance with and enforce the Governing Documents. The Board and its duly authorized agents and assignees and all emergency personnel in the performance of their duties may exercise such right. Except in an emergency situation, entry shall only be during reasonable hours and after notice to the Owner.

PART SIX: RELATIONSHIPS WITHIN AND OUTSIDE THE COMMUNITY

The growth and success of Edgemont Meadows as a community in which people enjoy living, working, and playing requires good faith efforts to resolve disputes amicably, attention to and understanding of relationships within the community and with our neighbors, and protection of the rights of others who have an interest in the community.

ARTICLE XIV DISPUTE RESOLUTION AND LIMITATION ON LITIGATION

12.1 Agreement to Encourage Resolution of Disputes Without Litigation.

Declarant, the Association and its officers, directors, and committee members, all Persons subject to this Declaration, and any Person not otherwise subject to this Declaration who agrees to submit to this Article (collectively, "Bound Parties"), agree that it is in the best interest of all concerned to encourage the amicable resolution of disputes involving the Community without the emotional and financial costs of litigation. Accordingly, each Bound Party agrees not to file suit in any court with respect to a Claim described in subsections 12.1.1, 12.1.2 and 12.1.3, unless and until it has first submitted such Claim to the alternative dispute resolution procedures set forth in Section 12.2 in a good faith effort to resolve such Claim.

As used in this Article, the term "Claim" shall refer to any claim, grievance, or dispute arising out of or relating to:

- 12.1.1** the interpretation, application, or enforcement of the Governing Documents;
- 12.1.2** the rights, obligations, and duties of any Bound Party under the Governing Documents; or
- 12.1.3** the design or construction of improvements within the Edgemont Meadows, other than matters of aesthetic judgment under Article IV, which shall not be subject to review; except that the following shall not be considered "Claims" unless all parties to the matter otherwise agree to submit the matter to the procedures set forth in Section 12.2:
 - 12.1.3.1** any suit by the Association to collect assessments or other amounts due from any Owner;
 - 12.1.3.2** any suit by the Association to obtain a temporary restraining order (or emergency equitable relief) and such ancillary relief as the court may deem necessary in order to maintain the status quo and preserve the Association's ability to enforce the provisions of Part Two (relating to creation and maintenance of community standards);
 - 12.1.3.3** any suit between Owners, which does not include Declarant or the Association as a party, if such suit asserts a Claim which would constitute a cause of action independent of the Governing Documents;
 - 12.1.3.4** any suit in which any indispensable party is not a Bound Party; and
 - 12.1.3.5** any suit as to which any applicable statute of limitations would expire within one hundred eighty (180) days of giving the Notice required by Section 12.2.1, unless the party or parties against whom the Claim is made agree to toll the statute of limitations as to such Claim for such period as may reasonably be necessary to comply with this Article.

12.2 Dispute Resolution Procedures.

- 12.2.1 Notice.** The Bound Party asserting a Claim ("Claimant") against another Bound Party ("Respondent") shall give written notice to each Respondent and to the Board stating plainly and concisely:

- 12.2.1.1 the nature of the Claim, including the Persons involved and the Respondent's role in the Claim;
- 12.2.1.2 the legal basis of the Claim (i.e., the specific authority out of which the Claim arises);
- 12.2.1.3 the Claimant's proposed resolution or remedy; and
- 12.2.1.4 the Claimant's desire to meet with the Respondent to discuss in good faith ways to resolve the Claim.

Where applicable, the Notice shall conform to "The Notice of Claim" set forth in C.R.S. § 13-20-803.5.

12.2.2 Negotiation. The Claimant and Respondent shall make every reasonable effort to meet in person and confer for the purpose of resolving the Claim by good faith negotiation. If requested in writing, accompanied by a copy of the Notice, the Board may appoint a representative to assist the parties in negotiating a resolution of the Claim. The parties are encouraged to conduct the dispute resolution process described herein to conform to and run concurrently with the requirements of C.R.S. § 13-20-801 et seq. as amended.

12.2.3 Mediation. If the parties have not resolved the Claim through negotiation within thirty (30) days of the date of the notice described in Section 14.2.1 (or within such other period as the parties may agree upon), the Claimant shall have thirty (30) additional days to submit the Claim to mediation with an entity designated by the Association (if the Association is not party to the Claim) or to an independent agency providing dispute resolution services in the Durango area.

If the Claimant does not submit the Claim to mediation within such time, or does not appear for the mediation when scheduled, the Claimant shall be deemed to have waived the Claim, and the Respondent shall be relieved of any and all liability to the Claimant (but not third parties) on account of such Claim.

If the Parties do not settle the Claim within thirty (30) days after submission of the matter to mediation, or within such time as determined reasonable by the mediator, the mediator shall issue a notice of termination of the mediation proceedings indicating that the parties are at an impasse and the date that mediation was terminated. The Claimant shall thereafter be entitled to file suit or to initiate administrative proceedings on the Claim, as appropriate.

Each Party shall bear its own costs of the mediation, including attorneys' fees, and each Party shall share equally all fees charged by the mediator.

12.2.4 Settlement. Any settlement of the Claim through negotiation or mediation shall be documented in writing and signed by the parties. If any party thereafter fails to abide by the terms of such agreement, then any other party may file suit or initiate administrative proceedings to enforce such agreement without the need to again comply with the procedures set forth in this Section. In such event, the party taking action to enforce the agreement or award shall, upon prevailing, be entitled to recover from the non-complying party (or if more than one non-complying party, from all such parties in equal proportions) all costs incurred in enforcing such agreement or award, including, without limitation, attorneys' fees and court costs.

12.3 Initiation of Litigation by Association.

In addition to compliance with the foregoing alternative dispute resolution procedures, if applicable, the Association shall not initiate any judicial or administrative proceeding unless first approved by a vote of Members entitled to cast seventy-five (75) percent of the total Non-Declarant votes in the Association, except that no such approval shall be required for actions or proceedings:

- 12.3.1** initiated during the Declarant Control Period;
- 12.3.2** initiated to enforce the provisions of this Declaration, including collection of assessments and foreclosure of liens;
- 12.3.3** initiated to challenge ad valorem taxation or condemnation proceedings;
- 12.3.4** initiated against any contractor, vendor, or supplier of goods or services arising out of a contract for services or supplies; or
- 12.3.5** to defend claims filed against the Association or to assert counterclaims proceedings instituted against it.

This Section shall not be amended unless such amendment is approved by the same percentage of votes necessary to institute proceedings.

PART SEVEN: CHANGES IN THE COMMUNITY

Communities such as Edgemont Meadows are dynamic and constantly evolving as circumstances, technology, needs and desires, and laws change, as the residents age and change over time, and as the surrounding community changes. Edgemont Meadows and its Governing Documents must be able to adapt to these changes while protecting the things that make Edgemont Meadows unique.

ARTICLE XV CHANGES IN COMMON AREA

13.1 Condemnation.

If any part of the Common Area shall be taken (or conveyed in lieu of and under threat of condemnation by the Board acting on the written direction of Members representing at least sixty-seven (67) percent of the total Non-Declarant votes in the Association and of Declarant, as long as Declarant owns any property subject to the Declaration or which may be made subject to the Declaration in accordance with Section 9.1) by any authority having the power of condemnation or eminent domain, each Owner shall be entitled to written notice of such taking or conveyance prior to disbursement of any condemnation award or proceeds from such conveyance. Such award or proceeds shall be payable to the Association to be disbursed as follows:

- 13.1.1** If the taking or conveyance involves a portion of the Common Area on which improvements have been constructed, the Association shall restore or replace such improvements on the remaining land included in the Common Area to the extent available, unless within sixty (60) days after such taking Declarant, so long as Declarant owns any property subject to the Declaration or which may be made subject to the Declaration in accordance with Section 9.1, and Members

representing at least seventy-five (75) percent of the total Non-Declarant vote of the Association shall otherwise agree. Any such construction shall be in accordance with plans approved by the Board. The provisions of Section 7.3.3 regarding funds for restoring improvements shall apply;

- 13.1.2** If the taking or conveyance does not involve any improvements on the Common Area, or if a decision is made not to repair or restore, or if net funds remain after any such restoration or replacement is complete, then such award or net funds shall be disbursed to the Association and used for such purposes as the Board shall determine.

13.2 Partition.

Except as permitted in this Declaration, the Common Area shall remain undivided, and no Person shall bring any action of partition of any portion of the Common Area without the written consent of all Owners and Mortgagees. This Section shall not prohibit the Board from acquiring and disposing of tangible personal property nor from acquiring and disposing of real property which may or may not be subject to this Declaration.

13.3 Transfer or Dedication of Common Area.

The Association, subject to compliance with the terms of the Act, may dedicate portions of the Common Area to La Plata County, or to any other local, state, or federal governmental or quasi-governmental entity, with consent of Declarant so long as it owns property subject to Section 9.1.

ARTICLE XIV AMENDMENT OF DECLARATION

14.1 By Declarant.

In addition to specific amendment rights granted elsewhere in this Declaration, until termination of the Declarant Control Period, Declarant may unilaterally amend this Declaration and any Recorded plat for any purpose to the extent not limited by applicable law, including, but not limited to, recordation of as-built plats as necessary for title purposes or to comply with planning approvals or other planning regulations of any governmental authority having jurisdiction over the Property, in connection with the exercise of any Development Rights and as such may be required to comply with normal requirements of regulated financial lending institutions. Thereafter, Declarant may unilaterally amend this Declaration if such amendment is necessary (a) to bring any provision into compliance with any applicable governmental statute, rule, regulation, or judicial determination; (b) to enable any reputable title insurance company to issue title insurance coverage on the Units; (c) to enable any institutional or governmental lender, purchaser, insurer, or guarantor of mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to make, purchase, insure, or guarantee mortgage loans on the Units; or (d) to satisfy the requirements of any local, state, or federal governmental agency. However, any such amendment shall not adversely affect the title to any Unit unless the Owner shall consent in writing.

14.2 By Members.

Except as otherwise specifically provided above and elsewhere in this Declaration, this Declaration may be amended only by the affirmative vote or written consent, or any combination

thereof, of Members owning sixty-seven and two thirds percent (67.67%) of the total Non-Declarant votes in the Association, and Declarant's consent, so long Declarant owns any property subject to this Declaration or which may become subject to this Declaration in accordance with Section 9.1.

Notwithstanding the above, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

14.3 Validity and Effective Date.

No amendment may remove, revoke, or modify any right or privilege of Declarant or the Declarant Member without the written consent of Declarant or the Declarant Member, respectively (or the assignee of such right or privilege).

If an Owner consents to any amendment to this Declaration or the By-Laws, it will be conclusively presumed that such Owner has the authority to consent, and no contrary provision in any Mortgage or contract between the Owner and a third party will affect the validity of such amendment.

Any amendment shall become effective upon Recording, unless a later effective date is specified in the amendment. Any procedural challenge to an amendment must be made within six months of its Recordation or such amendment shall be presumed to have been validly adopted. In no event shall a change of conditions or circumstances operate to amend any provisions of this declaration.

14.4 Exhibits.

Exhibits "A" and "B" attached to this Declaration are incorporated by this reference, and this Article governs the amendment of such exhibits. All other exhibits are attached for informational purposes and may be amended as provided therein or in the provisions of this Declaration which refer to such exhibits.

IN WITNESS WHEREOF, the Declaration of Covenants, Conditions and Restrictions
for Edgemont Meadows have been executed and acknowledged this 5th day of April, 2017.

By: Highlands Holding Corporation, a Colorado corporation,

By: [Signature]
Tom D. Gorton, President

STATE OF COLORADO)

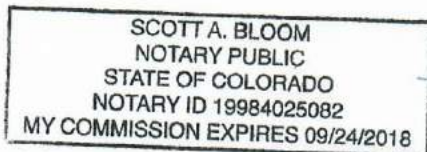
) ss.

County of La Plata)

The foregoing instrument was acknowledged before me this 5th day of April, 2017 by
Tom D. Gorton, as President of Highlands Holding Corporation, a Colorado corporation.

Witness my hand and official seal.

My commission expires: 9/24/2018



[Signature]
NOTARY PUBLIC

EXHIBIT "A"

Land Initially Submitted

EDGEMONT MEADOWS, PHASE 1, FINAL PLAT, PROJECT NO. 2016-0212, COUNTY OF LA PLATA,
STATE OF COLORADO, ACCORDING TO THE RECORDED PLAT THEREOF FILED FOR RECORD April
5, 2017 UNDER RECEPTION NO. 1126385.

EXHIBIT "B"

Land Subject to Annexation

ALL THAT PORTION OF THE SE1/4SW1/4 AND THE S1/2SE1/4 OF SECTION 7, SW1/4SW1/4 OF SECTION 8 AND THE NE1/4 OF SECTION 18, TOWNSHIP 35 NORTH, RANGE 8 WEST, N.M.P.M., LA PLATA COUNTY, COLORADO, LYING AND BEING SOUTH OF COUNTY ROAD 240, NORTH AND WEST OF COUNTY ROAD 234 AND EAST OF EDMONT RANCH UNIT 1 ACCORDING TO THE PLAT THEREOF FILED MAY 1, 1985 UNDER RECEPTION NO. 515243.

LESS AND EXCEPT, Florida River Estates Resubdivision, according to the plat thereof filed for record February 5, 1965 under Reception No. 332288;

ALSO LESS AND EXCEPT, that tract of land described in Warranty Deed to Paragon Ranch, Inc. recorded May 8, 1998 under Reception No. 745647;

ALSO LESS AND EXCEPT, that tract of land described in Warranty Deed recorded September 8, 1988 under Reception No. 536995.

ALSO LESS AND EXCEPT, Edgemont Meadows, Phase 1 Final Plat, Project No. 2016-0212, according to the plat thereof filed for record April 5, 2017 as Reception No. 1126385, County of La Plata, State of Colorado.

AND

A TRACT OF LAND LOCATED IN SECTIONS 7 AND 18, TOWNSHIP 35 NORTH, RANGE 8 WEST, N.M.P.M., LA PLATA COUNTY, COLORADO, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING ON THE EASTERLY LINE OF EDMONT RANCH, UNIT 1, PLANNED UNIT DEVELOPMENT, AMENDED PLAT NO. 1 RECORDED IN THE OFFICE OF THE LA PLATA COUNTY, COLORADO, CLERK AND RECORDER UNDER RECEPTION NO. 515243 WHENCE THE SOUTHWEST CORNER OF SAID SECTION 7 BEARS SOUTH 68 DEGREES 56 MINUTES 24 SECONDS WEST, 2115.022 FEET;
THENCE NORTH 89 DEGREES 55 MINUTES 59 SECONDS EAST, 258.59 FEET;
THENCE SOUTH 74 DEGREES 51 MINUTES 37 SECONDS EAST, 152.21 FEET;
THENCE SOUTH 60 DEGREES 37 MINUTES 23 SECONDS EAST, 209.58 FEET;
THENCE SOUTH 70 DEGREES 25 MINUTES 36 SECONDS EAST, 107.05 FEET;
THENCE SOUTH 80 DEGREES 38 MINUTES 27 SECONDS EAST, 213.99 FEET;
THENCE NORTH 89 DEGREES 51 MINUTES 37 SECONDS EAST, 209.74 FEET;
THENCE SOUTH 82 DEGREES 41 MINUTES 36 SECONDS EAST, 239.65 FEET;
THENCE SOUTH, 115.38 FEET;
THENCE SOUTH 19 DEGREES 07 MINUTES 26 SECONDS EAST, 119.82 FEET;
THENCE SOUTH 33 DEGREES 58 MINUTES 23 SECONDS EAST, 99.61 FEET;
THENCE SOUTH 47 DEGREES 06 MINUTES 07 SECONDS WEST, 167.01 FEET;
THENCE SOUTH 39 DEGREES 22 MINUTES 15 SECONDS WEST, 110.73 FEET;
THENCE SOUTH 25 DEGREES 11 MINUTES 50 SECONDS WEST, 126.69 FEET;
THENCE SOUTH 08 DEGREES 39 MINUTES 07 SECONDS WEST, 138.79 FEET;
THENCE SOUTH 04 DEGREES 55 MINUTES 14 SECONDS EAST, 104.34 FEET;
THENCE SOUTH 20 DEGREES 35 MINUTES 18 SECONDS EAST, 135.27 FEET;
THENCE SOUTH 47 DEGREES 01 MINUTES 26 SECONDS EAST, 130.03 FEET;
THENCE SOUTH 72 DEGREES 01 MINUTES 29 SECOND EAST, 133.35 FEET;
THENCE NORTH 81 DEGREES 02 MINUTES 33 SECONDS EAST, 146.82 FEET;
THENCE SOUTH 01 DEGREES 26 MINUTES 48 SECONDS EAST, 550.10 FEET;

THENCE SOUTH 84 DEGREES 34 MINUTES 08 SECONDS WEST, 312.74 FEET TO THE EASTERLY LINE OF SAID UNIT 1, RECEPTION NO. 515243;
 THENCE NORTH 24 DEGREES 00 MINUTES 00 SECONDS WEST, 366.25 FEET ALONG THE EASTERLY LINE OF SAID UNIT 1, RECEPTION NO. 515243;
 THENCE NORTH 87 DEGREES 10 MINUTES 00 SECONDS WEST, 260.00 FEET ALONG THE EASTERLY LINE OF SAID UNIT 1, RECEPTION NO. 515243;
 THENCE ALONG THE ARC OF A NON-TANGENT CURVE TO THE RIGHT WITH A DELTA ANGLE OF 90 DEGREES 00 MINUTES 00 SECONDS AND A RADIUS OF 25.00 FEET FOR A DISTANCE OF 39.27 FEET, THE LONG CHORD BEARS SOUTH 47 DEGREES 50 MINUTES 00 SECONDS WEST, 35.36 FEET ALONG THE EASTERLY LINE OF SAID UNIT 1, RECEPTION NO. 515243;
 THENCE NORTH 87 DEGREES 10 MINUTES 00 SECONDS WEST 37.00 FEET ALONG THE EASTERLY LINE OF SAID UNIT 1, RECEPTION NO. 515243;
 THENCE ALONG THE ARC OF A TANGENT CURVE TO THE RIGHT WITH A DELTA ANGLE OF 77 DEGREES 40 MINUTES 00 SECONDS AND A RADIUS OF 125.00 FEET FOR A DISTANCE OF 169.44 FEET, THE LONG CHORD BEARS NORTH 48 DEGREES 20 MINUTES 00 SECONDS WEST, 156.76 FEET ALONG THE EASTERLY LINE OF SAID UNIT 1, RECEPTION NO. 5152431;
 THENCE ALONG THE ARC OF A TANGENT CURVE TO THE LEFT WITH A DELTA ANGLE OF 66 DEGREES 15 MINUTES 00 SECONDS AND A RADIUS OF 175.00 FEET FOR A DISTANCE OF 202.35 FEET, THE LONG CHORD BEARS NORTH 42 DEGREES 37 MINUTES 30 SECONDS WEST, 191.26 FEET ALONG THE EASTERLY LINE OF SAID UNIT 1, RECEPTION NO. 515243;
 THENCE NORTH 75 DEGREES 45 MINUTES 00 SECONDS WEST, 62.00 FEET ALONG THE EASTERLY LINE OF SAID UNIT 1, RECEPTION NO. 515243;
 THENCE NORTH 14 DEGREES 15 MINUTES 00 SECONDS EAST, 300.00 FEET ALONG THE EASTERLY LINE OF SAID UNIT 1, RECEPTION NO. 5152431;
 THENCE NORTH 29 DEGREES 00 MINUTES 00 SECONDS WEST, 195.00 FEET ALONG THE EASTERLY LINE OF SAID UNIT 1, RECEPTION NO. 515243;
 THENCE NORTH 52 DEGREES 00 MINUTES 00 SECONDS WEST, 290.11 FEET ALONG THE EASTERLY LINE OF SAID UNIT 1, RECEPTION NO. 515243;
 THENCE NORTH 36 DEGREES 00 MINUTES 00 SECONDS WEST, 208.68 FEET ALONG THE EASTERLY LINE OF SAID UNIT 1, RECEPTION NO. 515243;
 THENCE ALONG THE ARC OF A NON-TANGENT CURVE TO THE LEFT WITH A DELTA ANGLE OF 23 DEGREES 00 MINUTES 00 SECONDS AND A RADIUS OF 475.00 FEET FOR A DISTANCE OF 190.68 FEET, THE LONG CHORD BEARS NORTH 26 DEGREES 10 MINUTES 00 SECONDS WEST, 189.40 FEET ALONG THE EASTERLY LINE OF SAID UNIT 1, RECEPTION NO. 515243;
 THENCE NORTH 37 DEGREES 40 MINUTES 00 SECONDS WEST, 115.80 FEET ALONG THE EASTERLY LINE OF SAID UNIT 1, RECEPTION NO. 515243;
 THENCE ALONG THE ARC OF A TANGENT CURVE TO THE RIGHT WITH A DELTA ANGLE OF 43 DEGREES 20 MINUTES 00 SECONDS AND A RADIUS OF 175.00 FEET FOR A DISTANCE OF 132.35 FEET, THE LONG CHORD BEARS NORTH 16 DEGREES 00 MINUTES 00 SECONDS WEST, 129.22 FEET ALONG THE EASTERLY LINE OF SAID UNIT 1, RECEPTION NO. 515243;
 THENCE NORTH 05 DEGREES 40 MINUTES 00 SECONDS EAST, 90.06 FEET ALONG THE EASTERLY LINE OF SAID UNIT 1, RECEPTION NO. 515243;
 THENCE ALONG THE ARC OF A TANGENT CURVE TO THE RIGHT WITH A DELTA ANGLE OF 90 DEGREES 00 MINUTES 00 SECONDS AND A RADIUS OF 25.00 FEET FOR A DISTANCE OF 39.27 FEET, THE LONG CHORD BEARS NORTH 50 DEGREES 40 MINUTES 00 SECONDS EAST, 35.36 FEET ALONG THE EASTERLY LINE OF SAID UNIT 1, RECEPTION NO. 515243;
 THENCE NORTH 05 DEGREES 40 MINUTES 00 SECONDS EAST, 30.00 FEET ALONG THE EASTERLY LINE OF SAID UNIT 1, RECEPTION NO. 515243 TO THE POINT OF BEGINNING.

LESS AND EXCEPT Edgemont Meadows, Phase 1 Final Plat, Project No. 2016-0212, according to the plat thereof filed for record April 5, 2017 as Reception No. 1126385, County of La Plata, State of Colorado.