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**DECLARATION OF COVENANTS
CONDITIONS AND RESTRICTIONS**

OF

ROCKY MOUNTAIN ESTATES

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**DECLARATION OF COVENANTS
CONDITIONS AND RESTRICTIONS
OF
ROCKY MOUNTAIN ESTATES OWNERS ASSOCIATION**

WHEREAS, by reason of a deed dated and recorded April 15, 2005, at Reception No. 2005-003812 of the records of Grand County, Colorado, ROCKY MOUNTAIN ESTATES, LLC, P.O. Box 1533, Grand Lake, CO 80447, became the Owner of the real property described on Exhibit A hereto (hereinafter "the Property"), which property was platted and subdivided as COLORADO ANGLER'S CLUB NO. 1, Grand County, Colorado; and

WHEREAS, ROCKY MOUNTAIN ESTATES, LLC, hereinafter referred to as Declarant, establishes this Declaration to provide a governance structure and a flexible system of procedures, policies and standards for the development, administration, and maintenance of Rocky Mountain Estates as a common interest community; and

NOW, THEREFORE, ROCKY MOUNTAIN ESTATES, LLC hereby declares that the Property shall be a Planned Community held, transferred, sold and conveyed subject to the terms of this Declaration. No property other than that described shall be deemed subject to this Declaration. The maximum number of units which Declarant reserves the right to create within the Property is 280. The boundaries of each lot created by this Declaration, including the unit's identifying number are set forth in the Final Plat for the Property recorded in the real property records of Grand County, Colorado on December 1, 1953, bearing reception number 76812.

**ARTICLE 1.00
GOALS, PURPOSES AND PHILOSOPHY**

1.01 It is the intent of the Declarant to create Rocky Mountain Estates as a quality residential community, development of which is controlled by this Declaration. This Declaration sets forth both general and specific requirements consistent with such intent. The Association and the DRC are authorized to adopt additional rules, regulations and requirements which may be necessary or desirable. Any reference herein to the Declaration shall include any and all rules, regulations and requirements so adopted.

1.02 It is the purpose of this Declaration that the beauty of the Rocky Mountain Estates area and the harmony of design shall always be protected insofar as is possible in connection with the uses and structures permitted by this instrument. It is essential that the construction, fencing, and pet enclosures be buffered in such a fashion to minimize the impact on wildlife.

1.03 The Property is subjected to this Declaration to insure reasonable and appropriate development and improvement; to protect owners against such improper use of surrounding property as will depreciate the value of their property; to preserve, so far as practicable, the natural beauty of the Property; to obtain harmonious color schemes; to insure development in accordance with the plans of Declarant; to encourage and secure the erection of attractive structures with appropriate locations; to prevent haphazard and inharmonious improvement; to

secure and maintain proper setbacks from streets, and adequate space between structures; to ensure compliance with *the Three Lakes Design Review Guidelines* as approved and adopted by Grand County; and in general to provide adequately for quality improvements and thereby to enhance the value of the investment made by Owners.

ARTICLE 2.00 DEFINITION OF TERMS

Act means the Colorado Common Interest Ownership Act, §38-33.3-101, *et seq.*, C.R.S.. Undefined terms shall have the definitions set forth in the Act.

Association means Rocky Mountain Estates Owners Association, a Colorado Non-Profit Corporation.

Board means the Board of Directors of the Association which may also be referred to as the Executive Board.

Colorado Angler's Club No. 1 is the name of the subdivision in which Rocky Mountain Estates is located.

Common Elements or **Common Areas** means any real estate within the Property owned or leased by the Association, other than a Lot.

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

Common Interest Community or **Community** means the real estate described in this Declaration.

C.R.S. means the Colorado Revised Statutes.

Declarant means ROCKY MOUNTAIN ESTATES, LLC, a Colorado limited liability company, or any person or entity to which the Declarant's rights have been transferred.

Declarant Control Period means the period of time during which the Declarant has the right to appoint and remove the Officers and/or Members of the Board pursuant to Section 4.05 of the Declaration.

Declaration means this Declaration of Covenants, Conditions and Restrictions.

Design Review Guidelines or **Guidelines** means the design guidelines for the Property which have been adopted by Declarant and which may be amended as set forth herein. These guidelines shall be followed by all builders, developers, property owners and residents of the Property. The DRC shall follow the Guidelines in its review of plans submitted to it.

DRC means the Design Review Committee, which is also sometimes referred to as the "Committee."

First Mortgagee means the beneficiary of a first deed of trust or the holder of a first mortgage.

Governing Documents means the Articles of Incorporation of Rocky Mountain Estates Owners Association; By-laws adopted by the Board of Directors; this Declaration of Covenants, Conditions, and Restrictions; the Plat; the Design Guidelines, the Rules and Regulations; Board Resolutions; all as may be amended from time to time.

Home Occupation has the same meaning as in the Grand County Zoning Regulations.

Lot or Unit means a physical portion of the common interest community which is designated for separate ownership or occupancy and the boundaries of which are in or determined from the Declaration and the Plat.

Manufactured Home is a factory built home which complies with requirements of the Uniform Building Code as prepared by the International Conference of Building Officials as adopted from time to time by the Board of County Commissioners of Grand County or Manufactured Homes as defined by C.R.S. 30-28-115 as now enacted or hereinafter amended.

Mobile Home means any structure which has been designed and constructed with wheels, axles, and tongue, or any other device for purposes of towing; and which has also been designed for human residential purposes, in either a temporary or permanent location. Whether temporary or permanent, a structure shall not lose its identity as a mobile home, even if the wheels, axles, tongue, or other towing devices are removed.

Other Common Elements means an area of the Common Elements wherein a sign or signs identifying the Community may be placed.

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

Pedestrian Purposes means walking, hiking, snow-shoeing, and cross country skiing.

Plat means the Final Plat for Colorado Angler's Club No. 1 recorded in the real property records of Grand County, Colorado on December 1, 1953, bearing reception number 76812.

Rules and Regulations means the various rules, regulations and requirements adopted by the Association which govern or control various aspects of living within and use of the Property, including Rules and Regulations adopted by the Declarant for the DRC, and amended from time to time.

Single Family Residential Use shall mean a dwelling designed exclusively for occupancy by one family for living purposes and having only one kitchen.

Special Expenses means expenses incurred by the Association in connection with an individual lot.

Travel Trailer means any vehicle or similar portable structure designed without a foundation other than wheels, jacks or skirts, and so designed or constructed to permit occupancy

for living or sleeping purposes, provided than any such structure over thirty two feet in total length, including hitch and bumper, shall be considered a Mobile Home for purposes of this Declaration.

**ARTICLE 3.00
GENERAL RESTRICTIONS ON ALL LANDS**

3.01 Purposes

The Property shall be used for and only for single family residential use (One-Family Dwellings) as defined by the Zoning Regulations of Grand County, Colorado, as same may be amended from time to time. Although manufactured homes are allowed, the DRC shall be authorized to make additional design requirements in the case of manufactured homes in order to preserve the quality and the aesthetic appeal of homes built in Rocky Mountain Estates. In addition to the general restrictions contained in this Article 3.00, the Board may adopt reasonable Rules and Regulations for the governance of the Property. The Property is subject to Design Guidelines adopted by the Declarant, copies of which are available from the Declarant during the Declarant Control Period, or the Association.

3.02 Lots or Units.

(A) Separate Taxation of Units. Pursuant to the Act, each Unit constitutes a separate parcel of real estate and will be separately assessed and taxed.

(B) Description of Lots or Units. To convey, encumber or otherwise affect legal title to a Unit an instrument must describe the Lot as follows:

Lot _____, Colorado Angler's Club No. 1, Grand County, Colorado, according to the the Plat of Colorado Angler's Club No. 1, recorded December 1, 1953, at Reception No. 76812 of the records of the Clerk and Recorder for Grand County, Colorado.

3.03 Nuisances

No obnoxious or offensive activities shall be carried on within the Property, nor shall anything be done or permitted which shall constitute a public nuisance. No noise or other nuisance shall be permitted to exist or operate upon the Property so as to be offensive or detrimental to any other part of the Property or to other Owners.

3.04 Animals

No animals of any kind other than dogs, cats, or other common household pets, not exceeding three (3) animals more than four (4) months in age at any one time, shall be raised, bred or kept on any part of the Property. No animals may be raised, bred or kept for any commercial purposes. The Association shall have the right to prohibit the maintenance of any animal which constitutes, in the reasonable opinion of the Association, a nuisance or danger to any person, wildlife or property. Animals within the Property must be either kept within an enclosure as specified in the Design Guidelines, or on a leash being held by a person capable of controlling

the animal. Each animal owner, and such owner's guests or tenants, shall have the duty and responsibility to clean up after an animal when on or off such owner's property.

3.05 Sanitation or Special District

Owners shall utilize the services and facilities of any sanitation or other special district which may serve the Property in accordance with the rates and fees determined by such district. In the event the Association contracts with any district to provide inspection, maintenance or other services within the Property, Owners shall utilize such services in accordance with the terms of such contract.

3.06 Common Areas

(A) All of the road rights-of way on the Property, with the exception of Digor Drive (Grand County Road 4), as shown on the Plat are Common Area. In addition, the following Lots (or described areas) are also Common Area:

Lot 1, Block 15 and Lot 13, Block 15

(B) Except for road rights-of way, Common Areas shall be used only for pedestrian purposes or for such other uses as may be permitted by the Board by Rule or Regulation. Any party who digs in or otherwise disrupts or damages any road right-of-way in Colorado Angler's Club No. 1 shall be responsible for repairs necessary to return the road to its condition immediately prior to such damage, including but not limited to 95% soil compaction and restoring and reseeding of in-slopes and out-slopes. Common Areas shall only be used in compliance with all applicable laws.

3.07 Re-subdivision and Boundaryline Changes Prohibited

Units shall not be re-subdivided into smaller tracts or lots nor conveyed or encumbered in any size less than the full dimensions shown on the recorded plat. Owners shall make no changes in boundarylines, except that two or more lots may be permanently joined together to form one lot.

3.08 Uses of Residences

No noxious or offensive trade or activity shall be carried on upon any building site nor shall anything be done thereon which may be or become an annoyance or nuisance to the neighborhood. The rental of units, on a nightly, short term or long term basis, is specifically allowed.

3.09 Home Occupations

Permissible Home Occupations shall be limited to those which:

(A) Are carried on by the inhabitants living on the premises and no others, with the exception of child care services, which are prohibited.

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

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

(D) There shall be no offensive noise, vibration, smoke, dust, odors, heat or glare noticeable at or beyond the lot lines and no excessive vehicular traffic or deliveries. The determination of what constitutes a violation of this provision shall be made solely by the Board, in its absolute discretion.

3.10 Screening and Refuse

All equipment, service yards, woodpiles, above ground storage, or the like on any Lot shall be kept screened by adequate planting or fencing so as to conceal them from the view of neighboring Lots, streets, and Property. All rubbish and trash shall be removed from each Lot on at least a monthly basis, shall not be allowed to accumulate and shall not be burned thereon, except in burners approved by the Board as to location, design, materials and construction, and except at such hours of the day as established by the Board. If an Owner does not comply with this paragraph, the Board shall be authorized to go on the Lot and remove or cause such rubbish and trash to be removed and charge Owner the cost therefor. All trash shall be stored in "bear-proof" containers as approved by the North American Bear Society or by the Division of Wildlife of the State of Colorado. Individual trash receptacles shall be stored inside except on the day of trash pick-up.

3.11 Maintenance of Lots

Each Owner shall maintain his or her Lot, whether improved or vacant, and all structures, parking areas, and other improvements comprising the Lot as required by the Rules and Regulations and this Declaration. The responsibility for maintenance shall include the responsibility for repair and replacement, as necessary and for forestry management.

Owners must install 12" (minimum) metal culverts where private driveways meet drainage ditches or in-slopes or out-slopes. Snow plowed by individual lot owners may not be stored on Common Area, but must be stored on the Owner's own lot.

3.12 Noxious Weeds

The property is subject to the Grand County Noxious Weed Control provisions and requirements as recorded at Reception Number 96003640.

3.13 Prohibitions

The following are prohibited within the property:

(A) Hunting or the discharge of firearms or pellet guns.

(B) Parking of motor vehicles outside of the parking spaces specified in the plans submitted

to the DRC.

(C) The use of the exterior portion of any Lot for the storage of any materials related to any business or commercial use or enterprise.

(D) The use of surface water for any purpose and the use of wells for outside watering of any kind.

(E) The installation or display of signs of any kind except those required by law, those allowed by the DRC, and one "For Sale" sign per Lot.

(F) Campfires are prohibited.

(G) Mobile Homes and Travel Trailers are prohibited, except for temporary parking of 72 hours or less.

ARTICLE 4.00 ASSOCIATION

4.01 Organization and Powers

The Association is organized as a Colorado Corporation under the Colorado Non-Profit Corporation Act. It is charged with the duties and vested with the powers provided by law and set forth in the Act, this Declaration, its Articles of Incorporation, Bylaws and Rules and Regulations.

4.02 Membership

Each Owner of a Lot shall be a Member of the Association and all memberships shall be appurtenant to Units. The right to vote may not be severed or separated from the Lot ownership except by written proxy. If a Lot is owned by more than one person, all owners collectively shall be considered the Member for voting purposes. If two or more lots are permanently joined together to make one lot the owner there shall continue to have one vote for each original lot. Memberships in the Association shall not be transferred, pledged or alienated in any way, except upon the transfer of title to a Lot, and then only to the purchaser or foreclosing mortgagee of such Lot. Upon transfer of fee title to any Lot, the new owner shall provide the board with a copy of the deed of conveyance and of any trust deed or mortgage and the Board shall then record the transfer in the books of the Association.

4.03 Voting Rights and Procedures

Each Member shall be entitled to one (1) vote for each Lot owned.

4.04 Meetings of Members of Association

Those Members appearing in the records of the Association at 9:00 a.m. (M.T.) seven (7) days preceding the date of any meeting of the Members required or permitted to be held shall be entitled to vote at any such meeting, either in person or by proxy.

4.05 Board of Directors

(A) Declarant reserves for itself, its successors and assigns initially the right to appoint the Board of Directors. The Board of Directors shall be comprised of five (5) persons, who shall serve staggered two-year terms. The Declarant shall choose the method of establishing the staggered terms. During the Declarant Control Period, the Board members need not be Owners. In the event a Lot is owned by more than one person, only one of such owners may serve on the Board at any one time.

(B) The right of the Declarant to appoint the Board, shall terminate no later than either sixty days after conveyance of seventy-five percent of the units that may be created to Lot owners other than a Declarant, two years after the last conveyance of a Lot by the Declarant in the ordinary course of business, or two years after any right to add new units was last exercised.

(C) Not later than sixty days after conveyance of twenty-five percent of the units that may be created to Lot owners other than a Declarant, at least one member and not less than twenty-five percent of the members of the board must be elected by Lot owners other than the Declarant. Not later than sixty days after conveyance of fifty percent of the units that may be created to Lot owners other than a Declarant, not less than thirty-three and one-third percent of the members of the board must be elected by Lot owners other than the Declarant.

4.06 Assessments and Lien Rights

(A) Assessments for common expenses

(i) Until the association makes the initial common expense assessment, the Declarant shall pay all common expenses. The initial common expense assessment, when made, shall be in the amount of \$300.00 per year. After any assessment has been made by the association, assessments shall be made no less frequently than annually and shall be based on a budget adopted no less frequently than annually by the association.

(ii) Except for assessments under subsections (iii) and (iv) of this section, all common expenses shall be assessed against all the units in accordance with the allocations set forth herein. Any past-due common expense assessment or installment thereof shall bear interest at the rate established by the association not exceeding twenty-four percent per year.

(iii) If any common expense is caused by the misconduct of any Lot owner, the association may assess that expense exclusively against such owner's Lot.

(iv) If common expense liabilities are reallocated, common expense assessments and any installment thereof not yet due shall be recalculated in accordance with the reallocated common expense liabilities.

(v) Each Lot owner is liable for assessments made against such owner's Lot during the period of ownership of such Lot. No Lot owner may be exempt from liability for payment of the assessments by waiver of the use or enjoyment of any of the common elements or by abandonment of the Lot against which the assessments are made. If two or more lots are

permanently joined together to form one lot, the owner of such lots must continue to pay the assessments for each of the individual lots which were joined together.

(vi) The Declarant shall not be required to pay any assessments for Lots owned by the Declarant, except to the extent necessary in order for the Association to pay the premiums on any insurance policies covering the Association and the Common Areas.

(B) Assessment for Special Expenses

All special expenses shall be assessed against the Lot for which the expense was incurred. Any past-due special expense assessment or installment thereof shall bear interest at the rate established by the association not exceeding twenty-four percent per year.

(C) Lien for Assessments

(i) The association has a statutory lien on a Lot for any assessment levied against that Lot or fines imposed against its Lot owner. Fees, charges, late charges, attorney fees, fines, and interest charged pursuant to this Declaration or the Act are enforceable as assessments. The amount of the lien shall include all those items set forth in this section 4.06 (C) from the time such items become due. If an assessment is payable in installments, each installment is a lien from the time it becomes due, including the due date set by any valid association acceleration of installment obligations.

(ii)(a) A lien under this section is prior to all other liens and encumbrances on a Lot except:

(I) Liens and encumbrances recorded before the recordation of the Declaration.

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

(III) Liens for real estate taxes and other governmental assessments or charges against the Lot or cooperative.

(b) Subject to paragraph (c) of this subsection (ii), a lien under this section is also prior to the security interests described in subparagraph (II) of paragraph (a) of this subsection (ii) to the extent of an amount equal to the common expense assessments based on a periodic budget adopted by the association which would have become due, in the absence of any acceleration, during the six months immediately preceding institution by either the association or any party holding a lien senior to any part of the association lien created under this section of an action or a non-judicial foreclosure either to enforce or to extinguish the lien.

(c) This subsection (ii) does not affect the priority of mechanics' or materialmen's liens or the priority of liens for other assessments made by the association.

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

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

(v) This section does not prohibit actions or suits to recover sums for which subsection (C) of this section creates a lien, or to prohibit the association from taking a deed in lieu of foreclosure.

(vi) The association shall be entitled to costs and reasonable attorney fees incurred by the association in a judgment or decree in any action or suit brought by the association under this section.

(vii) The association shall furnish to a Lot owner or such Lot owner's designee or to a holder of a security interest or its designee upon written request, delivered personally or by certified mail, first-class postage prepaid, return receipt, to the association's registered agent, a written statement setting forth the amount of unpaid assessments currently levied against such owner's Lot. The statement shall be furnished within fourteen calendar days after receipt of the request and is binding on the association, the executive board, and every Lot owner. If no statement is furnished to the Lot owner or holder of a security interest or their designee, delivered personally or by certified mail, first-class postage prepaid, return receipt requested, to the inquiring party, then the association shall have no right to assert a lien upon the Lot for unpaid assessments which were due as of the date of the request.

(viii) In any action by the association to collect assessments or to foreclose a lien for unpaid assessments, the court may appoint a receiver of the Lot owner to collect all sums alleged to be due from the Lot owner prior to or during the pending of the action. The court may order the receiver to pay any sums held by the receiver to the association during the pending of the action to the extent of the association's common expense assessments.

(ix) The association's lien may be foreclosed in like manner as a mortgage on real estate.

4.07 Capitalization of Association

Upon acquisition of record title to a Unit by the first Owner thereof other than Declarant or a Builder buying more than one lot for sale to a third party, a contribution shall be made by or on behalf of the purchaser to the working capital of the Association in an amount equal to one-quarter of the annual Base Assessment per Unit for that year. This amount shall be in addition to, not in lieu of, the annual Base Assessment and shall not be considered an advance payment of such assessment. This amount shall be deposited into the purchase and sales escrow and disbursed therefrom to the Association for use in covering operating expenses incurred by the Association pursuant to this Declaration and the By-Laws.

4.08 Allocation of Allocated Interests

Each Lot owner, other than the Declarant, shall be responsible for a percentage of the total common expenses determined by a formula wherein (a) the number "1" stands for all the common elements and the common expenses, which is multiplied by (b) a fraction wherein one is the numerator and the total number of units is the denominator. For example, if there are 280 lots then, for each lot owned, each lot owner shall be responsible for one times 1/280 (.35714%)

of the common expenses. If two or more lots are permanently joined together, the owner thereof shall continue to be responsible for a proportionate share of the common expenses for each of the original lots which were joined together.

4.09 Budgetary Requirements

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

(B) Within thirty days after adoption of any proposed budget for the Property, the Board shall mail, by ordinary first-class mail, electronic mail or otherwise deliver a summary of the budget to all Lot owners and shall set a date for a meeting of the Lot owners to consider ratification of the budget not less than fourteen nor more than sixty days after mailing or other delivery of the summary. Unless at that meeting a majority of all Lot 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 Lot owners must be continued until such time as the Lot owners ratify a subsequent budget proposed by the board.

4.10 Exempt Property

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

(A) All property dedicated to and accepted by a local governmental or quasi-governmental authority;

(B) Any property owned by the Association.

4.11 Insurance

(A) Commencing not later than the time of the first conveyance of a Lot to a person other than a Declarant, the association shall maintain, to the extent reasonably available:

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

(ii) Commercial general liability insurance against claims and liabilities arising in connection with the ownership, existence, use, or management of the common elements in an amount deemed sufficient in the judgment of the executive board but not less than any amount specified in the association documents, insuring the executive board, the Lot owners' association, the management agent, and their respective employees, agents, and all persons acting as agents. The Declarant shall be included as an additional insured in such Declarant's capacity as a Lot owner and board member. The Lot owners shall be included as additional insureds but only for

claims and liabilities arising in connection with the ownership, existence, use, or management of the common elements. The insurance shall cover claims of one or more insured parties against other insured parties.

(B) If the insurance described in subsection (A) of this section is not reasonably available, or if any policy of such insurance is canceled or not renewed without a replacement policy therefore having been obtained, the association promptly shall cause notice of that fact to be hand delivered or sent prepaid by United States mail to all Lot owners. The association may carry any other insurance it considers appropriate, including insurance on units it is not obligated to insure, to protect the association or the Lot owners.

(C) Insurance policies carried pursuant to subsection (A) of this section must comply with the Act.

(D) If any Lot owner or employee controls or disburses funds of the common interest community, the association must obtain and maintain, to the extent reasonably available, fidelity insurance. Coverage shall not be less in aggregate than two months' current assessments plus reserves, as calculated from the current budget of the association.

(E) Any person employed as an independent contractor for the purposes of managing the common interest community must obtain and maintain fidelity insurance in an amount not less than the amount specified in subsection (D) of this section, unless the association names such person as an insured employee in a contract of fidelity insurance.

(F) Premiums for insurance that the association acquires and other expenses connected with acquiring such insurance are common expenses.

(G) An insurer that has issued an insurance policy for the insurance described in subsection (A) of this section shall issue certificates or memoranda of insurance to the association and, upon request, to any Lot owner or holder of a security interest. Unless otherwise provided by statute, the insurer issuing the policy may not cancel or refuse to renew it until thirty days after notice of the proposed cancellation or non-renewal has been mailed to the association, and each Lot owner and holder of a security interest to whom a certificate or memorandum of insurance has been issued, at their respective last known addresses.

(H)

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

(a) the common interest community is terminated, in which case C.R.S. §8-33.3-218 applies;

(b) repair or replacement would be illegal under any state or local statute or ordinance governing health or safety;

(c) eighty percent of the Lot owners, including every owner of a Lot or assigned

limited common element that will not be rebuilt, vote not to rebuild; or

(d) prior to the conveyance of any Lot to a person other than the Declarant, the holder of a deed of trust or mortgage on the damaged portion of the common interest community rightfully demands all or a substantial part of the insurance proceeds.

(ii) The cost of repair or replacement in excess of insurance proceeds and reserves is a common expense. If the entire common interest community is not repaired or replaced, the insurance proceeds attributable to the damaged common elements must be used to restore the damaged area to a condition compatible with the remainder of the common interest community, and, except to the extent that other persons will be distributees, the insurance proceeds attributable to units and limited common elements that are not rebuilt must be distributed to the owners of those units, or to lienholders, as their interests may appear, and the remainder of the proceeds must be distributed to all of the Unit owners or lienholders as their interest may appear in proportion to the common expense liabilities of all the units.

(I) If any Unit owner or employee of the Association controls or disburses funds of the common interest community, the association must obtain and maintain, to the extent reasonably available, fidelity insurance. Coverage shall not be less in aggregate than two months' current assessments plus reserves, as calculated from the current budget of the association.

(J) Any person employed as an independent contractor by the Association for the purposes of managing a common interest community must obtain and maintain fidelity insurance in an amount not less than the amount specified in subsection (I) of this section, unless the association names such person as an insured employee in a contract of fidelity insurance, pursuant to subsection (I) of this section.

(K) The association may carry fidelity insurance in amounts greater than required in subsection (I) of this section and may require any independent contractor employed for the purposes of managing a common interest community to carry more fidelity insurance coverage than required in subsection (I) of this section.

(L) Premiums for insurance that the association acquires and other expenses connected with acquiring such insurance are common expenses.

4.12 Maintenance

The Association shall maintain and keep in good repair the Common Areas, including the roads within the Community.

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

The Association shall arrange for the roads which are Common Area to be plowed as necessary in the winter. The entire driving surface of the roads shall be plowed, with the snow stored in the

road rights-of-way. Owners shall cause any obstacles to snow plowing to be flagged so as to be visible to the snow plowing company. Any object within ten feet of the road right of way (such as but not limited to telephone boxes, culverts, electrical boxes, transformers, well heads, sewer clean-outs, etc.) shall be flagged by Owners so that they are in plain view at all times. The driving surfaces of the road rights-of-way shall be graded by the Association at least three times each year, once in the early spring, once mid-summer and once in late fall. Each time the roads are graded, the grader must restore the crown to the road, restore in-slopes and out-slopes and add road base where necessary.

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

Except as otherwise specifically provided herein, all costs associated with maintenance, repair and replacement of the Common Area shall be a Common Expense to be allocated among all Units as part of the Common Assessments.

ARTICLE 5.00 DESIGN REVIEW

5.01 General Rule

Each Owner, by accepting a deed of other instrument conveying any Lot, acknowledges that, as the developer and owner of the Property, Declarant has a substantial interest in insuring that improvements within the Property enhance the Declarant's reputation 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 his or her Lot unless and until Declarant or its designee has given its prior written approval for such activity, which approval may be granted or withheld in Declarant's or its designee's sole discretion.

All construction and improvements located on any lot must be approved by the DRC, and shall comply with the *Three Lakes Design* review regulations as approved and adopted by the Grand County Planning Commission and the Grand County Board of Commissioners, or their successors. In the event of a discrepancy between these Covenants and the *Three Lakes Design* review regulations, the most restrictive regulation shall apply.

No earth may be moved, nor shall improvements of any kind be erected, placed, altered or maintained on the Property, including staking or other site work, nor may any vegetation be altered, removed, or destroyed nor any landscaping performed until the complete plans for such, along with any other items required by the rules or regulations of the DRC, have been submitted and approved in writing by a majority of the members of the DRC and a security deposit paid. The DRC may request an Owner or his representative to attend a design review meeting to consider the Owner's submittal. In the event that any applicant shall fail to meet the submittal requirements within sixty (60) days of the initial submittal, the submittal shall be deemed to have been disapproved.

The provisions of this Article shall not apply to Declarant's activities, or to activities of the

Association during the Declarant Control Period.

5.02 Design Guidelines

Declarant may prepare Design Guidelines containing general provisions applicable to all improvements upon the Property. The Design Guidelines are intended to provide guidance to Owners as to allowable materials, design, colors, landscaping and other construction matters. Final approval of a design for improvements on a Lot by the DRC shall not be construed as approval of the same design on a different Lot. The DRC shall have the right to disapprove a design if the same design has been previously submitted and approved, regardless of whether submitted by the same or different Lot owners. The Design Guidelines shall not be the exclusive basis for approval of an application and compliance with the Design Guidelines shall not guarantee approval of any application.

Declarant shall have the authority to adopt and amend the Design Guidelines as long as it owns at least twenty-five percent of the Lots, even though the Declarant's reviewing authority has been delegated to the DRC. Upon termination of the Declarant's right to amend, the DRC may amend the Design Guidelines with the Board's consent. Any amendments to the Design Guidelines shall be prospective only and shall not require modifications to or removal of structures previously approved once the approved construction or modification has begun.

The Association shall maintain a copy of the Design Guidelines, as they may exist from time to time, and shall make them available for inspection and copying by any Member or Owner upon reasonable notice during the Association's business hours. The copy maintained by the Association pursuant to this provision shall be controlling in the event of any dispute as to which version of the Design Guidelines was in effect at any particular time. In Declarant's discretion, such Design Guidelines may be recorded in the Grand County, Colorado real estate records, in which event the recorded version as it may be amended, shall control in the event of any dispute as to which version of the Design Guidelines was in effect at any particular time.

5.03 Design Review Committee

The Declarant may act as the Design Review Committee so long as it owns at least twenty-five percent of the Property or may delegate its reviewing authority to a DRC appointed by it.

Declarant may but shall not be obligated to delegate all or a portion of its reserved rights under this Article to any other person or committee. Any such delegation shall be in writing, specifying the scope of responsibilities delegated, and shall be subject to Declarant's right to revoke such delegation, at any time and resume jurisdiction over the matters previously delegated; and the Declarant's right to veto any decision which Declarant determines, in its sole discretion, to be inappropriate or inadvisable for any reason. So long as Declarant has any rights under this Article, the jurisdiction of the foregoing entities shall be limited to such matters as are specifically delegated to it by Declarant.

Upon expiration or termination of Declarant's rights hereunder, the Association shall assume jurisdiction over design matters. Initially, the Board shall appoint three persons as DRC members and shall also appoint two alternates. One of the three initial members shall have a three year

term, one shall have a two year term and the third shall have a one year term. Thereafter, the members of such DRC shall be appointed by the Board for one year terms and shall not be entitled to any compensation for services performed but shall be entitled to reimbursement of expenses incurred. The DRC shall choose a Chairperson to preside over meetings and proceedings and a Secretary to record the actions taken by the DRC. Members need not be owners and shall serve at the pleasure of the Board; their tenure may be terminated at any time, with or without cause. In the event a member is unable to attend any meeting of the DRC, an alternate member shall be called to attend in his place. No person shall serve on the Board and the DRC concurrently.

The Declarant and the Association may employ architects, engineers, or other persons as deemed necessary to assist in the review of applications for approval. Any compensation of such persons may be included in the fees charged by the DRC.

5.04 Procedure

All construction and improvements located on any lot must be approved by the DRC and shall comply with the *Three Lakes Design* review regulations as adopted and approved, from time to time, by the Grand County Planning Commission and the Grand County Board of Commissioners, or their successors. In the event of a discrepancy between these Covenants and the *Three Lakes Design* review regulations, the most restrictive regulation shall apply.

Except as may be specifically excluded in the Design Guidelines, no activity described in Section 5.01 above shall commence until an application for approval has been submitted to and approved by the DRC. Such application shall include plans and specifications showing the site layout, structural design, location of well, exterior elevations, exterior materials and colors, landscaping, drainage, exterior lighting, irrigation, and other features of proposed construction, as applicable, and payment of a reasonable fee to be established by the Board. The DRC may require the submission of additional information as part of an application. The DRC may require the submittal of engineered foundation reports to the Grand County Building Department or its successor with each building permit application along with plans for foundation drains.

In reviewing each application, the DRC may consider any factors its deems relevant, including, but not limited to, the location of improvements within the Lot, in relation to surrounding structures or the natural topography, and the harmony of external design with surrounding structures and the environment. Although interior improvements generally need not be approved by the DRC, interior improvements which are visible from the outside shall be subject to approval, at the DRC's discretion. Decisions may be based on purely aesthetic considerations, and each Owner acknowledges that such decisions are purely subjective in nature and opinions may vary as to the desirability or attractiveness of particular improvements. So long as made in good faith and in accordance with the Governing Documents, the decisions of the DRC are final and binding as to aesthetic matters. The DRC shall not be responsible for reviewing, nor shall its approval of any plan or design be deemed approval of, any plan or design from the standpoint of structural integrity or conformance with building or other codes or ensuring that no defects exist in the approved construction.

The DRC shall make a determination on each application after receipt of a completed application and all additional information requested. The DRC may approve the application with or without conditions, or in whole or in part, or disapprove the application. The DRC shall specify the reasons for any objections.

The DRC shall notify the applicant in writing of a determination within five (5) business days after the submittal is considered at a design review meeting. If the DRC does not respond within said five-day period approval shall be deemed to have been denied; Provided, However, that if all design review requirements have been met, upon request of the applicant within ten (10) days after the due date for the DRC's determination, the DRC may approve the submittal. No approval shall be inconsistent with the Design Guidelines unless a variance has been granted pursuant to Section 5.07.

The date of any notice shall be the date postmarked or, if personally delivered, the date of delivery.

If construction does not commence on a project for which an application has been approved within two years after the date of approval, such approval shall be deemed withdrawn, and it shall be necessary for the Owner to reapply for approval, including the payment of an additional fee, before commencing construction of any proposed improvements. Once construction is commenced, it shall be diligently pursued to completion. All exterior work shall be completed within twelve (12) months of commencement unless otherwise specified in the notice of approval or unless the DRC grants an extension in writing, which it shall not be obligated to do. 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, the Declarant, or any other Owner of a Lot upon the Property.

5.05 Freedom from Liability

The Declarant, the Association, the DRC and the members thereof shall not be liable, in damages or otherwise, to any person or entity submitting any plans for approval, or to any Owner by reason of any action, failure to act, approval, disapproval, or failure to approve or disapprove, with regard to such plans. Any Owner or other person or entity submitting plans to the DRC for approval, by doing so, agrees and covenants, for himself, his contractors and agents that he will not bring any action nor suit against the Declarant, the Board, the DRC, its members, or their advisers, employees, or agents which in any way relates to such plans or the decision of the DRC in relation thereto.

5.06 DRC Rules and Regulations

The Declarant shall promulgate the initial rules and regulations setting forth the responsibilities of the DRC and addressing other matters, as authorized by this Declaration. Rules regarding construction methods, including but not limited to excavation, drainage, utility lines, loading areas, waste storage, trash removal, materials storage, and transformers and meters, may be included. Such rules and regulations shall be printed and upon request and the payment of a

reasonable charge, shall be made available to anyone requesting same. The rules and regulations may be amended from time to time by the Declarant, and after the termination or expiration of the Declarant's rights under this Article, by the DRC. Any such amendment shall be effective immediately upon its adoption which shall immediately make such amendment part of the printed Rules and Regulations. Notwithstanding the provisions of this section 5.06, no such amendment shall apply to plans which had already been submitted to the DRC.

5.07 Variances

The Board may authorize variances from compliance with DRC rules and regulations or the Design Guidelines when circumstances, such as topography, natural obstructions, hardship, aesthetic or environmental considerations, indicate that it would be reasonable to do so; provided, however, that such variances may not detrimentally affect the value of nearby property. Such variance requests must be in writing, shall state with particularity the grounds for and the nature of same, must be signed by the Owner. Variances must be in writing, and stated with particularity the grounds for the nature of same, and by sign by at least a majority of the members of the Board, and shall become effective upon recordation in the real property records of Grand County. If such variances are granted, no violation of the rules and regulations shall be deemed to have occurred with respect to the matter for which the variance was granted. The granting of a variance shall not operate to waive any of the terms and provisions of the DRC rules and regulations or Design Guidelines except as to the particular property and particular circumstances covered by the variance, nor shall it affect in any way the Owner's obligation to comply with all governmental laws and regulations affecting use of the premises.

5.08 Approval Compliance And Construction Damage Deposit

Prior to the commencement of any work approved by the DRC, the person wishing to commence such work shall pay an Approval Compliance and Construction Damage Deposit to the DRC to assure that such improvement is completed according to the plans approved by the DRC and to assure that any damage done to the roads, easements or common areas has been properly repaired and revegetated, if required. In the event such repair or revegetation has not been accomplished within 30 days following the issuance of a Certificate of Occupancy for the dwelling or, in the event there is no dwelling involved, within 30 days after substantial completion, or in the event that the Certificate of Occupancy is issued or substantial completion attained during the winter months, by June 15 of the following spring, as determined by the DRC, then the deposited funds may be used by the DRC to repair the damage or complete the revegetation. Prior to the use of such funds, however, the DRC shall give the person making the deposit ten days notice of its intention to make use of the security deposit. Notice shall be given by certified mail to the address or any address shown on the plans. Should the deficiency be remedied during the ensuing ten days, then the deposit shall be refunded. Such deposit shall initially be in the amount of \$2,000.00 but the DRC may, by rule, adopt a greater or lesser amount, or may adopt a formula to determine an amount, as experience dictates. The DRC may also provide for different amounts for different types of projects and may provide for retention of the deposit for a period not to exceed one year after substantial completion in the event revegetation is required.

Notwithstanding anything contained herein to the contrary, if the Declarant is building on more than one lot at any given time, it shall only be required to make one such security deposit,

regardless of the number of structures being built by Declarant. However, if the Declarant's security deposit must be used by the DRC, Declarant shall immediately replace the security deposit in an amount to be determined by the DRC.

5.09 Remedies

If construction is commenced without DRC approval, the Owner will be subject to a fine of \$100.00 for each day construction continues without DRC approval. In addition, the DRC shall be entitled to injunctive relief.

ARTICLE 6.00 TREES AND LANDSCAPING

6.01 Tree Removal

A. In the event any trees or brush are felled or trimmed, the Owner shall be required to remove all portions of the tree or brush from the Lot, including the slash. The cutting of trees into firewood and the same stacked neatly on a Lot shall be deemed to meet the requirement of removal from the Lot. Stumps may be left if cut off to ground level or they shall be removed and hauled away.

B. In the event an Owner does not properly remove and clean up any residual debris after tree removal, the Board is hereby authorized to cause the clean up to be done at the Lot Owner's expense and, if not timely paid, the Board may collect such unpaid sums in the same manner as an annual or special assessment.

C. No trees shall be removed from any Common Area designated on the Plat unless approved by the Board in advance.

D. When notified in writing by the Board of diseased trees, fallen trees or trees damaged by natural causes, an Owner shall remove such trees within a reasonable time and at Owner's expense. If an Owner fails to comply, the Board shall be authorized to remove or cause such trees to be removed and charge the Owner for the cost thereof. If the costs therefor are not timely paid, the Board may collect such unpaid sums in the same manner as an annual or special assessment. Other trees which interfere with utility lines may be removed by authorization of the Board.

E. Owners shall comply with any wildfire mitigation requirements as promulgated from time to time by the Association, the Colorado State Forest Service or any other governmental agency having jurisdiction.

6.03 Easement for Satellite Reception

No antennas or satellite dishes shall be allowed in Colorado Angler's Club No. 1 except for satellite dishes not exceeding 36" in diameter. Nothing herein shall prohibit consensual line of sight easements over adjacent lots.

6.04 Wildfire Mitigation

The Declarant or DRC shall be authorized to adopt a Wildfire Mitigation Plan as may in the judgment of the Declarant or DRC be necessary, from time to time.

6.05 Natural Vegetation

Any plants, shrubbery or other vegetation shall be indigenous to the area and capable of surviving without being watered. The use of wells or well water for any watering of plants, shrubs, or other vegetation is prohibited.

ARTICLE 7.00 VIOLATIONS AND ENFORCEMENT

7.01 In addition to the specific remedies provided for in this Declaration, the Association may enforce the provisions of this Declaration by whatever means may be available in law or in equity. Violation of any portion of the Declaration, or of the rules, regulations or requirements adopted thereunder, shall give to Declarant, the Association and their agents or assigns, the right, but not the obligation, to suspend the violating Owner's voting rights, suspend the violating Owner's right to serve on the Board or the DRC, to enter upon the property as to which such violation exists, and to summarily abate and remove, at the expense of the Owner thereof, any structure, thing or condition that may be or exist thereon contrary to the intent and meaning of the provisions hereof or of the rules and regulations of the DRC; and the Association, Declarant or their agents or assigns shall not thereby be deemed guilty or liable in any manner for such entry, abatement or removal.

7.02 The Association shall have the right to prosecute any action to enforce the provisions of the Declaration by injunctive relief, and/or to recover damages, on behalf of itself and all or part of the Owners. In the event of any such litigation, the prevailing party shall be entitled to recover its costs, including reasonable attorney's fees as part of any judgment.

7.03 In lieu of, or in addition to other remedies, the Association may levy fines against owners violating the terms hereof as follows: First violation, fifty dollars (\$50.00); Second violation, one hundred dollars (\$100.00); Third and subsequent violations five hundred dollars (\$500.00). In the event any provision of this Declaration contains a specific monetary fine or penalty for violation thereof, then the specific provision shall control and the fines set forth in this section shall not apply. These fines may be leveled as special assessments against the owner's Lot to be collected and enforced in the same manner as other assessments made under the authority of the Association.

7.04 The Declaration shall bind and inure to the benefit of and be enforceable by Declarant, the Association, any owner, or their and each of their successors and assigns; and failure by Declarant, or by any other Owner to enforce any portion of the Declaration shall in no event be deemed a waiver of the right to do so thereafter.

**ARTICLE 8.00
EASEMENTS**

8.01 Emergency, Inspection and Enforcement

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

8.02 Utilities

Non-exclusive easements over, across and under the common areas and over, across and under any and all lot line easements shown on the plat, for the installation and maintenance of all utilities, including, but not limited to, electric, telephone, cable television, water, gas, sewer and drainage facilities is hereby reserved by Declarant. Declarant hereby transfers and conveys the non-exclusive right to the use of same to the Association and to each entity, including any special district organized pursuant to the laws of Colorado, providing or which may provide such service. Either Declarant or the Association, may make additional, non-exclusive grants of such easement rights to other entities in the future by recordable instrument. In the event an Owner does not properly remove and clean up any residual debris after construction or installation of any utility within a reasonable time in the discretion of the Board or DRC, the Board or the DRC is hereby authorized to cause the clean up to be done at the Owner's expense and, if not timely paid, the Board may collect such unpaid sums in the same manner as a special expense.

**ARTICLE 9.00
GENERAL PROVISIONS**

9.01 Severability

Should any portion of this Declaration be declared invalid or unenforceable by any Court of competent jurisdiction, such decision(s) shall not effect the validity of the remainder of the Declaration.

9.02 Article and Paragraph Headings

The article and paragraph headings in this instrument are for convenience and shall not be

construed to be a part of the Declaration.

9.03 Duration

This Declaration shall run with and bind the Property and shall inure to the benefit of and shall be enforceable by the Association or any Owner, their respective legal representatives, heirs, successors and assigns for a term of thirty years from the date this Declaration is recorded. After such time, this Declaration shall be automatically extended for successive periods of ten years, unless an instrument in writing, signed by a majority of then Owners, has been recorded within the year preceding each extension, agreeing to amend, in whole or in part, or terminate this Declaration, in which case this Declaration shall be amended or terminated as specified therein.

9.04 Assignment of Powers

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

9.05 Masculine and Feminine, Singular and Plural

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

9.06 Communication by Electronic Means.

To the extent not prohibited by law or by the Governing Documents, the Association may send required notices by electronic means; hold Board or Members meetings and permit attendance and voting by electronic means, send and collect assessment and other amounts electronically; maintain an Internet website or on-line newsletter, and provide funding for any of the above purposes. By providing the Association with an e-mail address, Owners agree to accept notice by such means. It shall be the Owner's responsibility to keep the Association fully informed as to current e-mail addresses, if any, and the Association shall incur no liability for relying upon an e-mail address provided by the Owner.

9.07 Declarant' Right to Use of Common Elements

The Declarant may use the Common Elements for purposes related to construction of subdivision improvements. Declarant shall reasonably restore the Common Elements following such use and shall be responsible for any and all costs of such restoration. The Declarant may maintain signs on the Other Common Elements advertising the community subject to the provisions of any local sign ordinance.

9.08 Amendment

(A) By Declarant

(i) In that Article 33.3 of Title 38 of the Colorado Revised Statutes provides that the provisions of that Article may not be varied by agreement and rights conferred by that Article may not be waived, for a ten year period from the date this Declaration is recorded, Declarant reserves the right to unilaterally amend this Declaration to comply therewith in the event any provision of this Declaration is determined not to comply with the Act.

(ii) For a period of five years from the date this Declaration is recorded, Declarant may unilaterally amend this Declaration for any purpose, provided the amendment has no material adverse effect upon any right of any Owner.

(iii) For so long as it owns any real property described in Exhibit A, Declarant may unilaterally amend this Declaration if such amendment is (a) necessary to bring any provision into compliance with any applicable governmental statutes, rule, regulation, or judicial determination; (b) necessary to enable any title insurance company to issue title insurance coverage on the Units; (c) required by an institutional or governmental lender or purchaser of mortgage loans to enable such lender or purchaser to make or purchase mortgage loans on the Units; (d) necessary to enable any governmental agency or reputable private insurance company to insure mortgage loans on the Units; or (e) otherwise necessary to satisfy the requirements of any governmental agency. No such amendment may adversely affect the title to any Lot unless the Owner thereof consents thereto in writing.

(B) By Owners and Mortgagees

(i) Except as set forth above, this Declaration may be amended only by a written instrument signed by sixty-seven percent (67%) of the Owners **and** by at least fifty percent (50%) of the beneficiaries of first deeds of trust or the holders of first mortgages secured by Units. Any First Mortgagee who receives a written request from the Board to respond to or consent to any action shall be deemed to have approved such action if the Association does not receive a written response from the First Mortgagee within 30 days of the date of the Association's request, provided that such request is delivered to the First Mortgagee by certified or registered mail, return receipt requested.

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

9.09 Development Rights and Other Special Declarant Rights

In addition to any such rights described hereinabove, the Declarant reserves the following Development Rights and Special Declarant Rights for a period of twenty (20) years. If any development right is exercised in any portion of the property subject to that development right, that development right does not have to be exercised in all or in any other portion of the property.

- (A) The right to complete or make improvements indicated on the Plat;
- (B) The right to exercise any developmental right pursuant to the LLC Act or this Declaration including, without limitation, the right to combine lots together or to convert them to Common Area and the right to create underground water reservoirs or retention ponds for purposes of providing water for fire mitigation purposes;
- (C) The right to maintain sales models on Lots. Any such models may be located on any Lot. Declarant may maintain one sales office and or management office;
- (D) The right to maintain signs on the property to advertise the Lots so long as such signs conform to the then applicable sign code;
- (E) The right to use, and to permit others to use, easements through the Property, including the Common Elements, as may be reasonably necessary for the purpose of discharging the Declarant's obligations under the "Act" and this Declaration;
- (F) The right to appoint or remove any officer of the Association or any Director during the Declarant Control Period consistent with the "Act";
- (G) The right to withdraw all or any portion of the Property which has not yet been conveyed to any other party by the Declarant, and to reallocate the interest in the Common Areas attributable to each Lot Owner as a result of such withdrawal;
- (H) The right to impose additional covenants, restrictions, easements, or obligations on all or any portion of the Property which has not yet been conveyed to any other party by the Declarant;

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

9.10 Dispute Resolution

(A) In order to encourage the amicable resolution of disputes involving the property and to avoid the emotional and financial costs of litigation, Mediation is made mandatory for the Association, Declarant, Owners, and all persons subject to this Declaration ("Contestants"). All disputes or claims between or among those subject to this Declaration shall be mediated according to the appropriate rules of the American Arbitration Association, although it need not be such Association to provide the mediator.

(B) The following claims shall be **EXEMPT** from the mediation requirements of this section:

(i) any suit by the Association to enforce any assessment.

(ii) any suit by the Association to obtain a temporary restraining order or equivalent emergency equitable relief and such other ancillary or related relief as the court may deem necessary in order to maintain the status quo and preserve the Association's ability to enforce

the Design Review Guidelines or the Rules and Regulations.

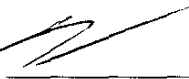
(iii) any claim or dispute among owners, other than Declarant, if such claim is not based upon this Declaration, the Article or bylaws of the Association, or does not relate in any way to ownership of a Lot.

(iv) any suit by the Association in which similar or identical claims are asserted against more than one Contestant.

(v) any suit, which does not include a claim for damages, by a Contestant for declaratory or injunctive relief which seeks a determination as to applicability, clarification or interpretation of any provision of this Declaration.

DECLARANT:

**ROCKY MOUNTAIN ESTATES, LLC
A Colorado Limited Liability Company**

By 
Morris King, Manager

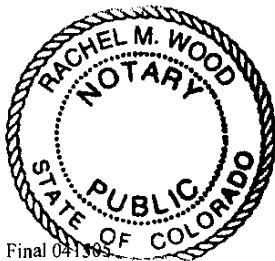
By 
Ralph P. Chiarella, Manager


STATE OF COLORADO)
) ss
County of Grand)

Acknowledged before me this 15th day of April, 2005, by Morris King, as Manager of Rocky Mountain Estates, LLC.

WITNESS my hand and official seal.

My Commission expires: 9/3/2007



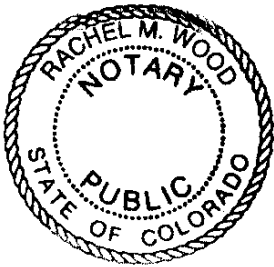

Notary Public

STATE OF COLORADO)
) ss
County of Grand)

Acknowledged before me this 15th day of April, 2005, by Ralph P. Chiarella, as Manager of Rocky Mountain Estates, LLC.

WITNESS my hand and official seal.

My Commission expires: 9/3/2007



Rachel M. Wood
Notary Public

**EXHIBIT A
LEGAL DESCRIPTION OF THE PROPERTY**

The S1/2 of the NE1/4 of Section 27, Township 3 North, Range 76 West of the 6th P.M., known as Colorado Angler's Club No. 1, including, but not limited to, the platted lots and platted streets, roads and easements, as shown on the plat of Colorado Angler's Club No. 1 recorded December 1, 1953 as Reception No. 76812.

EXCEPT Lots 5 and 10, Block 1; Lots 11, 12, and 13, Block 2; Lot 5, Block 4; Lot 28, Block 6; Lot 10, Block 15 in said Subdivision and FURTHER EXCEPTING the South 58 feet of Lot 4 and the North 17 feet of Lot 5 in Block 2 of said Subdivision Less the West 25 feet of said Lots 4 and 5 in Block 2 of Colorado Angler's Club No. 1 aka Lot 1, Block 1, Digor Subdivision.

County of Grand, State of Colorado.