



INCLUSION AGREEMENT
For Spruce Valley Ranch, Filing-3 and Filing-4

THIS Inclusion Agreement ("Agreement") is entered into this day, the 31 of July, 2007, by and between Spruce Valley Ranch Associates ("Associates"), a Colorado general partnership, and Spruce Valley Ranch Foundation ("Foundation"), a Colorado non-profit corporation, and becomes effective upon execution. For their mutual benefit and consideration, Associates and Foundation agree as follows:

1. Background.

- A. Associates¹ is the owner of two parcels of land contiguous to Spruce Valley Ranch ("Ranch"), which parcels Associates desires to make part of the Ranch pursuant to this Inclusion Agreement. Associates intends to plat these two parcels, subject to the prior review and approval of the Town of Blue River, Colorado ("ToBR") and, following approval by the ToBR, record the approved plats in the Office of the Clerk and Recorder, Summit County, Colorado under plats denominated Spruce Valley Ranch, Filing No. 3 ("SVR-3") for that parcel situated east of Spruce Valley Ranch, Filing No. 1, and Spruce Valley Ranch, Filing No. 4 ("SVR-4") for that parcel situated along the Blue River south of Spruce Valley Ranch, Filing No. 1, Lot 21. Together, SVR-3 and SVR-4 shall be known, for purposes of this Agreement, as the "Inclusion Properties."
- B. Foundation² directs and oversees the operations of Spruce Valley Ranch, Filing No. 1 ("SVR-1"), in a manner consistent with the Declaration of Covenants, Conditions and Restrictions for Spruce Valley Ranch ("CCRs"), as amended and/or supplemented from time to time. In accordance with the CCRs, Spruce Valley Ranch, Filing No. 2 ("SVR-2"), was platted and made subject to the CCRs under the terms of an Inclusion Agreement for SVR-2. The Foundation is charged with administering, interpreting and implementing the preferences and will of the owners of SVR-1 and SVR-2. As of this date, SVR-1 and SVR-2 comprise 49 single-family lots. A five (5) member Board of Directors ("Board") functions on behalf of the lot owners within the Ranch.
- C. The Ranch presently is bound by certain documents, some duly recorded with the Clerk and Recorder, Summit County, Colorado, and others merely on file with the Foundation, but all listed on Exhibit A, and collectively referenced in this Agreement as the "Governing Documents." Upon the proper recordation of the plats for SVR-3 and SVR-4, the Inclusion Properties shall be subject to the Governing Documents, and accepted by Associates, its successors or assigns.

1 - Associates, a Colorado general partnership, owns an unplatted tract of land lying within Sections 16 and 17, T7S, R77W of the sixth Principal Meridian, Summit County, Colorado, comprised of a portion of the Gold Nugget Placer, U.S.M.S. No. 13623, and a second unplatted tract of land lying east of the centerline of the Blue River and located in Section 18, T7S, R77W of the sixth Principal Meridian, Summit County, Colorado, comprised of all of the Golden Crown Placer, U.S.M.S. No. 5225.

2 - Foundation, a Colorado, non-profit corporation, was organized to own and manage land designated as a road, street, court or drive and all common areas within Spruce Valley Ranch, filing No. 1, as described in the plat thereof recorded on October 12, 1977 under Reception No. 169112, in the Office of Clerk and Recorder, Summit County, Colorado, and Spruce Valley Ranch, Filing No. 2, as described in the plat thereof recorded on June 1, 1978 under Reception No. 176624, in the Office of Clerk and Recorder of Summit County, Colorado.

- D. By this Agreement, Associates and Foundation hereby agree to take all reasonably necessary actions to include the Inclusion Properties in the Ranch, to execute documents and deeds attendant to this Agreement and the platting of SVR-3 and SVR-4, and to assume the rights, responsibilities and obligations as part of the Ranch, unless specifically otherwise provided by this Agreement.

2. Representations and Warranties.

- A. Associates hereby represents and warrants to the Foundation the following:
- i. That the plats for SVR-3 and SVR-4, the Inclusion Properties, have been previously presented and approved by the ToBR for seven (7) and four (4) single-family lots respectively; that the Subdivision Improvement Agreements as approved by the ToBR in 1991 were substantially completed in compliance with those agreements; that those plat approvals, having lapsed due to the passage of time, will be re-submitted to the ToBR for review, revision and approval by the current ToBR Board of Trustees in a form and content substantially consistent with the prior configurations and concepts of SVR-3 and SVR-4; and that, if the roads within the Inclusion Property need any further updating to comply with ToBR subdivision standards (which, in turn, include a referral to the Red, White and Blue Fire District road-widths and turn-around radius standards), such updating will be Associates' obligation to the ToBR as a condition of plat approval and will be completed at Associates' sole expense.
 - ii. That Associates is the fee simple owner of the Inclusion Properties, free and clear of all liens, encumbrances, claims, disputes or lawsuits;
 - iii. That Associates owns sufficient water rights as evidenced by the Decree in Case No. 89CW102, dated February 1, 1999, to fully and completely service the Inclusion Properties, specifically intended to provide domestic use for one single-family residence, plus attached caretaker apartment of not more than 1,200 square-feet of living area together with up to 900 square-feet of outside irrigation for each of the 11 lots and a single well to serve up to 13 horses and livestock at the Ranch Stables. Said water, as adjudicated, shall be conveyed to the Foundation by Special Warranty Deed within 90 days of recordation of the plats for SVR-3 and SVR-4;
 - iv. That, within 90 days of recordation of the plats for SVR-3 and SVR-4, Associates shall convey to the Foundation, free and clear of any encumbrances and at no additional cost to the Foundation:
 - a. By Quitclaim Deed, the road parcel in SVR-3 and all land parcels labeled "Common Area" on the approved plat for SVR-3, and
 - b. By Bill of Sale, the road improvements.
 - v. That, within 90 days of recordation of the plats for SVR-4, Associates shall convey to the Foundation, free and clear of any encumbrances and at no additional cost to the Foundation, by Quitclaim Deed, all land parcels labeled "Common Area" on the approved plat for SVR-4.

- vi. That all utilities, electric power and gas, owned and installed by Public Service of Colorado (now known as Xcel Energy), together with phone lines and CATV, serving the lots within the Inclusion Property, have been installed.
- vii. To the knowledge of Associates, except as shown on the plats as approved by the ToBR and recorded by Associates or as specifically provided in this Agreement, there are no further easements, rights of way, licenses or access reservations for the benefit of third parties.

- B. The Foundation hereby represents and warrants to Associates the following:
- i. That the Governing Documents referenced above are all properly enacted, adopted and duly recorded; further, they accurately represent the present status of those respective documents comprising the Governing Documents;
 - ii. That the enforcement of all Governing Documents shall be properly provided for and performed by the Foundation for or upon the owners of the Ranch and the Inclusion Properties without preference, discrimination or favor, except as specifically provided in this Agreement.
 - iii. That the books and records of the Foundation, including, without limitation, its financial records, budgets, Resolutions, Minutes of meetings, license or maintenance agreements, and its corporate tax reports, have been kept in a business-like manner, properly performed and completed as necessary, and that they accurately reflect the current status of the Foundation as it relates thereto, and as summarized for mutual convenience on Exhibit B, attached hereto and incorporated herein by reference as the "Foundation Documents;"
 - iv. That, except as specifically detailed on Exhibit C hereto, there are no claims, disputes, lawsuits, liens, encumbrances or obligations against the Foundation, the Ranch, or any of its affiliate entities, facilities or assets. The Foundation retains its continuous and complete sole discretion to litigate, dismiss, settle, compromise or otherwise deal in any manner the Foundation deems appropriate for the Ranch with any existing or future claim, dispute or lawsuit;
 - v. That the Foundation owns certain water rights adjudicated to serve the Ranch, in its 49 lots, which the Foundation deems are sufficient for all existing uses in SVR-1 and SVR-2, including without limitation, irrigation of all Common Areas, all household and/or domestic water demands for individual use of the existing forty-nine (49) lots within the existing Ranch and irrigation of certain other parcels serving the existing Ranch. While the Foundation will never seek any contribution, exaction or assessment from Associates, its successors or assigns for additional water acquisition, augmentation, storage or defense for the Ranch, the Foundation reserves the right to merge the operation and ownership of water plans for the Ranch and the Inclusion Properties not sooner than ten (10) years from the recordation date of this Agreement, which merger would effectively eliminate differential assessments between the Ranch and the Inclusion Properties for the routine operation and defense of the Water Plans for the Ranch and Inclusion Properties.

- vi. That all roads within SVR-1 and SVR-2 are owned and controlled by the Foundation and that all legal obligations pertaining to these roads shall be strictly adhered to; that Associates has an affirmed and uninterrupted right to travel over and across Ranch roads to access the Inclusion Properties; that the Foundation has title and unfettered ability to provide, maintain and protect any and all easements, rights-of-way or equivalent travel way, not less than fifty feet (50') in width, sufficient to provide continuous access to the Inclusion Properties; and that, upon the Inclusion Properties becoming part of the Ranch as provided herein, such access, roads and travel ways will be similarly maintained and protected by the Foundation.
 - vii. That the Foundation, upon recordation of the Plats for SVR-3, shall accept all roadways located within SVR-3 for the purpose of maintenance in the same manner as all the other roads in the Ranch.
 - viii. That the existing roadway in SVR-4 meets ToBR driveway standards and that Foundation may treat the roadway in SVR-4 as a driveway, subject to the reservation that unless or until:
 - a. A single owner of all four lots in SVR-4, or all of the separate owners of the four lots in SVR-4, at his, or their, sole expense, improve the roadway to meet ToBR subdivision road standards, and
 - b. Such owner, or owners, convey to the Foundation, by Quitclaim Deed, ownership over the road parcel in SVR-4, and, by Bill of Sale, ownership over the road improvements, and
 - c. The roadway is not gated, then
 - d. The Foundation shall accept such roadway for the purpose of maintenance in the same manner as all the other roads in the Ranch.
 - ix. That, notwithstanding provisions in this Agreement to the contrary, the Foundation, subject to the timely review and approval by the Foundation's Board, Associates, or a third-party owner, or owners of all of the lots in SVR-4, at such party's sole discretion and expense, may make further landscaping improvements at or near the entrance to SVR-4, including fencing, gating and planting within the road parcel.
- C. Both Associates and Foundation mutually and reciprocally represent and warrant:
- i. That each has undertaken due diligence to investigate the status of the respective properties, improvements and assets and each will cooperate to provide all reasonably requested information, easements or affirmations consistent with the successful implementation of the letter and intent of this Agreement;
 - ii. That each has the authority to negotiate this Agreement and to enter into this Agreement, including other legal instruments reasonably consequential to implementation of the letter and intent of this Agreement. Further, the undersigned individuals have been duly authorized to execute this Agreement and other documents contemplated by this Agreement, and that all approvals, if any, have been obtained and all necessary internal requirements have been fully satisfied by Associates and Foundation;

- iii. Each acknowledges that these representations and warranties are provided as a material inducement and consideration for the Agreement, and that they are relied upon by the receiving entity;
- iv. Each acknowledges that the representations and warranties explicitly stated herein shall be continuing and shall not expire or terminate by the occurrence of the recording of the plats of the Inclusion Properties and this Agreement.

3. Consideration.

- A. Both Associates and Foundation acknowledge that the Foundation recently made significant improvements to the Ranch's roads, front entry and Common Areas and constructed a new amenity (Boathouse); that such improvements will immediately be made available to and are of value to Associates and to any third parties who may purchase lots within the Inclusion Properties; and that, as reasonable and fair consideration for such improvements, Associates will pay to the Foundation a Capital-Improvement Fee in the amount of \$25,000, with such payment due and payable within 30 days of recordation of this Agreement.
- B. In addition, in consideration for full cooperation of the Foundation and the mutual benefits to be realized by both Associates and Foundation from the Inclusion Properties becoming part of the Ranch, Associates has paid to the Foundation an Inclusion Fee by transferring to the Foundation a total of ten (10.0) acre-feet of Carwood Ditch Water Rights ("Carwood Water") for the Foundation to use to supplement water uses in SVR-1 and SVR-2.
 - i. Brownell M. Bailey (Bailey), Managing Partner of Associates and owner of said Carwood Water, individually and as trustee of the Brownell M. Bailey 4/19/82 Trust, did convey to the Foundation:
 - a. Five (5.0) acre-feet of Carwood Water by Special Warranty Deed on November 12, 1999, and
 - b. Five (5.0) acre-feet of Carwood Water by Special Warranty Deed on November 14, 2005.
 - ii. With the payment of the above Capital-Improvement Fee and the above conveyance of 10.0 acre-feet of Carwood Water, all of Associates' consideration to the Foundation will be deemed to have been paid in full.
 - iii. Should Associates and Foundation fail to successfully conclude this Agreement, the Foundation agrees to return to Bailey the 10.0 acre-feet of Carwood Water previously deeded to the Foundation or pay Bailey for all Carwood Water deeded to the Foundation at a price to be determined by mutual agreement between Bailey and the Foundation.
- C. Regular quarterly dues.
 - i. In recognition of the Foundation's need to collect regular quarterly dues sufficient to cover the additional operating expenses resulting from admitting the Inclusion Properties into the Ranch, Associates agrees to actively and in good faith, attempt to sell all of the lots in SVR-3 and SVR-4.

- ii. Associates also agrees that the Foundation may assess all third parties who purchase lots in SVR-3 and SVR-4, the Foundation's regular quarterly dues upon transfer of deed to such third parties, which assessment shall be prorated to the day of closing. Associates further agrees that, if Associates, or a party related to Associates, begins construction on one or more lots in SVR-3 or SVR-4, the Foundation may assess Associates, or such party related to Associates, the Foundation's regular quarterly dues, prorated to the day construction commences.
- iii. Associates further agrees that, if the total number of lots sold in SVR-3 and SVR-4 is fewer than the numbers shown in the following table, as of the dates shown in said table, then the Foundation may assess Associates the Foundation's regular quarterly dues for each platted Lot in SVR-3 and SVR-4 that has not been sold or transferred to a third party, which assessment shall be due and payable on the anniversary date of this Agreement's effective date in the year as shown in the following table.

<u>Anniversary Date and Year</u>	<u>Minimum Number of Lots to be Sold by the Date Indicated</u>
(Anniversary Date), 2008	1
(Anniversary Date), 2009	3
(Anniversary Date), 2010	5
(Anniversary Date), 2011	8
(Anniversary Date), 2012	11

- iv. In the event that the total number of lots in SVR-3 and SVR-4 actually platted is fewer than eleven (11), then the minimum number of lots on which dues may be assessed effective with the fifth Anniversary Date (in 2012) will be reduced accordingly.

D. Special assessments.

- i. Except as specifically stated below, Associates agrees that Foundation may assess Associates, its successors or assigns, any party related to Associates and all third parties who own lots in SVR-3 or SVR-4 who, under the terms of this Agreement, are subject to paying quarterly dues and who are entitled to vote on Ranch matters, any and all special assessments duly approved by the Foundation's Board, such assessments becoming effective on the date specified by the Board.
- ii. Notwithstanding the preceding paragraph, Associates, its successors and assigns, and all third parties who own lots in SVR-3 and SVR-4 shall have no liability, for a period of ten (10) years from the Effective Date of this Agreement, for special assessments related to any claim made against the Foundation for the Foundation's actions, decisions or positions initiated prior to the Effective Date of this Agreement.

- iii. Similarly, Foundation and all third parties who own lots in SVR-1 and SVR-2 shall have no liability, for a period of ten (10) years from the Effective Date of this Agreement, for special assessments related to any claim made against Associates for Associate's actions, decisions or positions initiated prior to the Effective Date of this Agreement.
 - iv. Further, Associates, its successors and assigns, and all third parties who own lots in SVR-3 and SVR-4, shall have no liability, for a period of ten (10) years from the Effective Date of this Agreement, for special assessments for any matters whatsoever related to the water rights for any lot within SVR-1 and SVR-2, including without limitation storage and delivery of water.
 - v. Similarly, Foundation and all third parties who own lots in SVR-1 and SVR-2 shall have no liability, for a period of ten (10) years from the Effective Date of this Agreement, for special assessments for any matters whatsoever related to the water rights for any lot within SVR-3 and SVR-4, including without limitation storage and delivery of water.
 - vi. Regardless of any contrary provision in this Agreement, Associates, its successors or assigns, and all third-party lot owners, regardless of date of deed, shall no longer be exempt from special assessments related to water rights for SVR-1 and SVR-2, nor solely liable for special assessments related to water rights for the Inclusion Property, after ten (10) years from the Effective Date of this Agreement.
- E. Associates, its successors and assigns agree to pay any sums due hereunder or under the Governing Documents, recognizing that use of dues or assessments may benefit one filing (or lot owner) disproportionately more than another filing (or lot owner).
- i. By entering into this Agreement, the Inclusion Property shall be benefited and bound as any Lot in SVR-1 or SVR-2, and lot owners within the Inclusion Property shall be accorded the rights, benefits and burdens accorded lot owners in SVR-1 and SVR-2, under the Governing Documents, as well as those rights and obligations under this Agreement.
 - ii. The Foundation has budgeted and spent funds received from regular, quarterly dues on matters cited above as exempt from special assessments chargeable to Associates, its successors or assigns, and to unrelated lot owners in SVR-3 and SVR-4. So long as there is no increase in the regular quarterly dues for the purpose of circumventing the referenced exceptions and that all increases are levied in a manner consistent with past operating practices of the Foundation, then all regular, quarterly dues shall be paid in full, when due, as otherwise provided herein or by the Governing Documents.
 - iii. Except as otherwise provided herein, the amount of the regular, quarterly dues and the special assessments that are assessed against lots in SVR-3 and SVR-4 shall be the same as those assessed against lots in SVR-1 and SVR-2.

4. **Voting Rights** Upon commencement of payment of regular, quarterly dues for a particular lot within the Inclusion Properties, whether paid by Associates, a party related to Associates or an unrelated third party owner, each such lot within SVR-3 and SVR-4 shall be entitled to one (1) vote on all Ranch matters that lot owners are eligible to vote upon. This vote is the same vote as granted to all owners in the Ranch.
5. **Execution/Effective Date of this Agreement** This Agreement shall be executed in advance of Final Plat submittals to the Town of Blue River, CO. Foundation agrees to cooperate fully with Associates during the plat approval and recordation process.
6. **Post-Recording Obligations** This Inclusion Agreement shall be recorded immediately upon execution with the Clerk and Recorder of Summit County, State of Colorado. After this recordation, Associates and Foundation shall have specific continuing obligations as follows:
 - A. Associates shall execute such Deeds as Foundation may prepare and present for the transfer of certain parcels to the Foundation for the exclusive benefit of the Foundation and the lot owners of SVR-1, SVR-2, SVR-3 and SVR-4, in whole or in part. Specifically, all road parcels in SVR-3 and all Common Area parcels in SVR-3 and SVR-4, as designated on the recorded Plats, shall be conveyed to the Foundation.
 - B. Associates shall include on the plat for SVR-4, a private property sub-surface utility easement in favor of Xcel Energy, formerly known as Public Service Company of Colorado. Such easement, in general, will be no more than fifteen (15') feet wide along the eastern property line of SVR-4 and will be used for the sole purpose of providing a "looped" power line connecting with the "'96 Subdivision" to the south of SVR-4, to be constructed at Xcel's sole expense. The Foundation may pursue installation of the power line at its sole discretion.
 - C. Foundation agrees to cooperate in Associates' submittal of all development plans requiring wetlands mitigation (e.g., a "404 Permit") in SVR-3 and SVR-4, whether required for driveway improvements, stream stabilization or trail construction. The Foundation's Board will review such plans; however, all such wetlands-mitigation costs will be borne by Associates or successor owner.
 - D. Foundation agrees to administer all actions of the Foundation in a reasonable, fair and equitable manner designed to benefit and protect the interests of all lot owners and members without regard to whether they own property in SVR-1, SVR-2, SVR-3 or SVR-4. It is acknowledged, however, that any actions designed to meet the common good may, to a degree, benefit some lot owners more than others, but in no event may there be discriminatory actions undertaken based upon lot owners being in the "original" Ranch versus the Inclusion Property.

- E. Foundation will conduct supplemental plowing of all roads in SVR-3, and in SVR-4 if the provisions of 2.B.viii. of this Agreement are met, as soon as ToBR begins to plow such roads under its annual road-plowing contract.
 - F. Associates and Foundation as may be required by either or both of them, shall finalize, execute, record and perform further tasks to complete aspects contemplated by this Agreement but not yet fully detailed.
7. **Whole Agreement.** This Agreement, together with any written agreements which have been executed simultaneously herewith, contains the entire understanding and agreement of the parties in reference to the purposes of this Agreement. There are no oral understandings, expressed or implied, not contained in this Agreement or other simultaneous writings heretofore referred to. All understandings, terms or conditions of this agreement are deemed merged in this Agreement.
 8. **Severability.** If any provision of this Agreement is held to be void or unenforceable, all other provisions of this Agreement shall be severable there from and remain in full force and effect.
 9. **Pronouns.** Feminine or neuter pronouns shall be substituted for those of masculine form or vice versa, and the plural shall be substituted for the singular number or vice versa, in any place or places in which the context may require such substitution or substitutions.
 10. **Survival.** Unless completely performed or waived in writing, or specifically superseded in writing, all covenants, obligations, warranties and representations of each of the parties hereunder, which are not performed or fully discharged by or through the closing provided for herein, shall remain enforceable and in full force and effect after closing.
 11. **Authorized Signatures.** The undersigned parties warrant and represent that they are empowered to execute this Agreement and that by their signatures hereon, the entities they represent shall be bound hereby.
 12. **Costs and Attorneys' Fees.** If any legal action or other proceeding is brought for the enforcement of this Agreement, or because of an alleged dispute, breach, default or misrepresentation in connection with any of the provisions of this Agreement, the successful or prevailing party shall be entitled to recover reasonable attorneys' fees and other costs incurred in that action or proceeding, in addition to any other relief to which it or they may be entitled.

13. **Waiver.** The failure of any party to exercise any right or power given hereunder, or to insist upon strict compliance by the other party with its obligations set forth herein, and/or custom or practice of the parties at variance with the terms hereof shall not constitute a waiver of either party's right to demand strict compliance with the terms and conditions of this Agreement.
14. **Captions Not Part of Agreement.** The paragraph headings or captions contained in this Agreement are descriptive only, and are not to be construed as part of the Agreement.
15. **Parties in Interest.** This Agreement shall inure to the benefit and be binding upon the parties named herein and their respective successors and permitted assigns; and nothing in this Agreement is intended to confer upon any other person any rights or remedies under or by reason of this Agreement.
16. **Exhibits and Attachments.** All exhibits attached to this Agreement and referred to herein shall be deemed to be incorporated in this Agreement and by this reference made a part hereof.
17. **Execute Additional Documents.** Each of the Parties hereto covenant and agree with the other, upon reasonable request from the other, from time to time, to execute and deliver such additional documents and instruments and to take such other actions as may be reasonably necessary to give effect to the provisions of this Agreement.

This Inclusion Agreement is executed by the parties this 31 day of July, 2007.

SPRUCE VALLEY RANCH ASSOCIATES,
a Colorado general partnership

SPRUCE VALLEY RANCH FOUNDATION,
a Colorado non-profit corporation

By: John W. Schuette
John W. Schuette

Brownell M. Bailey, Man. Partner
STATE OF COLORADO; COUNTY OF SUMMIT

The foregoing instrument was acknowledged before me this 30th day of July year 2007
By John W. Schuette who has produced CO# 99-132-0649 Exp 10/2/09 as identification.

Anthony Sims, Notary, My Commission expires 10/18/09
STATE OF Colorado; COUNTY OF Summit

The foregoing instrument was acknowledged before me this 31 day of July year 2007
By Brownell M. Bailey who has produced CO# 99-132-0649 Exp 10/2/09 as identification.

My Commission Expires
12/11/2010

**LIST OF EXHIBITS TO THE INCLUSION AGREEMENT
FOR SPRUCE VALLEY RANCH, FILING-3 AND FILING-4**

- A. Governing Documents (The following documents are on file and available for inspection upon request.)
1. State of Colorado Certificate of Incorporation to Spruce Valley Ranch Foundation, dated October 24, 1977, and recorded on December 30, 1977 under Reception No. 172072 in the Office of Clerk and Recorder of Summit County, State of Colorado.
 2. Articles of Incorporation of Spruce Valley Ranch Foundation, dated September 27, 1977, and recorded on October 24, 1977 in the Office of Department of State, State of Colorado, as amended by Articles of Amendment to the Articles of Incorporation of Spruce Valley Ranch Foundation, dated October 15, 1988.
 3. Bylaws of Spruce Valley Ranch Foundation adopted by the Board of Directors of Spruce Valley Ranch Foundation on November 9, 1977.
 4. Declaration of Covenants, Conditions and Restrictions for Spruce Valley Ranch, dated September 22, 1977, and recorded on October 12, 1977 under Reception No. 169113 in the Office of Clerk and Recorder of Summit County, State of Colorado, as amended by:
 - a. Minutes of Action by Consent of the Board of Directors of Spruce Valley Ranch Foundation, dated November 13, 1978.
 - b. Minutes of Action by Consent of a Special Meeting of the Board of Directors of Spruce Valley Ranch Foundation, dated October 15, 1982, October 3, 1983, October 15, 1984 and January 24, 1992.
 - c. First Amendment to Declaration of Covenants, Conditions and Restrictions for Spruce Valley Ranch ("First Amendment"), dated and recorded on November 27, 1990 under Reception No. 396205 in the Office of Clerk and Recorder of Summit County, State of Colorado.
 - d. Minutes of Action by Consent of a Regular Meeting of the Board of Directors of Spruce Valley Ranch Foundation, dated August 13, 1992 and September 1, 1992.
 5. Ranch Rules, dated November 9, 1977, and recorded on November 2, 1990 under reception No. 395242 in the Office of Clerk and Recorder of Summit County, State of Colorado, as amended or revised by:
 - a. Revision adopted by the Board of Directors of Spruce Valley Ranch Foundation on November 6, 1990.
 - b. Revised Ranch Rules adopted by the Board of Directors of Spruce Valley Ranch Foundation on February 16, 1993.
 - c. Revised Ranch Rules adopted by the Board of Directors of Spruce Valley Ranch Foundation on November 8, 2004.
 6. Spruce Valley Ranch Architectural Standards, dated October 1, 1985, as amended by:
 - a. Spruce Valley Ranch Supplement to Architectural Standards, dated October 15, 1985.
 - b. Spruce Valley Ranch Amendment to Architectural Standards, dated June 15, 1988.

In addition to the documents referenced above, any other recorded documents affecting the Ranch and all Minutes of Meetings, Resolutions, Rules and Regulations and all other duly enacted or adopted documents and all other proper actions previously undertaken by the Foundation Board or its Members are included within the Governing Documents.

B. Foundation Documents (The following documents are on file and available for inspection upon request.)

1. Balance Sheet at December 31, 2006.
2. Operating Statement for the year ended December 31, 2006.
3. 2007 Operating Statement Budget.
4. 2006 U.S. Income Tax Return for Homeowners Associations (Form 1120-H) and 2006 Form 112 Colorado State C Corporation Income Tax Return.
5. Minute Book (from October 24, 1977 to present).

C. List of Lawsuits, Claims or Encumbrances Related to Spruce Valley Ranch Foundation or Spruce Valley Ranch Foundation Property

1. Four (4) unsecured Promissory Notes dated May 1, 2003, the proceeds of which were used to fund modifications to Spruce Valley Ranch's front entry, payable to homeowners William R. Klesse, James P. Lyden, James R. Mallouk and John W. Schuette Trust, dated December 31, 1993, each with the following terms:

Total principal sum	\$25,000.00
Interest rate	8% simple interest on unpaid balance
First annual payment due	April 30, 2004
Annual principal payment	\$5,000.00
Final installment due and payable	April 30, 2008
All payments are current at July 20, 2007	

2. Two (2) unsecured Promissory Notes dated September 27, 2004, the proceeds of which were used to fund construction of Spruce Valley Ranch's boathouse, payable to homeowners Harold A. Krause and James P. Lyden, each with the following terms:

Total principal sum	\$25,000.00
Interest rate	8% simple interest on unpaid balance
First annual payment due	September 27, 2008
Annual principal payment	\$5,000.00
First annual interest payment due	September 27, 2005
Final installment due and payable	September 27, 2012
All payments are current at July 20, 2007	