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SUMMIT COUNTY
CLERK AND RECORDER
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ARLYS H. WARD

DECLARATION OF COVENANTS,
CONDITIONS, AND RESTRICTIONS
FOR THE SPRUCE VALLEY RANCH

Declaration made this 22 day of September, 1977
by Spruce Valley Ranch Associates, a Colorado partnership,
hereinafter called "Declarant."

WITNESSETH:

WHEREAS, Declarant is the owner of a certain unique
parcel of mountain property located in Summit County, Colorado,
more particularly described in Exhibit A attached hereto,
and hereby incorporated by reference (hereinafter called the
"Property"), and desires to create The Spruce Valley Ranch, a
planned subdivision, consisting of forty-one residential sites,
road, open spaces, recreational and other related facilities
for the benefit of a common building scheme (herein collectively
designated as the "Ranch"); and

WHEREAS, Declarant desires to protect and maintain the
Property as a prime mountain residential area of the highest pos-
sible quality for the purpose of enhancing and protecting
the value, desirability, and attractiveness of the Ranch;
and

WHEREAS, Declarant desires to provide for the
operation and maintenance of the Common Areas, including roads,
open spaces, recreational and other related facilities of the
Ranch; and

WHEREAS, Declarant has deemed it necessary and de-
sirable, for the welfare of the residents of the Ranch and the
preservation of its values, to subject said real property to
the covenants, restrictions, easements, charges, assessments,
and liens hereinafter set forth, which covenants, restrictions,
easements, charges, assessments, and liens shall be burdens

and benefits to Declarant and the Owners of Sites (as hereafter defined), and their respective successors, heirs, executors, administrators, devisees, grantees, or assigns; and

WHEREAS, Declarant hereby desires to create certain agencies to which should be delegated and assigned the powers and duties of maintaining and administering the roads, open spaces, recreational and other related facilities of the Ranch and administering and enforcing the covenants and restrictions, and collecting and disbursing the assessments and charges hereafter created;

NOW THEREFORE, Declarant hereby declares that the Property described in Exhibit A shall be held, sold, and conveyed subject to the following easements, restrictions, covenants, and conditions, which are for the purpose of protecting the value and desirability of, and which shall run with the Property and be binding on all parties having any right, title, or interest in the Property or any part thereof, their heirs, successors, and assigns, and shall inure to the benefit of each Owner thereof.

ARTICLE I DEFINITIONS

Section 1.1 Definitions. The following words, when used in this Declaration or in any Supplemental Declaration (unless inconsistent with the context hereof), shall have the following meaning:

A. "Foundation" means the Spruce Valley Ranch Foundation, a Colorado nonprofit corporation, its successors and assigns.

B. "Common Areas" means that real property and improvements thereon in Summit County, Colorado, owned by the Foundation for the common use and enjoyment of the Owners on a nonexclusive basis, except as otherwise provided herein.

C. "Declarant" means Spruce Valley Ranch Associates, a Colorado general partnership, its successors and assigns.

D. "Property" means that certain real property more particularly described in Exhibit A attached hereto and such additions thereto as may hereafter be brought within the terms of this Declaration.

E. "Site" means any plot of land shown on any recorded subdivision map of the Property, but shall not include the Common Areas.

F. "Owner" means the record owner, whether one or more persons or entities, of the fee simple title to any Site which is a part of the Property, but shall not mean or refer to any person or entity who holds such interest merely as security for the performance of a debt or other obligation, including a mortgagee or beneficiary under a deed of trust, unless and until such person has acquired fee simple title pursuant to foreclosure or other proceedings.

G. "Board of Directors" means the governing body of the Foundation, elected as hereinafter provided, to perform the obligations of the Foundation relative to operation, maintenance, and management of the Ranch.

H. "Ranch Rules" means the rules and regulations from time to time established by the Board of Directors of the Foundation;

I. "Architectural Standards" means the rules and regulations from time to time established by the Board of Directors of the Foundation to interpret and implement the provision of Section 3.2 hereof.

ARTICLE II
MEMBERSHIP AND VOTING RIGHTS
IN THE FOUNDATION

Section 2.1 General Purposes and Powers. The

Foundation will be formed as a Colorado nonprofit corporation to own and manage the Common Areas as provided in this Declaration and to otherwise further the interest of the Owners of Sites at the Ranch. To accomplish its purposes, the Foundation shall have all the Duties and power more particularly set forth in Article III hereof.

Section 2.2 Membership. Every Owner of a Site which is subject to assessment shall be a member of the Foundation. Membership shall be appurtenant to and may not be separated from ownership of any Site which is subject to assessment.

Section 2.3 Voting. Each member, including the Declarant, shall be entitled to one vote for each Site owned. When more than one person holds an interest in any Site, all such persons shall be members of the Foundation. The vote for each Site shall be exercised as the persons having an interest in such Site among themselves determine, but in no event shall a fractional vote or more than one vote be cast with respect to any Site.

Section 2.4 Quorums. The presence of one-fifth of the voters entitled to vote on any matter whether actually voting or not shall constitute a quorum and if a quorum is established for consideration of a matter, except as a greater percentage of votes is required under a specific provision of this Declaration or Bylaw, a majority of the votes cast on the matter or in the case of elections in which there are more than two candidates, a plurality of votes cast, shall decide the matter. Voting by proxy shall be permitted.

Section 2.5 Compliance with foundation Articles, Bylaws, Etc. Each Owner shall abide by and benefit from each provision, covenant, condition, and restriction contained in the Articles of Incorporation and Bylaws of the Foundation a copy of which is provided to each Owner at the time of purchase and by which each Owner agrees to be bound, or which is contained in any rule, regulation, standard or restriction promulgated pursuant to said Articles and Bylaws.

The obligations, burdens, and benefits of membership in the Foundation touch and concern the land and shall be covenants running with each Owner's Site for the benefit of all other Sites.

Section 2.6 Board of Directors. The Foundation shall be managed by a Board of Directors elected from the Owners (hereinafter sometimes referred to as the "Board"). Notwithstanding anything to the contrary herein provided, until fifty percent (50%) of all Owners of Sites have received a Certificate of Occupancy, signifying the completion of a residential house, from the authorized officials of Summit County, Colorado, or until December 31, 1982, whichever first occurs, the members of the Board of Directors shall be appointed by Declarant and shall serve at the pleasure of Declarant and need not be Owners of Sites; provided, however, that Declarant shall at anytime have the option to allow election of a Director or Directors from among the Owners.

Section 2.7 First Election of Board of Directors. The election of a Board of Directors from among the Owners shall occur at the first annual meeting of the Foundation after the occurrence of either of the events specified in Section 2.6 above according to the procedure set forth in the Bylaws. The term of any director appointed by the Declarant pursuant to Section 2.6 above shall expire as of the date of the first annual meeting, unless sooner terminated by Declarant.

ARTICLE III

POWERS AND DUTIES OF THE FOUNDATION AND THE BOARD OF DIRECTORS

Section 3.1 Authority of the Board of Directors. The Board of Directors shall have the exclusive right, duty and obligation on behalf of the Foundation to enforce the terms of this Declaration and to provide for the maintenance and improvement of the Ranch for the benefit of the Owners as provided for herein.

Section 3.2 Architectural Control. The Board shall review, study and approve or reject proposed improvements upon the Property subject to the covenants and restrictions of this Section 3.2.

Section 3.2.1 Approval Required. No building, barn, corral, outbuilding, shed, tree house, pen, doghouse, rabbit hutch, tennis court, basketball backboard, porch, patio, gazebo, excavation, pit, well cave, tunnel, bridge, hitching post, fence, wall, clothesline, barbeque, greenhouse or any other structure of any kind shall be commenced, erected, or maintained upon the Property, nor shall any exterior addition to or change or alteration thereto be made nor shall any vegetation be altered or destroyed nor any landscaping performed until satisfactory and complete plans and specifications showing the nature, kind, shape, height, materials, and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures, topography, and natural surroundings by the Board. Approval by the Board is in addition to and not in lieu of compliance with the building code requirements of Summit County and the Town of Blue River.

Section 3.2.2 General Criteria. In passing upon such plans and specifications, it shall be the objective of the Board to make certain that no improvements will impair the aesthetic and monetary values of the Ranch. The Board shall consider all factors relating to the quality of the improvements and the compatibility and harmony of the improvements with the natural environment, including, but not limited to, the location of the improvements on the Sites and the color scheme, materials,

design, proportions, shape, height and style of the improvements; the effect of any proposed improvement on adjacent or neighboring property; the location and character and method of utilization of all utility lines; the impact of any proposed improvement upon the natural surroundings; and the timely and orderly completion of all such improvements.

Section 3.2.3 Powers of the Board. The Board shall have the authority to require each Owner to hire duly licensed architectural and professional engineering advisors to develop and coordinate plans and specifications for the construction of any improvement and the landscaping of a Site and shall have the right to disapprove an Owner's choice of construction contractor. The Board shall have the authority to prevent an Owner from occupying a residence in the Ranch until all requirements of the Architectural Standards have been satisfied. In addition, the Board shall be entitled to charge a reasonable review fee and to require an Owner to pay for the cost of any consulting fees paid to an architect or engineer hired by the Board to evaluate the Owner's Plan.

Section 3.2.4 Architectural Standards. The Board shall promulgate rules and regulations to interpret and implement the provisions of this Article. These rules and regulations shall be known as the "Architectural Standards" and shall contain, among other things, the following:

(a) The detailed review procedures an Owner is to follow when submitting his plans and specifications to the Board for approval which shall include reasonable time limits within which the Board must act on all submissions;

(b) Guidelines which will clarify the types of designs and materials that will be encouraged and allowed in the Ranch;

(c) A limited variance procedure requiring at least a two-thirds vote of the Board which shall be used only when circumstances such as topography, location of property lines, location of trees and bushes and other physical matters require it and then only upon such terms and conditions as the Board shall require;

(d) A procedure for appealing a decision of the Board disapproving an Owner's plans to the membership of the Foundation at its next annual or special meeting where a vote of at least two-thirds of the votes entitled to be cast at the meeting shall be required to change the decision of the Board.

Section 3.3 Management Duties. The Board on behalf of the Foundation shall have the obligations and duties, subject to this Declaration, to do and perform each and every of the following for the benefit of the Owners and for the maintenance and improvement of the Ranch.

(a) The Board shall accept title or easements to or interest in any real property and/or water rights from time to time conveyed to the Foundation, if ever, by Declarant, pursuant to the provisions, and subject to the restrictions of this Declaration.

(b) The Board shall maintain, or provide for the maintenance of, any access roads and Common Areas including roads, recreational facilities and all improvements of whatever kind and for whatever purpose from time to time located on such Common Areas in good order and repair.

(c) The Board shall pay all real property taxes and assessments levied upon any portion of Common Area or

upon any recreational facility or other property owned by the Foundation.

(d) The Board shall obtain and maintain in force to the extent possible the following policies of insurance:

(1) fire, extended coverage and vandalism insurance on all improvements owned by the Foundation and from time to time located upon or within any Common Area, or recreational facility, the amount of such insurance to be not less than ninety percent (90%) of the aggregate full insurable value, meaning actual replacement value (exclusive of the cost of excavations, foundations and footings), of such improvements as from time to time determined by the Board;

(2) bodily injury liability insurance with limits of not less than Two Hundred Thousand Dollars (\$200,000) per person and One Million Dollars (\$1,000,000) per occurrence insuring against any and all liability with respect to the Ranch or any portion thereof, or arising out of the maintenance or use thereof,

(3) property damage liability insurance with a deductible of not more than One Thousand Five Hundred Dollars (\$1,500) and a limit of not less than Five Hundred Thousand Dollars (\$500,000) per accident;

(4) workmen's compensation and employer's liability insurance as may be necessary to comply with applicable laws; and

(5) such other additional insurance coverage, including but not limited to casualty insurance covering personal property of the Foundation, fidelity bonds or insurance covering employees and agents of the Foundation and insurance indemnifying officers, directors, employees and agents of the Foundation, as the Board deems necessary or desirable.

The policy or policies of insurance referred to in subparagraph (2) and (3) above shall name as insureds (aa) the Declarant, the Foundation, the Board, and its representatives, members and employees, and (bb) with respect to any liability arising out of the maintenance and use of Common Area or any recreational facility, the Owners. Such policy or policies shall protect each of the insureds as if each were separately insured under separate policies provided, however, that such policy or policies shall not require the insured or insurers to pay any amount in excess of the maximum limits stated therein. Each and every policy of insurance obtained by the Board whether or not required to be obtained pursuant to the provisions of this Declaration, shall expressly waive any and all rights of subrogation against Declarant, its representatives and employees, and any Owner, and shall provide that they may not be terminated, cancelled, or substantially modified without at least thirty (30) days prior written notice to the Foundation.

(e) The Board shall accept and act upon applications submitted to it for the development of private recreational facilities.

(f) The Board shall from time to time make, establish, promulgate, amend and repeal the Ranch Rules as provided for herein.

(g) The Board shall take such action, whether or not expressly authorized by this Declaration, as may reasonably be necessary to enforce the restrictions, limitations, covenants, and conditions of the Declaration and the Ranch Rules.

Section 3.4 Powers and Authority. The Board shall have all of the powers set forth in the Articles of Incorporation together with the general powers of a nonprofit corporation, subject only to the limitations upon the exercise of such powers as are expressly set forth in the Articles of Incorporation, the By-

laws and in this Declaration and the Ranch Rules, to do any and all lawful things which may be authorized, required or permitted to be done by the Foundation under and by virtue of this Declaration and to do and perform any and all acts which may be necessary or proper for or incidental to the exercise of any of the express powers of the Foundation or for the peace, health, comfort, safety and/or general welfare of the Owners. Without in any way limiting the generality of the foregoing:

(a) The Board shall have the power and authority at anytime, and from time to time, after giving reasonable notice to an Owner and an opportunity to comply or cure, and without liability to any Owner, to enter upon any Site for the purpose of enforcing any and all of the provisions called for herein, or for the purpose of maintaining and repairing any such area if for any reason whatsoever the Owner thereof involved fails to maintain and repair such area as required. The Board shall also have the power and authority from time to time, in its own name, on its own behalf or on behalf of any Owner or Owners who consent thereto, to commence and maintain actions and suits to restrain and enjoin any breach or threatened breach of this Declaration and the Ranch Rules and to enforce, by mandatory injunction or otherwise, all of the provisions of this Declaration and the Ranch Rules.

(b) In fulfilling any of its obligations or duties under The Declaration, including, without limitation, its obligations or duties for the maintenance, repair, operation or administration of any Common Area, road or recreational facility, the Board shall have the power and authority:

(1) to contract and pay for, or otherwise provide for the maintenance, restoration and repair of all improvements of whatever kind, and for whatever purpose from time to time located upon Common Area.

(2) to obtain, maintain and pay for such insurance policies or bonds as the Foundation shall deem to be appropriate for the protection or benefit of the Ranch, the Foundation, the members of the

Board, Owners or guests, including, but without limitation, war risk insurance, boiler insurance, workmen's compensation insurance, malicious mischief insurance, automobile non-ownership insurance, and performance and fidelity bonds.

(3) to contract and pay for, or otherwise provide for, such utility services, including, but without limitation, water, electrical, telephone and gas services, as may from time to time be required.

(4) to contract and pay for, or otherwise provide for, the services of architects, engineers, attorneys and certified public accountants and such other professional and non-professional services as the Foundation deems necessary.

(5) to contract and pay for, or otherwise provide for, fire, security and such other protection services as the Foundation shall from time to time deem necessary for the benefit of the Ranch Owners and guests, and any property located within the Ranch.

(6) to contract and pay for, or otherwise provide for, such materials, supplies, furniture, equipment and labor as and to the extent the Foundation deems necessary, and

(7) to pay and to discharge any and all liens from time to time placed or imposed upon any Common Area or recreational facility on account of any work done or performed by the Foundation in the fulfillment of any of its obligations and duties of maintenance, repair, operation or administration.

(c) The Board shall have the power and authority from time to time to grant and convey to any third party such easements, rights of way, parcels or strips of land, in, on, over or under any Common Area or recreational facility, for the purpose of constructing, erecting, operating and maintaining thereon, therein and thereunder, (1) roads, walks,

driveways, parkways and park areas, (2) wires and conduits for the transmission of electricity for lighting, heating, power, telephone, television and other purposes and for the necessary attachments in connection therewith, and (3) private sewers, storm water drains, land drains and pipes, water systems, sprinkling systems, water, heating and gas lines or pipes and any and all equipment in connection with the foregoing.

(d) The Board may, from time to time, employ the services of a manager to manage the affairs of the Foundation and, to the extent not inconsistent with the laws of the State of Colorado and upon such conditions as are otherwise deemed advisable by the Board, the Board may delegate to the manager any of its powers under this Declaration.

(e) The Board shall have the right from time to time to pay, compromise or contest any and all taxes and assessments levied against all or any part of any Common Area or recreational facility or upon any real or personal property belonging to the Foundation.

(f) The Board may from time to time appoint standing and ad hoc committees from among the Owners as it deems necessary and desirable and delegate its duties hereunder to such committees, including but not limited to its duties under Section 3.2 hereof.

(g) The Board may, from time to time, and subject to the provisions of this Declaration adopt, amend, and repeal rules and regulations, to be known as the "Ranch Rules" governing the use of roads, Common Areas and recreational facilities and such other matters as the Board may from time to time deem necessary or desirable.

(h) The Board may direct, from time to time, the removal of diseased or dead trees from the Common Areas and individual Sites.

ARTICLE IV

DEDICATION OF THE COMMON AREAS

The Declarant in recording the plat of the Ranch has designated certain areas of land intended for use by the

Owners in the Ranch as roads, open spaces, recreational and other related facilities herein sometimes referred to as the Common Areas. Except as otherwise specifically provided herein, the designated areas are not dedicated hereby for use by the general public but are dedicated to the common use and enjoyment of the homeowners in the Ranch as more fully provided in Article V hereof, subject to the limitations set forth therein.

ARTICLE V

RIGHTS IN THE COMMON AREAS

Section 5.1 Owners' Easements of Enjoyment.

Every Owner shall have a right and easement of enjoyment in and to the Common Areas which shall be appurtenant to and shall pass with the title to every Site, subject to the following provisions:

(a) the right of the Declarant or the Foundation at anytime and from time to time to build recreational and other facilities including, but not limited to, a club house, tennis courts, stables, skeet and trap ranges, bridges and trails, docks on, over, under, and above the Common Areas;

(b) the right of the Declarant or the Foundation to charge reasonable admission and other fees for the use of any recreational or other facility situated upon the Common Areas;

(c) the right of the Declarant or the Foundation to allow the use of any recreational facilities on the Common Areas by non-Owners and guests on such terms and conditions as the Declarant or Foundation may from time to time establish;

(d) the right of the Declarant or the Foundation to dedicate, transfer, assign, or grant permission to use all or any part of the Common Areas by any governmental subdivision, public agency, authority, or public or private utility for

such purposes and subject to such conditions as may be agreed to;

(e) the right of the Declarant or the Foundation to reserve for the exclusive use of one or more Owners certain designated parking and structures, and such other areas or structures which the Foundation may deem appropriate for the exclusive use of one or more Owners.

Section 5.2 Delegation of Use. Any Owner may delegate, but only in accordance with, and subject to the limitations of the Articles of Incorporation and Bylaws of the Foundation, and any rules and regulations promulgated in accordance herewith, his right of enjoyment to the Common Areas and facilities to the members of his family, guests, or contract purchasers who reside on the Ranch.

Section 5.3 Rights of Declarant. The rights reserved to the Declarant in this Article V may be exercised by the Declarant in its sole and absolute discretion so long as Declarant retains control of the Foundation pursuant to Section 2.3 hereof. No reservation of rights to the Declarant herein, however, shall be construed to require or obligate the Declarant to exercise such right, specifically including the right of Declarant to build recreational and other facilities.

ARTICLE VI EASEMENTS AND LICENSES

Section 6.1 Easements for Ingress and Egress. Declarant hereby grants as an appurtenance of each Site an easement of ingress and egress to assure access from a road to each Site, such road not being part of or an easement upon the Property. The specific means of ingress and egress shall be subject to change as the Declarant shall from time to time deem necessary so long as a reasonable means of access is always provided, which shall include the dedication of all or part of the roads within the Ranch to an appropriate governmental entity.

Section 6.2 Reservation of Easements, Exceptions, and Exclusions. Declarant reserves to itself and also grants to the Board the right to establish from time to time by dedication or otherwise, utility and other easements across all Sites for purposes including, but not limited to, roads, drainage, irrigation, recreation, parking, and to create other reservations, exceptions, and exclusions consistent with the best interests of the Owners, the Foundation, and the Declarant and each Site in the Ranch shall be subject to such easements, reservations, exceptions and exclusions established pursuant to this Section.

ARTICLE VII

INCIDENTS OF SITE OWNERSHIP

Section 7.1 Title. Title to a Site may be held or owned by any person or persons and any entity or entities and in any manner in which title to real property may be held or owned in the State of Colorado.

Section 7.2 Inseparability. Every gift, devise, bequest, transfer, encumbrance, conveyance, or other disposition of a Site and house thereon shall be presumed to be a gift, devise, bequest, transfer, encumbrance, or conveyance respectively of the entire Site, including each easement, license, or Common Area designated for Owner use, together with all other appurtenant rights created by law or by this Declaration.

Section 7.3 No Partition. The Common Areas shall be owned by the Foundation, and neither any Owner, group of Owners, nor the Foundation shall bring any action for partition or division of such areas. Similarly, no Site shall be divided between or among the Owners thereof.

Section 7.4 Declarant's Right to Use of Common Areas. The Declarant shall have a nonexclusive easement to make such use of the Common Areas as may be necessary or appropriate to perform the duties and functions which it is

obligated or permitted to perform pursuant to this Declaration, including the right to construct and maintain in the Common Areas maintenance and storage facilities for use by the Declarant or the Foundation.

ARTICLE VIII

ASSESSMENTS

Section 8.1 Obligation. All Owners shall be obligated to pay the estimated assessments imposed by the Foundation to meet the common expenses of maintenance, operation, and management of the Ranch. The Board may establish any reasonable system for collection periodically of common expenses, in advance or arrears, as deemed desirable and as are consistent with its Articles of Incorporation and its Bylaws. Assessments made shall be based upon the estimated cash requirements of the Foundation as shall from time to time be determined by the Board. Estimated expenses include, but are not limited to: the cost of maintenance and operation of the Common Areas; expenses of management; taxes and special assessments, unless separately assessed; insurance premiums for insurance coverage as deemed desirable or necessary by the Foundation; landscaping, care of grounds, common lighting; repairs and renovations; wages; common water and utility charges; legal and accounting fees; management fees; expenses and liabilities incurred by the Foundation under or by reason of this Declaration; payment of any deficit remaining from a previous assessment period; the creation of a reasonable contingency or other reserve or surplus fund, as well as other costs and expenses relating to the general common expense. The omission or failure of the Board to fix the assessments for any assessment period shall not be deemed a waiver, modification, or release of the Owners from their obligation to pay the same. The Board shall have the right, but not the obligation, to make pro rata refunds of any assessments in excess of the actual expenses incurred prior to the end of the fiscal year.

Section 8.2 Apportionments. The percentage of common expenses to be paid by each Owner shall be equal to the total amount of common expenses for a particular period, multiplied by the fraction consisting of the number of Sites owned by such Owner over the number of total Sites, including any Sites added to the Ranch pursuant to the Provisions of Article X hereof.

Section 8.3 Time for Payment of Assessments. Assessments shall be due and payable within 30 days after written notice of the amount thereof shall have been given to the respective Owner of a Site. Each monthly assessment shall bear interest at the rate of 12% per annum from the date it becomes due and payable if not paid within 30 days after such date. Failure of the Board to give timely notice of any assessment as provided herein shall not affect the liability of the Owner of any Site for such assessment, but the date when payment shall become due in such case shall be deferred to a date 30 days after such notice shall have been given. The Board may elect to have the annual assessments paid quarterly.

Section 8.4 Special Assessments for Capital Improvements. In addition to the annual assessments authorized by this Article, the Board may levy in any assessment year a special assessment or assessments, payable over such a period as the Board may determine, for the purpose of deferring, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of the Property or improvements thereon, or for any other expense or purchase incurred or to be incurred, as provided in this Declaration. This section shall not be construed as an independent source of authority for the Board to incur expense, but shall be construed to prescribe the manner of assessing for expenses authorized by other sections hereof. Any amounts assessed pursuant hereto shall be assessed to Owners as provided in Section 8.2 hereof. Notice in writing of the amount of such special assessments and the time for payment thereof shall be given promptly to the Owners, and no payment shall be due less than 30 days after such notice shall have

been given. A special assessment shall bear interest at the rate of 12% per annum from the date it becomes due and payable if not paid within 30 days after such date.

Section 8.5 Assessment Lien. All sums assessed but unpaid for the share of common expenses or the share of special assessments chargeable to any Site shall constitute a lien on such Site and improvement thereon superior to all other liens and encumbrances except (a) tax and special assessment liens on the Site and improvements thereon, and (b) all sums unpaid on a first mortgage of record, including all unpaid obligatory sums as may be provided by such encumbrance. To evidence the lien as herein permitted, the Board may, but shall not be required to, prepare a written notice setting forth the amount of such unpaid indebtedness, the amount of accrued penalty thereon, the name of the Owner of the site and improvements thereon, and a description of the Site and improvements thereon, and record the same in the office of the Clerk and Recorder of Summit County, Colorado. Such lien for assessment shall attach from the due date of the assessment. The lien may be enforced by foreclosure of the defaulting Owner's Site and improvements thereon by the Board in the manner for foreclosing a mortgage on real property upon the recording of a notice for claim thereof. In the event of any such foreclosure, the Owner shall be liable for the amount of unpaid assessments, any penalties thereon, the costs and expenses of such proceedings, the costs and expenses for filing the notice of the claim and lien, and all reasonable attorneys' fees in connection therewith. The Board shall have the power to bid on a Site and improvements thereon at foreclosure sale and to acquire and hold, lease, mortgage, and convey the same. Any Mortgagee holding a lien on a Site and improvements thereon may pay any unpaid assessment payable with respect to such Site and improvements thereon, and any and all costs and expenses with respect thereto and the lien of the mortgage on such

Site and improvements thereon shall thereafter include the amounts paid with the same priority as the lien of the mortgage.

Section 8.6 Personal Obligation. The amount of any assessment chargeable against any Site and improvement thereon shall be a personal and individual debt of the Owner thereof, but shall be limited to the proportionate share of such assessments as determined by the percentage ownership in the common elements, which is determined by the ratio of Sites owned to total Sites. No owner may exempt himself from liability for the assessment by abandonment or waiver of the use or enjoyment of any of the common elements. Suit to recover a money judgment for unpaid common expenses plus interest and expenses, including attorneys' fees, shall be maintainable without foreclosing or waiving the assessment lien provided herein.

Section 8.7 Notice to Mortgagee. The Board shall report to any Mortgagee of a Site any unpaid assessments remaining unpaid for longer than 90 days after the same shall have become due, if such Mortgagee first shall have furnished to the Foundation written notice of the mortgage. By accepting a deed to a Site, each Owner shall thereby waive and release any and all rights and claims said Owner may have in and to the Site as a homestead exemption or any other exemption; said waiver and release to be applicable only in action to foreclose the assessment lien.

Section 8.8 Statement of Status of Assessment Payment. Upon payment of a reasonable fee not to exceed \$50 and upon the written request of any Owner, Mortgagee, prospective Mortgagee, or prospective purchaser of a Site, the Board shall issue a written statement setting forth the amount of the

the unpaid assessments, if any, with respect to such Site. Unless such statement shall be issued (which shall include posting in the United States mails) within 20 days, all unpaid assessments which became due prior to the date of making such request shall be subordinate to the lien of a Mortgagee which acquired its interest subsequent to requesting such statement. If the request is made by a prospective purchaser, both the lien for the unpaid assessment and the personal obligations of the purchaser shall be released automatically if the statement is not furnished within the 20-day period provided herein and thereafter an additional written request is made by such purchaser and is not complied with within 10 days and the purchaser subsequently acquires the Site.

Section 8.9 Personal Liability of Purchaser for Assessments. Subject to the provisions of Section 8.8, a purchaser of a Site shall be jointly and severally liable with the seller for all unpaid assessments against the Site up to the time of conveyance to purchaser, without prejudice to purchaser's right to recover from the seller the amount paid by the purchaser for such assessments.

Section 8.10 Assessment Reserves. Each Owner, other than Declarant, may be required to deposit and maintain with the Foundation an amount equal to up to three times the amount of the estimated monthly assessments to be held without interest, which sum shall be used by the Foundation as a reserve for paying such Owner's assessments, for purchase of equipment and supplies, and for working capital of the Foundation. Such advance payment shall not relieve an Owner from making the regular payments of assessments as the same become due. Upon the sale of a Site, an Owner shall be entitled to a credit from his grantee for any unused portion thereof.

ARTICLE IX
RESTRICTIVE COVENANTS

Section 9.1 Improvements Prohibited. No used or secondhand structure, no building of a temporary character, no mobile home, house trailer, tent, shack, or outbuilding shall be placed or used on a Site, either temporarily or permanently; except that necessary appurtenances for and during actual construction may be used, and trailers and structures of a temporary nature may be used during the period of permanent construction of an approved and allowed improvement, but no longer period than 12 months without the written consent of the Board.

Section 9.2 Signs. No signs, billboards, posterboards, or advertising structure of any kind shall be erected or maintained for any purpose whatsoever except such signs as have been approved by the Board pursuant to its published regulations. Notwithstanding anything herein to the contrary, Declarant or its agent shall have the right to erect signs during the period of initial sales of lots without prior written approval of the Board.

Section 9.3 No Mining, Drilling, or Quarrying. No mining, quarrying, tunnelling, excavating, or drilling for any substances within the earth, including oil, gas, minerals, gravel, sand, rock, and earth, shall ever be permitted within the limits of the Ranch; provided, however, that each Owner shall have the right to drill a well or wells for water to be used for domestic purposes upon compliance with all applicable governmental regulations.

Section 9.4 Trash and Sewage. No trash, ashes, or other refuse or debris may be thrown or dumped on the Property. The burning of refuse out-of-doors shall not be permitted. No incinerators or other device for the burning of refuse indoors shall be constructed, installed, or used by any person except as approved by the Board. Waste materials,

garbage, and trash shall be kept in sanitary containers and shall be enclosed and screened from public view and protected from disturbance and shall be disposed of with reasonable promptness. The Owner of any Site subject to these covenants shall keep the premises free of trash, refuse, noxious weeds, or debris of any kind, whether said Site is vacant or improved.

Section 9.5 Livestock. Dogs, cats, or customary household birds may be kept on the Property, not to exceed two per Site, without the written approval of the Board. No wild animal, reptile, or bird may be trapped, transported, kept, or maintained anywhere upon the Property. No other animal or bird except a domestic dog, cat, horse, or bird may be kept anywhere on the Property. No pet may be kept which abnormally interferes with the rights, comforts, or convenience of other Owners. Breeding of any animals on the Property is specifically prohibited. All pets must be kept on a leash when outside its Owner's house. Horses may be kept by Owners subject to such rules and conditions as set forth in writing by the Board and only in such areas as may be designated.

Section 9.6 No Business Uses. Except as is provided with respect to the use of recreational facilities on the Common Areas by non-Owners in Section 5.1 (c) hereof, no Sites within the Ranch shall ever be occupied or used for any commercial or business purpose. No store, office, or other place of commercial or professional business of any kind, hospital, sanatorium, public theater, bar, restaurant, or other public place of entertainment, church or residential building housing more than one family shall be allowed. For purposes of this Declaration "family" shall be defined as a collective body of persons related by blood, marriage or adoption, including not more than two unrelated persons, who live in one dwelling under one head.

Section 9.7 Continuity of Construction. All Structures commenced shall be prosecuted diligently to completion.

Section 9.8 Noxious Annoying or Offensive Activity.

No noxious or offensive activity shall be carried on upon any Site, nor shall anything be done or placed on the Property which creates a disturbance, or annoyance to others. No lights shall be emitted from any Site which are unreasonably bright or cause unreasonable glare; no sound shall be emitted from any Site which is unreasonably loud or annoying; and no odor shall be emitted from any Site which is noxious or offensive to others. Nothing shall be done or permitted to be done on the Ranch which is a nuisance or might become a nuisance to an Owner or Owners.

Section 9.9 No Resubdivision. No Site described on the recorded plats of the Ranch shall ever be resubdivided into smaller Sites nor conveyed or encumbered in any less than the full original dimensions as shown on said recorded plats; provided, however, that conveyances or dedications of easements for utilities or private roads may be made for less than all of one Site and provided also that a Site may be divided into two or more parcels so long as said parcels are combined with adjoining Sites .

Section 9.10 Combining Sites. If two or more contiguous Sites are owned by the same owner or owners, they may be combined into one or more larger residential Sites by means of a written document executed and acknowledged by all of the Owners thereof, approved by the Board, and recorded in the real property records of Summit County, Colorado. Thereafter, the new and larger Site or Sites shall each be considered as one Site for the purposes of the covenants.

Section 9.11 Natural State. No hunting or other similar disturbance of the natural state of the Property, including the removal of living trees or portions thereof, is permitted without the consent in writing of the Board.

ARTICLE X

ANNEXATION

Section 10.1 Annexation of Additional Property.

Additional real property may be annexed to the Property subject to this Declaration in the sole and exclusive discretion

of Declarant; provided, however, that no provision of this Declaration shall be construed to require the Declarant or any other person or entity to annex additional real property to the property hereby made subject to the Declaration.

Section 10.2 Method of Annexation. The annexations authorized by Section 10.1 shall be effectuated by the recordation of a Supplementary Declaration. Such Supplementary Declaration shall be executed by the Declarant and shall describe the real property to be annexed and shall state that the annexation is being made pursuant to the terms of this Declaration for the purposes of annexing the property described in the Supplementary Declaration to the scheme of this Declaration and extending the jurisdiction of the Foundation to cover the real estate so described in such Supplementary Declaration. The Supplementary Declaration may contain such complementary additions and modifications to this Declaration as may be necessary to reflect any special characteristics of the real property thereby annexed.

Section 10.3 Effect of Supplementary Declaration. Owners upon recordation of any Supplementary Declaration shall have a right and nonexclusive easement of enjoyment in and to all common areas within the Property and an obligation to contribute to the cost of improvement, operation and maintenance of all such common areas in a like manner as if the common area within the annexed property had originally been within the property as described in Exhibit A to this Declaration, including payment of an initiation fee as may from time to time be established by the Foundation. From and after recordation of any Supplementary Declaration in accordance with the provisions hereof and subject to the provisions of such Supplementary Declaration, the real property described therein shall be subject to the provisions of this Declaration and all other applicable Spruce Valley Ranch documents, the jurisdiction of the Foundation pursuant to the terms of this Declaration and all rules and regulations promulgated thereunder.

ARTICLE XI
GENERAL PROVISIONS

Section 11.1 Enforcement. The Board, the Declarant, or any Owner shall have the right to enforce, by a proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens, and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Foundation, the Declarant, or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter; provided, however, that upon the failure of the Foundation, Declarant or any Owner to enforce the provisions of this Declaration, the Town of Blue River, may enforce them, but only after giving 30 days notice to the Foundation of its intention to do so and only if the provisions are not enforced within said period.


Section 11.2 Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no wise affect any other provisions which shall remain in full force and effect.

Section 11.3 Amendment. The covenants and restrictions of this Declaration shall run with and bind the land for a term of 20 years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of 10 years. This Declaration may be amended during the first 20-year period by an instrument signed by the Owners of not less than 90% of the Sites and thereafter by an instrument signed by the Owners of not less than 75% of the Sites. Any amendment must be recorded.

SPRUCE VALLEY RANCH ASSOCIATES, a
Colorado general partnership

STATE OF COLORADO)
) ss.
City AND COUNTY OF Denver)

WITNESS my hand and official seal.


NOTARY PUBLIC

DECLARATION OF COVENANTS, CONDITIONS AND
RESTRICTIONS FOR THE SPRUCE VALLEY RANCH PROJECT

EXHIBIT A

LEGAL DESCRIPTION OF

SPRUCE VALLEY RANCH - FILING NO. 1

A TRACT OF LAND BEING A PORTION OF THE GOLD NUGGET PLACER AND THE GOLD NUGGET NO. 2 PLACER, BOTH BEING U.S. MINERAL SURVEY NO. 13623 IN THE MINERS AND McBARNES MINING DISTRICTS AND LOCATED WITHIN SECTIONS 7,8,17 & 18 IN TOWNSHIP 7 SOUTH, RANGE 77 WEST OF THE SIXTH PRINCIPAL MERIDIAN, TOWN OF BLUE RIVER, SUMMIT COUNTY, COLORADO; BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

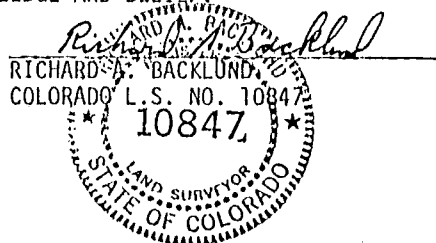
BEGINNING AT CORNER NO. 1 OF SAID GOLD NUGGET PLACER, THENCE N 25° 59' 43" E ALONG THE 1-2 LINE OF SAID PLACER A DISTANCE OF 80.00 FEET TO A POINT OF INTERSECTION WITH THE HIGH BEACH LINE OF GOOSE PASTURE TARN; THENCE NORTHERLY ALONG SAID HIGH BEACH LINE FOR THE FOLLOWING THIRTY-ONE COURSES:

- 1) N 63° 46' 52" E A DISTANCE OF 130.78 FEET;
 - 2) N 55° 05' 38" E A DISTANCE OF 44.38 FEET;
 - 3) N 32° 45' 46" E A DISTANCE OF 234.50 FEET;
 - 4) N 78° 52' 18" E A DISTANCE OF 113.10 FEET;
 - 5) N 02° 33' 36" E A DISTANCE OF 205.70 FEET;
 - 6) N 02° 35' 27" W A DISTANCE OF 96.90 FEET;
 - 7) N 01° 09' 37" W A DISTANCE OF 134.86 FEET;
 - 8) N 56° 59' 53" E A DISTANCE OF 24.43 FEET;
 - 9) S 43° 03' 06" E A DISTANCE OF 73.17 FEET;
 - 10) N 66° 32' 59" E A DISTANCE OF 49.37 FEET;
 - 11) N 14° 59' 09" E A DISTANCE OF 73.74 FEET;
 - 12) N 13° 07' 21" W A DISTANCE OF 70.03 FEET;
 - 13) N 27° 43' 15" E A DISTANCE OF 222.49 FEET;
 - 14) N 08° 58' 46" E A DISTANCE OF 131.91 FEET;
 - 15) N 33° 25' 30" E A DISTANCE OF 117.04 FEET;
 - 16) N 17° 01' 33" E A DISTANCE OF 67.33 FEET;
 - 17) N 39° 53' 54" E A DISTANCE OF 82.14 FEET;
 - 18) N 19° 00' 28" E A DISTANCE OF 155.16 FEET;
 - 19) N 38° 57' 23" E A DISTANCE OF 74.26 FEET;
 - 20) N 11° 58' 20" E A DISTANCE OF 66.34 FEET;
 - 21) N 62° 10' 00" E A DISTANCE OF 46.65 FEET;
 - 22) S 82° 29' 52" E A DISTANCE OF 89.70 FEET;
 - 23) S 35° 03' 55" E A DISTANCE OF 119.06 FEET;
 - 24) S 54° 59' 45" E A DISTANCE OF 74.29 FEET;
 - 25) S 75° 58' 00" E A DISTANCE OF 136.67 FEET;
 - 26) N 33° 04' 23" E A DISTANCE OF 86.36 FEET;
 - 27) N 35° 44' 23" E A DISTANCE OF 241.21 FEET;
 - 28) N 08° 28' 25" W A DISTANCE OF 279.71 FEET;
 - 29) N 07° 38' 20" W A DISTANCE OF 223.67 FEET;
 - 30) N 33° 54' 25" W A DISTANCE OF 53.04 FEET;
 - 31) N 32° 10' 30" W A DISTANCE OF 211.22 FEET TO A POINT OF INTERSECTION WITH LINE 2-3 OF SAID GOLD NUGGET PLACER;
- THENCE N 47° 29' 25" E ALONG SAID 2-3 LINE A DISTANCE OF 318.59 FEET TO CORNER NO. 3 OF SAID GOLD NUGGET PLACER; THENCE S 39° 44' 30" E A DISTANCE OF 2204.87 FEET TO CORNER NO. 4 OF SAID GOLD NUGGET PLACER, ALSO BEING CORNER NO. 2 OF SAID GOLD NUGGET NO. 2 PLACER; THENCE S 62° 08' 04" E A DISTANCE OF 2754.30 FEET TO CORNER NO. 3 OF SAID GOLD NUGGET NO. 2 PLACER; THENCE S 43° 57' 55" E ALONG THE 3-4 LINE OF SAID GOLD NUGGET NO. 2 PLACER A DISTANCE OF 1000.00 FEET;

THENCE S 46° 34' 08" W A DISTANCE OF 364.65 FEET; THENCE N 49° 33' 39" W A DISTANCE OF 1125.47 FEET; THENCE S 71° 33' 54" W A DISTANCE OF 50.00 FEET; THENCE N 74° 44' 41" W A DISTANCE OF 570.09 FEET; THENCE N 67° 50' 31" W A DISTANCE OF 1193.12 FEET; THENCE N 69° 35' 24" W A DISTANCE OF 229.40 FEET; THENCE N 58° 41' 02" W A DISTANCE OF 836.93 FEET; THENCE S 34° 57' 17" W A DISTANCE OF 628.35 FEET; THENCE S 41° 07' 26" W A DISTANCE OF 1145.70 FEET TO A POINT OF INTERSECTION WITH THE 5-6 LINE OF SAID GOLD NUGGET PLACER; THENCE S 66° 37' 48" W A DISTANCE OF 1345.00 FEET ALONG SAID 5-6 LINE OF GOLD NUGGET PLACER; THENCE N 01° 55' 30" E A DISTANCE OF 1243.00 FEET TO SAID CORNER NO. 1 OF GOLD NUGGET PLACER BEING THE POINT OF BEGINNING, CONTAINING 169.83 ACRES MORE OR LESS.

I, RICHARD A. BACKLUND, BEING A REGISTERED LAND SURVEYOR IN THE STATE OF COLORADO, DO HEREBY CERTIFY THAT THIS LEGAL DESCRIPTION WAS WRITTEN BY ME AND UNDER MY SUPERVISION AND THAT IT IS TRUE AND ACCURATE TO THE BEST OF MY KNOWLEDGE AND BELIEF.

DATE AUGUST 3, 1877



396205

SUMMIT COUNTY
CLERK AND RECORDER

NOV 27 1 03 PM '90

COLLEEN RICHMOND

FIRST AMENDMENT TO DECLARATION
OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR THE SPRUCE VALLEY RANCH

The undersigned Owners of Sites in Spruce Valley Ranch, Summit County, Colorado, pursuant to Section 11.3 of the Declaration of Covenants, Conditions and Restrictions for the Spruce Valley Ranch (the "Declaration") dated September 22, 1977 and recorded October 12, 1977, in the office of the Clerk and Recorder of Summit County, Colorado at Reception No. 169113 do hereby amend the Declaration as follows:

1. Section 8.3 is amended as follows:

Time for Payment of Assessments. Assessments shall be due and payable within 20 days after written notice of the amount thereof shall have been given to the respective Owner of a Site. A late payment charge computed at the rate of the greater of 18% per annum or 2% above the prime rate charged by the United Bank of Denver, National Association, Denver, Colorado at the time such assessment becomes due and payable will be charged on any assessment not paid and received within such 20 days. Failure of the Board to give timely notice of any assessment as provided herein shall not affect the liability of the Owner of any Site for such assessment, but the date when payment shall become due in such case shall be deferred to a date 20 days after such notice shall have been given. The Board may elect to have the annual assessments paid quarterly.