

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
PAGOSA LAKES RANCH CUSTOM HOME SUBDIVISION

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FOR

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Archuleta County, CO
June Madrid, Recorder

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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
PAGOSA LAKES RANCH CUSTOM HOME SUBDIVISION

PREAMBLE

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS (hereinafter "Declaration") is made and executed this 12th day of August, 1996, by Pagosa Lakes Ranch, Inc., a Colorado Corporation, (hereinafter "Declarant"), as Owner of the real property in the County of Archuleta, State of Colorado, described on "Exhibit A" which is attached hereto and incorporated by reference herein (hereinafter "the Property"). The Property and all improvements thereon which shall be subject to this Declaration, shall be known as PAGOSA LAKES RANCH CUSTOM HOME SUBDIVISION (hereinafter "PLRCHS"). PLRCHS possesses natural beauty which Declarant desires to protect and preserve through the use of a coordinated plan of development; as reflected in the Property Recorded Subdivision Map and the provisions of this Declaration. The covenants, conditions and restrictions set forth within this Declaration are provided for the benefit and protection of the interests of the property Owners of Pagosa Lakes Ranch Custom Home Subdivision by creating standards for the design, development, construction and maintenance of high quality residential building sites and homes, together with the protection of the natural environment and the views of the beautiful San Juan Mountains.

ARTICLE I DEFINITIONS

Unless the context otherwise specifies or requires, the terms defined in this Article I shall have the meanings herein specified for all purposes of this Declaration.

- Architect shall mean a person holding a certificate or other qualifications to legally practice architecture in the State of Colorado.
- Architectural Committee or Committee shall mean the committee created pursuant to Article III of this Declaration.
- Architectural Committee Rules shall mean rules adopted by the Architectural Committee pursuant to Section 3.04 of this Declaration.
- Building Zone shall mean the area designated on each Lot within which the primary

residential structure (i.e. the primary Residence and/or Improvements as described herein) is required to be placed. Each Building Zone is designed to provide quality views primarily to the North and Northeast while protecting the views of neighboring properties.

- County shall mean Archuleta County, Colorado.
- Declarant shall mean Pagosa Lakes Ranch, Inc., a Colorado corporation, including, its successors and assigns, and any other entity, person or persons, which acquires any portion of the Property from the aforesaid entity other than as a Public Purchaser, as herein defined.
- Declaration shall mean the covenants, conditions and restrictions set forth in this instrument.
- Estoppel Certificate shall mean a document executed by a party to confirm the facts or actions of a second party.
- Family shall mean two or more persons each related to the other by blood, marriage or legal adoption, or a group of not more than three persons, not so related, together with their domestic servants, who maintain a common household on a Lot.
- File shall mean, with reference to any subdivision map, the filing of said map in the office of the Clerk and Recorder of Archuleta County, Colorado as a legal record.
- Fiscal Year shall mean the calendar year.
- Improvements shall mean and refer to the Residence, Residential Structures, Homes, garages, outbuildings, roads, driveways, parking areas, sidewalks, fences, screening walls, solar panels, trash enclosures, retaining walls, stairs, decks, hedges, windbreaks, plantings, trees and shrubs, poles, signs and all other structures or any improvements installed or constructed by man, or landscaping of every type and kind, together with any underground utilities, piping or facilities which are constructed or installed upon the Lot.
- Lot shall mean any parcel of real property in PLRCHS designated as a legal parcel on any subdivision map recorded in the records of the Clerk and Recorder of Archuleta County, Colorado pertaining to Property which is subject to this Declaration.
- Notice shall mean a notice delivered pursuant to Section 7.04 of this Declaration.
- Owner, subject to the following provisions, shall mean the person or persons holding the beneficial interest or "fee title" to any Lot in PLRCHS:
 - a. For the purposes of Article IV of this Declaration, Owner shall include the Family, guests, invitees, and licensees, of any Owner, together with any other person or persons

holding any possessory interest granted by such Owner in any Lot; and

b. With respect to any Lots held by Declarant, the term Owner shall not include Declarant for the purpose of the covenants, conditions and restrictions set forth in Article IV of this Declaration.

- PLRCHS shall mean all of the real property subject to this Declaration as referred to in Section 2.01 of this Declaration
- PLRCHS Rules shall mean those rules or regulations adopted by the Architectural Committee as are in effect, from time to time, pursuant to the provisions of Section 3.04 of this Declaration.
- Public Purchaser shall mean a person or entity, not affiliated with the Declarant, who acquires less than five Lots in PLRCHS in any successive twelve-month period.
- Record or Recorded shall mean, with respect to any document, the recordation of said document in the office of the County Clerk and Recorder of Archuleta County, Colorado.
- Residence, Residential Structure or Home shall mean the primary structural improvement within which an Owner will reside, occupy or live on a full-time or part-time basis, including garages or outbuildings for the housing of vehicles and storage.
- Single Family Lot shall mean any Lot or group of Lots classified or zoned for single family residential use.
- Single Family Residential Use shall mean occupation and use of a single family Residence or dwelling in conformity with this Declaration and the requirements imposed by applicable zoning laws or other state statutes or municipal ordinances, rules and regulations.
- Subdivision Map shall mean any "Final Map" or "Plat of a Subdivision", or an addition thereto or change therein, which has been approved and signed by the Town Council of the Town of Pagosa Springs, Colorado and recorded in the offices of the Clerk and Recorder of Archuleta County, Colorado, defining the boundaries, Building Zones and View Corridors of the Property described on "Exhibit A" attached hereto and made a part hereof.
- View Corridors shall mean an area radiating in a Northerly, Northwesterly or Northeasterly direction from a building zone as depicted in Exhibit B, in which no improvements may be constructed except as herein expressly authorized and within which no landscaping may be planted that would significantly restrict or reduce views of the San Juan Mountains from any adjoining or neighboring property.

- Visible from Neighboring Property or View from Neighboring Properties shall mean, with respect to any given object, that such object is or would be visible, when viewed at an eye level of 5'6" above the ground on any part of any neighboring property or properties.

- Other Definitions Each capitalized term, not otherwise defined in this Declaration or in the Subdivision Map, shall have the meanings specified in C.R.S., section 38-33.3-103, as amended.

ARTICLE II PROPERTY SUBJECT TO PAGOSA LAKES RANCH CUSTOM HOME SUBDIVISION

DECLARATIONS

2.01 GENERAL DECLARATION CREATING PAGOSA LAKES RANCH CUSTOM HOME SUBDIVISION

Declarant hereby declares that all of the real property located in Archuleta County, Colorado described in Exhibit "A" attached hereto, is and shall be held, conveyed, hypothecated, encumbered, leased, occupied, built upon or otherwise used, improved or transferred in whole or in part, subject to all the terms, covenants, conditions and restrictions of this Declaration and any amendments thereto, all of which are declared and agreed to be in furtherance of a general plan for the subdivision, development, improvement and sale of said real property, and are established for the purpose of enhancing the quality of life and protecting the value, desirability and attractiveness of said real property, improvements and every part thereof for the benefit of each and every property Owner. All of the covenants, conditions and restrictions set forth in this Declaration shall run with all of said real property for all purposes and shall be binding upon and inure to the benefit of Declarant, all Owners, their heirs, assigns and successors in interest. This Declaration shall extend for the benefit of the Property described on "Exhibit A" hereto attached for a period of fifty (50) years, from date of recording by the County Clerk of Archuleta County and, unless thereafter amended or repealed, shall thereafter automatically extend for a period of an additional thirty (30) years.

ARTICLE III ARCHITECTURAL COMMITTEE

SECTION 3.01 ORGANIZATION, POWER OF APPOINTMENT AND REMOVAL OF MEMBERS

There shall be an Architectural Committee which shall be organized as follows:

A. COMMITTEE COMPOSITION. The Committee shall consist of three members.

B. ALTERNATE MEMBERS. There shall be three alternate members who will act as substitutes in the event of absence or disability of a Committee member. Alternate member No. 1

shall act in priority to alternate member No. 2 and alternate member No. 2 shall act in priority to alternate member No. 3.

C. MEMBERS DESIGNATED. The following persons are hereby designated as the initial members of the Committee:

Members:

1. W. T. Grant
2. James E. Grant
3. William T. Grant, M.D.

Alternate Members:

1. Richard Allgire
2. Scott R. Nelson
3. Milo Hama

D. TERMS OF OFFICE. Unless the members have resigned or been otherwise removed, their terms of office shall be as follows:

1. The term of Member No. 1 shall expire December 31, 2010
2. The term of Member No. 2 shall expire December 31, 2008
3. The term of Member No. 3 shall expire December 31, 2006
4. The term of Alternate No. 1 shall expire December 31, 2004
5. The term of Alternate No. 2 shall expire December 31, 2002
6. The term of Alternate No. 3 shall expire December 31, 2000

Thereafter, the terms of all Committee members shall be for a period of three (3) years. Any new member appointed or elected to replace a member who has resigned or been removed shall serve such member's unexpired term. Members who have resigned, been removed or whose terms have expired may be re-appointed or re-elected.

E. APPOINTMENT, REMOVAL AND ELECTION. Until January 1, 2016, The right to appoint and remove all members and alternate members of the Committee shall be and is hereby vested solely in Declarant, its successor or assigns, unless prior to said time Declarant records a declaration relinquishing its rights hereunder. When Declarant relinquishes or no longer has the right to appoint and remove the members of the Committee, the Committee members and alternates shall be elected by a vote of the Owners. In the event more than one Committee vacancy is to be filled, the candidate with the greatest number of votes shall be elected to the member position with the longest remaining term. The candidate with the next highest number of votes,

shall be elected to the member or alternate position with the next longest remaining term, as the case may be. In the event there becomes a vacancy for both a Committee member and an alternate, the candidate with the greatest number of votes shall be elected to the Committee member position and the candidate with the next highest number of votes shall be elected to the alternate position. In such voting, each Lot within the Property shall be entitled to one (1) vote.

F. RESIGNATIONS. Any member or alternate member of the Architectural Committee may at any time resign from the Committee, upon written notice delivered to Declarant or to the Owners, whichever then has the right to appoint or elect members.

G. VACANCIES. Vacancies on the Committee, however caused, shall be filled by Declarant until January 1, 2016, or upon Declarant relinquishing its rights as provided herein, and thereafter by the Owners. Vacancies shall be filled within sixty (60) days from the date upon which such vacancy occurs.

SECTION 3.02 DUTIES AND AUTHORITIES

It shall be the duty of the Committee to carry out all duties imposed upon it by this Declaration, to adopt Committee rules and regulations, and to perform such other duties as may be delegated to it, from time to time, by the Declarant or the Owners, whichever then has the power to appoint or elect members. In addition to such duties, the Committee shall also have the power and authority, together with all Owners, to seek and compel adherence by all Owners to the covenants, conditions and restrictions set forth within this Declaration.

SECTION 3.03 COMMITTEE COMPENSATION AND FEES

Members of the Committee shall serve without compensation; provided, however, subsequent to January 1, 2016 or Declarant's prior relinquishment of the right to appoint and remove members of the Committee, nothing herein contained shall preclude the Owners from assessing themselves for purposes of providing compensation or reimbursement of expenses to members of the Committee, or from establishing fees to be charged for architectural review of Owners plans and for site inspections.

SECTION 3.04 ARCHITECTURAL COMMITTEE RULES

The Declarant has approved the initial rules adopted by the Committee, a true and correct copy of which is attached as Exhibit C. The Committee may, from time to time in its sole discretion, amend said rules; provided, such amendment shall be approved by unanimous vote of the

Committee. Upon the adoption of any such amendments, the Committee shall assure that copies of the amendments shall be forwarded to all Owners within fifteen (15) days. Said rules shall set forth the specific standards and procedures by which the Committee shall implement the provisions set forth within this Declaration. Said rules shall be consistent with the purposes of this Declaration. In the event of a conflict between a duly adopted Architectural Committee Rule and the terms of this Declaration, the terms of this Declaration shall govern.

SECTION 3.05 WAIVER

The approval by the Committee of any plans, drawings or specifications for any work done or proposed, or for any other matter requiring the approval of the Committee under this Declaration, shall not be deemed to constitute a waiver of any right to withhold approval of any similar plan, drawing, specification or matter subsequently submitted to the Committee for approval.

SECTION 3.06 VARIANCES

The Committee shall have the right to approve specific variances from the covenants, conditions and restrictions set forth in this Declaration for the benefit of an individual Owner if the Committee specifically finds:

1. That the requested variance relates to a situation or condition which pertains to the individual Lot in question and does not generally apply to other Lots within PLRCHS.
2. That the granting of the requested variance would relieve the Owner from a hardship not of the Owner's creation and not suffered by other Owners generally; and
3. That the granting of the requested variance would not have a significantly or substantially harmful effect upon neighboring or adjoining Lots.

SECTION 3.07 ESTOPPEL CERTIFICATE

Within thirty (30) days after written request is delivered to the Committee by any Owner, the Committee shall execute an Estoppel Certificate by any two of its members certifying, with respect to any Lot, that as of the date thereof either (a) all improvements made and other work done upon or within said Lot complies with the covenants, conditions and restrictions of the Declaration, or any variances granted therefrom by the Committee, or (b) such improvements or work do not so comply, in which event the Estoppel Certificate shall also identify the non-complying improvements or work and set forth the specific basis of such noncompliance. Any new purchaser from the existing

Owner, or from anyone deriving any interest in said Lot through the Owner, shall be entitled to rely on said Estoppel Certificate with respect to the matters therein set forth, such matters being conclusive as between the Purchaser, the Committee, the Declarant and such persons deriving any interest through them.

ARTICLE IV. USES AND RESTRICTIONS

SECTION 4.01. PERMITTED USES AND RESTRICTIONS

All Lots are subject to the following limitations and restrictions:

A. LAND USE: No Lot may be used other than for single family residential purposes and other related purposes authorized herein. No professional, retail, wholesale, manufacturing, repair or other form of business of any kind shall be permitted on any building site or in any dwelling or appurtenant structure erected thereon; provided, however, home occupations, as herein defined, shall be allowed if permitted under applicable zoning ordinances of the Town of Pagosa Springs. For purposes of this section, a home occupation shall be defined as a business activity within a Residential Structure which meets the following criteria:

1. The home occupation shall be wholly conducted within the Residential Structure, which may include the garage, but shall not alter the residential character or appearance of the Residential Structure;

2. No signage shall be allowed with respect to the home occupation;

3. The home occupation shall have no employees other than the Owner and members of his immediate family

4. An owner engaged in a home occupation shall not engage in soliciting, advertising, or promotion of business which creates commercial traffic, either pedestrian or vehicular, within the residential neighborhood; and

5. The home occupation shall not involve the outside storage of material or the storage of dangerous, combustible or volatile materials or cause odor or noise offensive to Owner/s.

Nothing herein shall be deemed to prevent the leasing of a home from time to time by the Owner thereof. Such leasing shall be subject to all of the provisions of the Declaration.

B. SET BACK REQUIREMENTS

1. With the exception of roof overhangs (i.e., roof elements not directly supported from the ground by posts or columns) not to exceed a projection of four feet, all

Residential Structures on all Lots must be constructed within the designated Building Zone as reflected on Exhibit "B" to the recorded Subdivision Map of PLRCHS, a copy of which is attached hereto and incorporated herein by this reference.

2. Building Improvements may occupy any portion of the designated Building Zones of Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 22 and 35.

3. Building Improvements on Lots 11, 13, 15, 17, 19, 21, 24, 26, 28, 30, 32 and 34 shall be sited to commence no more than one foot westerly of the easterly boundary of the designated Building Zone and extend westerly therefrom not to exceed the west boundary of the Building Zone designated for the particular Lot.

4. Building Improvements on Lots 10, 12, 14, 16, 18, 20, 23, 25, 27, 29, 31 and 33 shall be sited to commence no more than one foot easterly of the westerly boundary of the designated Building Zone and extend easterly therefrom not to exceed the east boundary of the Building Zone designated for the particular Lot.

5. All Building Improvements, regardless of where located, shall be subject to the Building Height Limitations set forth in Section 5.01 A. 3 of this Declaration.

6. In the event an Owner elects to purchase two adjoining Lots with adjacent Building Zone side yards (i.e. those Lots with Building Zones separated with a distance no greater than 75'), the Owner may, with the approval of the Committee, combine Building Zones, and construct improvements anywhere within that combined zone.

C. HUNTING. Discharging of firearms or trapping of animals is prohibited on the Property except as reasonably necessary to dispose of nuisance wildlife and subject to applicable State of Colorado Statutes, Division of Wildlife Regulations and Town of Pagosa Ordinances.

D. ANIMALS. A reasonable number, not to exceed a collective total of four (4), of recognized domestic pets may be maintained or kept on any Lot; provided, however the maximum number of dogs allowed on any Lot shall be limited to two (2). The term "recognized domestic pets" shall be limited to animals such as dogs, cats, birds, rabbits, hamsters, and gerbils. All such animals shall be kept and maintained solely as household pets for the enjoyment of the Owner and the Owner's family. Notwithstanding the foregoing limitations, Owners with private pets giving birth to offspring may keep such offspring on the Lot for a period not to exceed 120 days from birth. No commercial breeding of animals or kennel operations shall be allowed on any Lot within the Property at any time. No animals may be kept or maintained on any Lot which make an unreasonable amount of noise, disturb the peace, or otherwise becomes a nuisance to other

Owners, irrespective of the number of animals kept or maintained by an Owner. All dogs shall be confined within a fenced yard or by means of an underground electric fence, unless such dogs are accompanied by an Owner or a member of the Owner's family and are restrained by a leash. Upon the request of any Owner, the Committee shall determine, in its sole discretion, whether a particular animal is a "recognized domestic pet" as herein defined, whether the animal's conduct constitutes a nuisance, or whether the number of animals upon any Lot exceeds the numerical limit authorized under this Declaration. The location of any building used to house animals shall be approved by the Committee. Horses or livestock are not allowed to be kept or maintained upon any Lot.

E. UTILITY SERVICE. All facilities for permanent utility services to any improvement, except ground mounted transformers, pedestal boxes for the transmission of electric power, or communications, such as telephone, television and radio signals shall be constructed, placed and maintained in pipes, conduits or cables installed underground or concealed in, under or on buildings or other structures, all in accordance with all governmental regulations. Nothing herein shall be deemed to forbid the erection and use of temporary power or telephone services incident to the construction of approved buildings.

F. IMPROVEMENTS AND ALTERATIONS. No improvement, excavation or grading work which materially alters natural flows of water or involves the handling of more than twenty cubic yards of earth, at once or in stages, or other work which in any way alters the exterior appearance of any Lot or the improvements located thereon from its natural or improved state existing on the date such Lot was first conveyed in fee by Declarant to an Owner shall be made, installed or done without the prior approval of the Committee.

G. TEMPORARY OCCUPANCY. No mobile home, motor home, trailer, tent or similar structure, shack, garage or barn, and no temporary building or structure of any kind shall be used at any time for residential purposes, either temporary or permanent. Temporary storage, office or work structures used during the actual period of construction of a dwelling shall be allowed but shall be removed immediately after the completion of construction.

H. TRAILERS, BOATS AND RECREATIONAL VEHICLES. Trailers, boats, recreation vehicles and similar equipment must be parked or stored inside an enclosed garage. Notwithstanding the above, the provisions of this Paragraph shall not apply to: (1) loading and unloading of any such, which is normally stored at an offsite location, for a period not to exceed forty-eight (48) hours; (2) emergency vehicle repairs; or (3) a pickup truck with a standard size camper shell. Guest parking of such vehicles shall be limited not to exceed 48 hours for any visit.

I. LANDSCAPE PLANTINGS AND LAWNS AND THEIR MAINTENANCE Each Owner shall complete the grading and landscaping of his Lot in accordance with the provisions of Paragraph 5.01(I) herein, within ninety (90) days after completion of the Residence, unless such completion is after September 1st of any year, in which event, the completion of landscaping and planting may be deferred until July 1st of the following year. Owners shall be responsible for maintaining erosion control on their Lots. Each Owner shall maintain his landscape in a good and proper manner. In the event the Committee determines there is a violation of the provisions of this paragraph, the Committee shall give the Owner written notice of the violation and Owner shall have thirty (30) days to correct such violation. In the event the violation is not corrected within the allowed time period, the Committee's agent or contractor shall have the right to enter the Owner's Lot during reasonable hours to correct such violation at Owner's expense. Owner shall reimburse the Committee for the reasonable costs for such work within thirty (30) days from the receipt of Committee's invoice.

J. NUISANCES. No trash, rubbish or debris of any kind shall be placed or permitted to accumulate or to be stored upon or adjacent to any Lot for a period of more than 7 days, nor shall Owner allow any condition to exist on Owner's Lot which creates a nuisance to other Owners. In the event the Committee determines such a condition exists, the Committee shall notify Owner in writing and Owner shall have thirty (30) days to remedy such condition. In the event Owner has not remedied such condition within the permitted time period, the Committee's agent or contractor shall have the right to enter the Owner's Lot during reasonable hours to correct such violation at Owner's expense. Owner shall reimburse the Committee for the reasonable costs for such work within thirty (30) days from the receipt of Committee's invoice.

Without limiting the foregoing, no exterior speakers, horns, whistles, bells or other sound devices, except devices used exclusively for security purposes, shall be located, used or placed on any Lot. Exterior lights shall be subject to approval by the Committee, shall be located to limit illumination to each Owner's Lot, and shall not be of an intensity which unreasonably illuminates any area which is Visible from Neighboring Property.

K. TRASH CONTAINERS, COLLECTION AND SCREENED TRASH ENCLOSURES. All garbage, rubbish and trash shall be placed and kept in covered containers of a type and style which shall be approved by the Committee. Trash containers may be placed at curbside for collection for a period of no more than twenty-four (24) hours. Construction debris must be kept in "drop off bins" which are to be removed when full. The construction site and neighboring properties are to kept free of trash and debris during Owner's construction. It shall be the

responsibility of each Owner to assure that his building contractor and any subcontractor's working on the site comply with the requirements of this paragraph during the period of construction.

L. REPAIR AND MAINTENANCE OF IMPROVEMENTS. No building structure or other improvements upon any Lot shall be allowed by Owner to fall into disrepair. All improvements shall at all times be kept in good condition and repair and shall be adequately stained, painted or otherwise finished and maintained.

M. CLOTHES LINES AND SERVICE YARDS. Outside clotheslines or other outside clothes drying or airing facilities and woodpiles or storage piles shall be maintained exclusively within a fenced service yard or otherwise concealed where not Visible from Neighboring Property. Firewood neatly stacked at the rear or side of a Residence outside of a fenced service yard is permitted.

N. PARKING. All Lots shall provide off-street paved parking for all occupants and guests. Street parking is prohibited.

O. MINERAL EXPLORATION. No Lot shall be used in any manner to explore for or to remove any oil, other hydrocarbons, gravel, earth or any earth substance or other mineral of any kind, by or on behalf of a residential property Owner.

P. MACHINERY AND EQUIPMENT. Other than during the period of residential construction, no machinery or equipment of any kind shall be stored, placed, operated or maintained upon or adjacent to any Lot, except air conditioners and such machinery or equipment as is necessary for the maintenance and operation of a private residence or appurtenant structures.

Q. REMOVAL OF TREES AND PLANTS. In order that the natural beauty and environment may be maintained, no living tree with a trunk diameter of 6" or more, measured 3' above the natural grade, may be cut down or removed from any Lot without the express written consent of the Committee, except for trees located in the Building Zone and a tree within twenty (20) feet of any Building Structure Improvement. In the event of a violation of this Paragraph, the Committee may cause such tree or trees to be replaced with another tree of similar size and type or such other reasonable replacement as may be determined by the Committee. Owner shall reimburse Committee for the expenses incurred in such replacement within thirty (30) days of receipt of Committee's invoice.

1. DISEASED TREE Notwithstanding the foregoing, any diseased tree on a Lot must be removed by Owner, at Owner's expense. Prior to removal, the tree shall first be inspected by a nurseryman, landscape architect, landscape contractor, or other person properly qualified to

determine the health of the subject tree, either on the request of the Owner or the Committee. If the individual making the inspection determines the tree is diseased and must be removed, such qualified consultant shall provide a written statement to the Committee recommending such removal. Upon approval by the Committee, the Owner shall cause the tree to be removed and disposed of within 60 days from the date of such approval. Trees infested with pine beetle shall be removed promptly and the infested wood shall be treated and disposed of in accordance with recommendations of the U.S. Forest Service.

2. OTHER TREE REMOVAL The Committee shall have the authority to approve the removal of a tree or trees by an Owner on that Owner's Lot when conditions exist which cause a Residential Building Structure to be subject to probable damage, either currently or in the future, or if a tree or trees on Owner's Lot are determined by the Committee to excessively obstruct Owner's view. The architectural design and layout of each home should consider the location of existing trees and topographical conditions of the Lot, and such consideration should be reflected in the building improvement plans. The Committee shall consider such Lot conditions in its review of Owner's plans.

3. OAKBRUSH Native "Scrub Oak" may be removed from an Owners Lot without restriction or approval of the Committee.

R. TANKS. No tanks of any kind shall be erected, buried, placed, installed or permitted upon any building site.

S. RESTRICTION ON FURTHER SUBDIVISION. No Lot may be further subdivided or split into separate parcels. Subject to approval by the Architectural Committee, dedication or conveyance of portions of any lot for additional easements for public utilities may be permitted. Nothing contained herein shall apply to boundary line adjustments for purposes of changing Lot lines if approved by the Committee and the Town of Pagosa Springs, Colorado.

T. SIGNS. No signs, which are Visible from Neighboring Property or a public thoroughfare shall be erected or maintained on any Lot except:

1. Such signs as may be required by legal proceedings;
2. A job identification sign during the time of actual construction of any residence or other improvement; provided, such sign shall not be larger than 2' by 4' in height and width, shall have a face area no greater than eight (8) square feet, and shall be installed no higher than 60" above natural ground level.

3. Political signs of not more the four (4) square feet in area, provided they are displayed no more that thirty (30) days prior to and two (2) days subsequent to any election.

4. Not more than one (1) "For Sale" sign having a maximum face area of six (6) square feet.

5. Entry Monument Signs - Declarant shall have the right to install and maintain "Entry Monument Signs" within the "Sign Easements" adjacent to South Pagosa Blvd. on Lots No. 1, 16, 28 and 29.

U. DECLARANTS' EXEMPTION. Nothing contained within this Declaration shall be construed to prevent the erection or maintenance by Declarant, or its duly authorized agents, of Improvements, structures or signs necessary or convenient to the development, sale, operation or other disposition of its property; provided, however, Declarant's activities shall not unreasonably interfere with the rights granted Owners under this Declaration. This exemption shall terminate after ninety percent (90%) of the single family Lots in PLRCHS have been sold and conveyed to Public Purchasers.

V. GARAGES. No garage shall be converted to residential living space or any other use other than those normally associated with a garage, such as storage of vehicles, boats, campers, workbench activities, etc. Except when the garage is in use, the garage door should be closed. The interior framing on all walls shall be covered and finished with drywall, plaster or plywood panels and painted or stained.

ARTICLE V DESIGN REQUIREMENTS

SECTION 5.01 DESIGN REQUIREMENTS

Except for variances approved by the Committee, the following Design Requirements shall be complied with for the construction of all Improvements to custom home Lots in PLRCHS. All Improvements to be constructed upon Lots, including initial and subsequent construction of Improvements, shall be subject to architectural approval by the Committee as provided herein. Accordingly, plans describing any Improvement must be submitted to the Committee by the Owner and approved, in writing, by the Committee prior to the commencement of any work related to such Improvements. In its review of the plans and specifications, the Committee shall consider compatibility, conformity and harmony of external design, the design relating to the location of trees, the relationship of topography, grading and finished ground elevation, the proper facing of all architectural elevations, together with their design and building materials, aesthetics, noise, privacy, and the conformity of the plans and specifications to the covenants, conditions and restrictions set forth within this Declaration. A Committee representative will be available to assist during the

Owner's design phase to answer Owner's questions regarding the interpretation of the covenants, conditions and restrictions herein set forth.

A. ARCHITECTURAL DESIGN

1. ARCHITECTURAL STANDARDS. The general architectural style of all homes shall be as described in this section. Architectural styles which are prohibited include Santa Fe, Southwestern, Pueblo, Modern, or any Mansard or "Flat Roof" design.

2. RESIDENCE. The minimum living area of the residence, excluding garages, basements and storage areas shall be 2,200 square feet. No maximum size has been established, however, each residential structure must fit within the designated Building Zone and conform to the height limitations and other requirements for each specific Lot.

3. BUILDING HEIGHT LIMITATIONS. Owners may construct a one-story, split level or two-story Residence.

a. In any of the above cases, the maximum roof height shall not exceed thirty six (36) feet above the highest natural grade elevation within the building zone, except that in the event that natural bedrock is present at a depth of less than four (4) feet below the natural grade elevation, compacted fill may be placed to cause the depth of soil over the highest point of the bedrock under the desired building foot print to be four (4) feet. In this case, the maximum roof height of thirty six (36) feet shall be measured from the top of the above allowed fill. The above noted fill, when necessary, shall be blended out to the existing natural grade or may be terminated with retaining walls. If retaining walls are used, they shall be screened by landscaping.

b. The maximum roof height shall exclude the chimney as described in paragraph 5 below.

4. MINIMUM ROOF OVERHANG. The minimum roof overhang shall be 30" on the run of the rafters and 15" on the gable ends. Longer roof overhangs are encouraged.

5. MAXIMUM CHIMNEY HEIGHT. The maximum chimney height shall be no higher than the minimum height required by applicable local building code plus Two (2') feet.

6. ROOF PITCH. The minimum roof pitch shall be 4"/12" (4" vertical rise in 12" horizontal run). The maximum roof pitch shall be 6"/12" (6" vertical rise in 12" horizontal run).

7. NUMBER OF GARAGE SPACES AND SHOP AREAS. The minimum garage size shall be an exterior building dimension of 22' x 24'. The maximum garage size shall be 24' x

66' or equivalent in square footage. On Residences with garages attached to the Residence, a maximum of 40' of garage/shop frontage may have garage door openings directly facing "Vista San Juan Drive" or "Capricho Circle".

8. EXTERIOR WALL MATERIALS. Exterior wall materials may consist of wood siding, log siding, vinyl siding, rock, masonry, plaster and/or a compatible combination of the allowed materials. Exterior wall materials may not include metal siding. Exterior wall colors shall be muted natural earth tones, which shall specifically exclude black, reds, blues, pinks, purples, mauves, chartreuses and lavenders.

9. ROOF MATERIALS. Roof materials may include most materials which are used in mountain and snow areas. Specifically prohibited materials include asphalt shingles, composition shingles, composition sheet shingles, Spanish or Mediterranean tile, wood shake shingles and wood shingles. (The latter two materials due to fire hazard.)

10. ROOF COLORS. Roof colors shall be soft natural muted earth tones to blend with the natural color of the environment (i.e., greens, gray greens and browns).

11. CHIMNEY MATERIALS. Chimneys may be constructed of rock, brick, masonry, plaster, wood siding or architectural metal. The color of the selected chimney material shall be compatible with the design and building color.

12. SKYLIGHT COLORS. Clear or smoke colors.

13. FLASHING, VENTS AND SHEET METAL COLOR. Shall match roof color or adjacent structure component.

14. VENT DESIGN. All mechanical equipment, plumbing and other roof vents shall be located on the rear area of the roof behind the roof ridge line.

15. ANTENNAS. No broadcast radio, ham radio, satellite dish, TV or other antennas of any kind may be installed on the exterior of the structure in a manner which is visible or exposed on the outside of the structure, or anywhere on the Lot, except a single 24" or smaller Direct Satellite TV Antenna which shall be located on the side or rear of the structure.

16. SOLAR PANELS. Solar panels shall be installed on the back of the roof structure and below the ridge line so that they are not visible from the street in front of the house, or installed in racks on the ground in the rear area of the Lot within the designated Building Zone; provided such solar panels are screened from the view of neighboring properties by landscaping which provides effective screening at all times of the year.

17. THROMBE WALLS. Thrombe walls or equivalent passive heat absorbing wall units are acceptable and encouraged, but must be integrated into the architectural design of the residence.
18. WINDOW TYPE, MATERIAL AND COLOR. Per applicable local building code. Style and color to be compatible with the architectural design.
19. DOOR TYPE, MATERIAL AND COLOR. Per applicable local building code. Style and color to be compatible with the architectural design.
20. GARAGE DOOR TYPE, MATERIAL AND COLOR. Per applicable local building code. Style and color to match basic color of the residential structure and to be compatible with the architectural design.
21. FENCE STYLE, MATERIAL AND COLOR AND LOCATION. Fence material shall be compatible with the architectural design of the building structure and the surrounding environment. No solid perimeter fences or walls shall be permitted. All fences shall be set back a minimum of 12" from all property lines, except in the case of adjoining neighbor approval. The maximum height for fences (including the top of the fence post) in front of the house or garage front building line shall be 42". The maximum height for fences from the house or garage building line to the rear property line shall be 5'. The construction of large fenced areas is not recommended as they will affect and diminish the natural condition of the landscape/environment and the view corridors.
22. MAILBOXES. Mailboxes shall be set in community clusters pursuant to the requirements of the U.S. Postal Service and paid for by the respective Owner.
23. HOUSE ADDRESS NUMBERS. All house address numbers shall be styled to be compatible with the residential architecture.
24. EXTERIOR BASE COLORS. All exterior colors including roof, siding, wall plaster, doors and trim shall be soft muted natural earth tones compatible with the PLRCHS environment.
25. EXTERIOR TRIM COLORS. Exterior trim colors are recommended to be soft muted natural earth tones, however other trim accent colors (done in reasonable taste) will be considered for approval.
26. LOCATION OF GAS AND ELECTRIC METERS. All gas and electric meters shall be installed on the side of the house or garage and shall be screened from the View of Neighboring Properties by landscaping.

27. TRASH ENCLOSURES. All trash containers shall be stored in a trash enclosure at all times except for the day required for collection. All trash enclosures shall be made of masonry and/or wood, fully screening the trash containers, and shall include a closeable door with a working latch or bolt. Trash enclosure doors are to be kept in a closed and latched position. Trash enclosures shall be screened by the use of landscaping and are allowed to extend beyond Building Zone a maximum of 4' for each respective Lot.

28. MECHANICAL EQUIPMENT. Any heating, ventilation and air conditioning equipment requiring outside installation shall be located near the side or rear of the house and may extend beyond the Building Zone by five (5) feet. Such equipment must be screened from the View of Neighboring Properties by landscaping.

29. APPURTENANT STRUCTURES. All Appurtenant structures require approval by the Committee.

a. Appurtenant structures such as raised deck, patios and balconies must be constructed within the designated Building Zone. Patios, sidewalks, driveways and parking areas to be constructed at a natural or finished dirt grade may extend beyond the Building Zone. Raised landscape planters outside the Building Zone are permitted.

b. A gazebo may be constructed outside the designated Building Zone provided it will not obstruct the views of the San Juan Mountains from neighboring Lots. The maximum outside allowable dimension is 12' X 12' and the height shall not exceed 11'. Construction of gazebos is prohibited on the side of the Lot with a 35' sideyard setback, areas of the Lot within 100' of the rear property line, and in the front yard area of the Lot.

c. Tennis courts and swimming pools are prohibited.

d. "Jacuzzi" or "hot tubs" may be constructed within a gazebo, or elsewhere within a View Corridor provided the Jacuzzi deck structure does not exceed four (4) feet above natural grade.

e. Driveways shall be paved with asphalt or concrete.

f. Sidewalks shall be paved with concrete or masonry products.

B. LANDSCAPE DESIGN

1. LANDSCAPE DESIGN APPROVAL. Each Owner must submit for approval by the Committee, a Landscape Design Plan which specifies the species of plants, shrubs, trees, quantity and their size, along with a landscape irrigation design plan.

2. MINIMUM LANDSCAPE LOT COVERAGE. The minimum area for landscape coverage shall be 12,000 square feet. The yard area made up of the distance between the front street and the front building line of the residence extending the full width of the residence plus twenty (20) feet beyond each side must be improved with landscaping. Additional landscaping locations to make up the total minimum area for landscape coverage may be selected by each property Owner.

3. MAXIMUM LANDSCAPE HEIGHT. With the exception of existing trees on the Property, no tree or other landscape element shall exceed the maximum allowable height of the building improvements on any Lot. Additionally, no tree or other landscape element shall exceed twenty-four (24) feet in maintained height if planted in the View Corridor as depicted on Exhibit "B" attached hereto, or be planted or maintained in such a manner or quantity as to seriously screen the views of other Lots through such View Corridor.

4. PROHIBITED LANDSCAPING. No noxious or toxic vegetation may be planted or maintained on any Lot. The Committee shall have the authority to approve or disapprove all planting specimens and shall have the authority to require Owner to remove such plantings or trees determined by the Committee to be a problem or inappropriate to the landscape development of the Lot.

5. LANDSCAPE IRRIGATION. Each property Owner shall be required to install and maintain an underground landscape irrigation system with automatic timed clock control for irrigation of Owner's planted landscape. Each landscape plan submitted to the Committee shall also include a landscape irrigation design.

6. FINISH GRADING AND RE-SEEDING. Each Owner upon completion of any construction disturbing the existing natural grade and or damaging native grasses outside of the "Finished Landscaped Areas" shown on the Project Building Plans, shall be responsible to restore such grade to its original condition/elevation or Committee approved grading design and shall also re-seed the damaged area with an approved seed mixture, and cover with straw for moisture retention and seed protection. Any re-seeding shall be done March through May, or October through November to take advantage of natural moisture conditions in re-establishing the natural grasses.

ARTICLE VI CONSTRUCTION AND ALTERATION OF IMPROVEMENTS

SECTION 6.01 CONSTRUCTION AND ALTERATION OF IMPROVEMENTS

A. APPLICATION FOR APPROVAL OF IMPROVEMENTS. Each Owner, except the Declarant and its designated agents, proposing to perform any work which requires the prior approval of the Committee as described in this Declaration, shall apply to the Committee for approval of the proposed work. The Committee will provide an application form upon request by the Owner. Duplicate copies of said application shall be delivered to the Committee, together with two full sets of plans and specifications, and such other reasonable information as the Committee may require in order to complete its review, including the following:

1. A site plan of the Lot drawn to a minimum scale of 1" = 20', showing the location of all existing and proposed Improvements and existing trees with a trunk diameter of six inches (6") or more when measured 3' above the natural grade. Native "Scrub Oak" is not required to be shown on the Site Plan.
2. Floor plans for the proposed Improvements, drawn to 1/4" scale (1/4" = 1'). Such plans shall be accurate and complete in construction detail, fully describing the residential structure, its finishes and building materials and the improvements to be built.
3. Scale drawings showing all exterior building elevations.
4. A description / identification (manufacturer, color, name, and number) of all exterior materials to be used together with color samples on 8 1/2" X 11" boards of such materials.
5. Building/Improvement specifications.
6. The Owner's proposed construction schedule.

The improvement plans submitted to the Architectural Committee shall meet all applicable local government building and zoning codes and include full construction details sufficient to obtain a building permit from The Town of Pagosa Springs, whether or not such permit is required for the improvement.

B. BASIS FOR APPROVAL OF IMPROVEMENTS. The Committee shall grant the requested approval subject to the following conditions:

1. The Owner has fully complied with the submittal requirements set forth in Paragraph 'A' above; and
2. The Committee determines that: (a) the Improvement conforms to the terms purposes and intent of this Declaration and the Architectural Committee Rules adopted under

Section 3.04 which are in effect at the time such plans are submitted; and (b) the Improvement otherwise is of a quality of design, materials and color compatible with other Improvements within PLRCHS and with the natural topography of the Lot and Building Zone, considering, view corridors and all other criteria which are to be evaluated in making such determination.

C. FORM OF APPROVAL. Approval by the Committee shall not be construed as an approval, verification or determination of compliance by the Committee regarding the structural integrity or engineering of the proposed structure or the compliance of the proposed plans with applicable provisions of the zoning ordinances of the Town of Pagosa Springs or the terms and provisions of any applicable building code.

D. PROCEEDING WITH WORK. Upon receipt of approval from the Committee pursuant to Paragraph C above, the Owner shall satisfy, as soon as reasonably practicable, all conditions thereof. Approval by the Committee shall be a prerequisite to application for a building permit from the Town of Pagosa Springs. After obtaining all required public permits, Owner shall commence the work and diligently pursue and complete all construction, reconstruction, refinishing, alterations and excavations pursuant to said approval. If said commencement is not started within one hundred eighty (180) days from the date of such approval, said approval shall be deemed revoked unless the Committee, upon written request of the Owner made prior to the expiration of said 180 day period, extends the time for such commencement. An extension may be granted upon a finding by the Committee that there are unique circumstances affecting the Owner and that it would be reasonable to grant an extension for completion of the work.

E. FAILURE TO COMPLETE WORK. The Owner shall faithfully and diligently pursue and complete the construction, reconstruction, refinishing, or alteration of any approved Improvement after commencing construction, except for delays owing to strikes, fires, national emergencies, natural disasters or other supervening forces of God or nature beyond the control of the Owner or his agents. If Owner fails to comply with this Paragraph E, the Committee may proceed in accordance with the provisions of Paragraph F below as though the failure to complete the Improvement were a noncompliance with approved plans.

F. INSPECTION OF WORK AND CORRECTION OF WORK. Inspection of work and correction of defects or changes to the Building Improvement not authorized by the Architectural Committee shall proceed as follows:

1. Upon the completion of any construction or reconstruction or the alteration or refinishing of the exterior of any Improvement, or upon the completion of any other work for

which approved plans are required under this Article, the Owner shall give written notice of such completion to the Committee.

2. Within thirty (30) days thereafter the Committee, or its duly authorized representative, may inspect such Improvement to determine whether it was constructed, reconstructed, altered or refinished in substantial compliance with the approved plans. If the Committee finds that such construction, reconstruction, alteration or refinishing was not done in substantial compliance with the approved plans, it shall notify the Owner in writing of such noncompliance within such thirty (30) day period, specifying particulars of noncompliance, and shall require the Owner to remedy such non-compliance.

3. If upon the expiration of thirty (30) days from the date of such notification of noncompliance the Owner shall have failed to start to remedy such noncompliance, the Committee shall notify the Owner in writing of such failure (hereinafter the "failure to correct notice"). The Committee shall then set a date on which a hearing with the Owner before the Committee, or its agent, shall be held regarding the alleged noncompliance. The hearing date shall be not more than thirty (30) days nor less than fifteen (15) days after the failure to correct notice is given by the Committee. Notice of the hearing date shall be given to the Owner at least ten days in advance thereof by the Committee and, by the decision of the Committee, to any other interested party.

4. At the hearing the Owner, and by the Committee's decision, any other Owner or agent may present information relevant to the question of the alleged noncompliance. After considering all such information, the Committee shall determine whether there is noncompliance and, if so, the nature thereof and the estimated cost of correcting or removing the same. If noncompliance exists, the Committee shall require the Owner to remedy or remove the same at the Owners expense, within a period not to exceed forty-five (45) days from the date of the Committee ruling. If the Owner does not comply with the Committee ruling within such period, or within an extension of such period as the Committee, in its discretion, may grant, the Committee, at its option, may either remove the non-complying Improvement or remedy the noncompliance and the Owner shall reimburse the Committee for all expenses incurred in connection therewith, including reasonable attorneys fees incurred by Committee, within thirty (30) days of the receipt of the Committee invoice.

5. If for any reason the Committee fails to notify the Owner of any noncompliance within sixty (60) days after receipt of the Owner's notice of completion of work, the Improvement shall be deemed acceptable.

ARTICLE VII

MISCELLANEOUS PROVISIONS

SECTION 7.01 AMENDMENT

A. AMENDMENT OR REPEAL. Except as otherwise provided, this Declaration may be amended or repealed at any time by complying with any one of the following requirements:

1. During the period in which Declarant owns more than 50% of the Lots, Declarant shall have the exclusive right to amend or repeal any or all portions of the Declaration.

2. Thereafter, this Declaration may be amended only upon the affirmative vote or written consent of two-thirds (2/3) of the Owners of residential Lots.

3. Amendments which have secured approval shall be evidenced by the recording of a written instrument setting forth the full text of any such amendment, together with the notarized verification by the Chairman of the Committee verifying that the amendment or amendments have received the required approval by the Declarant or the Owners, as the case may be.

SECTION 7.02 ENFORCEMENT AND NON-WAIVER

A. RIGHT OF ENFORCEMENT. Except as otherwise provided herein, Declarant, any Owner or combination of Owners shall have the right to enforce any and all of the covenants, conditions and restrictions now or hereafter imposed by the Declaration upon the Owner or Owners, and upon any Lot. In the event Declarant or any Owner or Owners are successful in any court proceeding to enforce such covenants, conditions and restrictions, the costs and expenses of such proceeding, including reasonable attorneys' fees, shall be recoverable by such parties in such amounts as may be approved by the Court.

B. VIOLATIONS AND NUISANCE. Every act or omission which violates, in whole or in part, a covenant, condition or restriction of this Declaration is hereby declared to be a nuisance and may be enjoined or abated, through a court proceeding, whether or not the relief sought is for negative or affirmative action, by Declarant or any Owner or combination of Owners.

C. RIGHT OF ENTRY. Upon complaint from a member of the Committee or an Owner of any Lot, and upon 48 hours' prior written notice to Owner, Declarant or any member of the Committee shall have the right to enter upon and inspect any site, Lot, or parcel and the exterior of any building or other improvements during the daylight hours of any day of the week except Sunday,

for the purpose of confirming whether the provisions of this Declaration have been or are being complied with. Such persons shall not be deemed guilty of trespass by reason of such entry.

D. VIOLATION OF LAW. Any violation of any state, municipal or local law, ordinance or regulation pertaining to the ownership, occupation or use of any property within PLRCHS is hereby declared to be a violation of this Declaration and subject to any or all of the enforcement procedures herein set forth.

D. REMEDIES CUMULATIVE. Each remedy provided by this Declaration is cumulative and not exclusive.

E. NON-WAIVER. The failure to enforce the terms or provisions of any covenant, condition or restriction contained within this Declaration shall not constitute a waiver of any right to subsequently enforce any such provision or to enforce any other provisions of said Declaration.

SECTION 7.03 OBLIGATIONS OF OWNERS

An Owner may not avoid the burdens or obligations imposed on him by this Declaration through non-use or abandonment of his Lot. Upon the conveyance, sale, assignment or other transfer of a Lot to a new Owner, the transferring Owner shall remain liable for any obligations owing to the Committee with respect to work completed or to be completed to bring the Improvements into compliance with the requirements of this Declaration, or with respect to costs or expenses, inclusive of attorneys' fees, incurred by the Committee to enforce the terms and conditions of this Declaration.

SECTION 7.04 DELIVERY OF NOTICE AND DOCUMENTS

Any notice or other document relating to or required by this Declaration may be delivered either personally, by U.S. Certified Mail, return receipt requested, or by recognized courier service providing for signed document receipt. Notice delivered by U.S. Certified Mail shall be effective upon the date of receipt or, if delivery is refused by the addressee, upon the date of such refusal. Notice delivered personally or by courier shall be effective upon the date of actual delivery as noted by the Committee Member or other Owner making personal delivery, or as reflected by the courier delivery records.

SECTION 7.05 CONSTRUCTION, SEVERABILITY, SINGULAR, PLURAL AND TITLES

A. DECLARATIONS CONSTRUED TOGETHER. All of the covenants, conditions and restrictions contained within this Declaration shall be liberally construed together to promote and effectuate the fundamental concepts of PLRCHS as set forth in the Preamble and Articles of this Declaration.

B. PROVISIONS SEVERABLE. Notwithstanding the provisions of Paragraph A above, the covenants, conditions and restrictions within this Declaration shall be deemed independent and severable, and the invalidity or unenforceability of any provision or portion thereof, in whole or in part, shall not affect the validity or enforceability of any other provision.

C. SINGULAR INCLUDES PLURAL. The singular shall include the plural and the plural the singular unless the context otherwise requires. The masculine, feminine or neuter shall each include the masculine, feminine and neuter, as the context requires.

D. CAPTIONS. All captions or titles used within this Declaration are intended solely for convenience of reference and shall not modify or otherwise affect that which is set forth in any of the terms or provisions hereof.

IN WITNESS WHEREOF, Declarant has executed this Declaration of Covenants, Conditions and Restrictions for Pagosa Lakes Ranch Homes this 12th day of August, 1996.

PAGOSA LAKES RANCH, INC., a Colorado corporation

Attest:

W.T. Grant
W.T. Grant, CEO

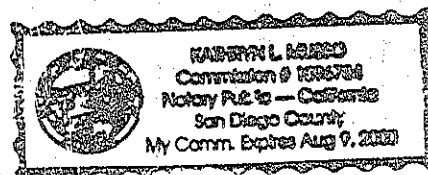
STATE OF California)
COUNTY OF San Diego)

The foregoing Declaration of Covenants, Conditions and Restrictions for Pagosa Lakes Ranch Homes was executed and acknowledged before me this 12th day of August, 1996, by W. T. Grant, as Chief Executive Officer, and attested by Mary Ellen Grant as Secretary of Pagosa Lakes Ranch, Inc., a Colorado corporation.

Witness my hand and official seal.

My commission expires: August 9, 2000.

Deborah L. Musso
Notary Public



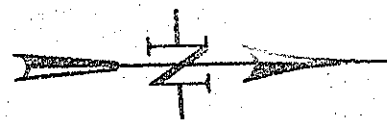
Pagosa Lakes Ranch Custom Homes Subdivision CC&R's

Rec # 1996005961

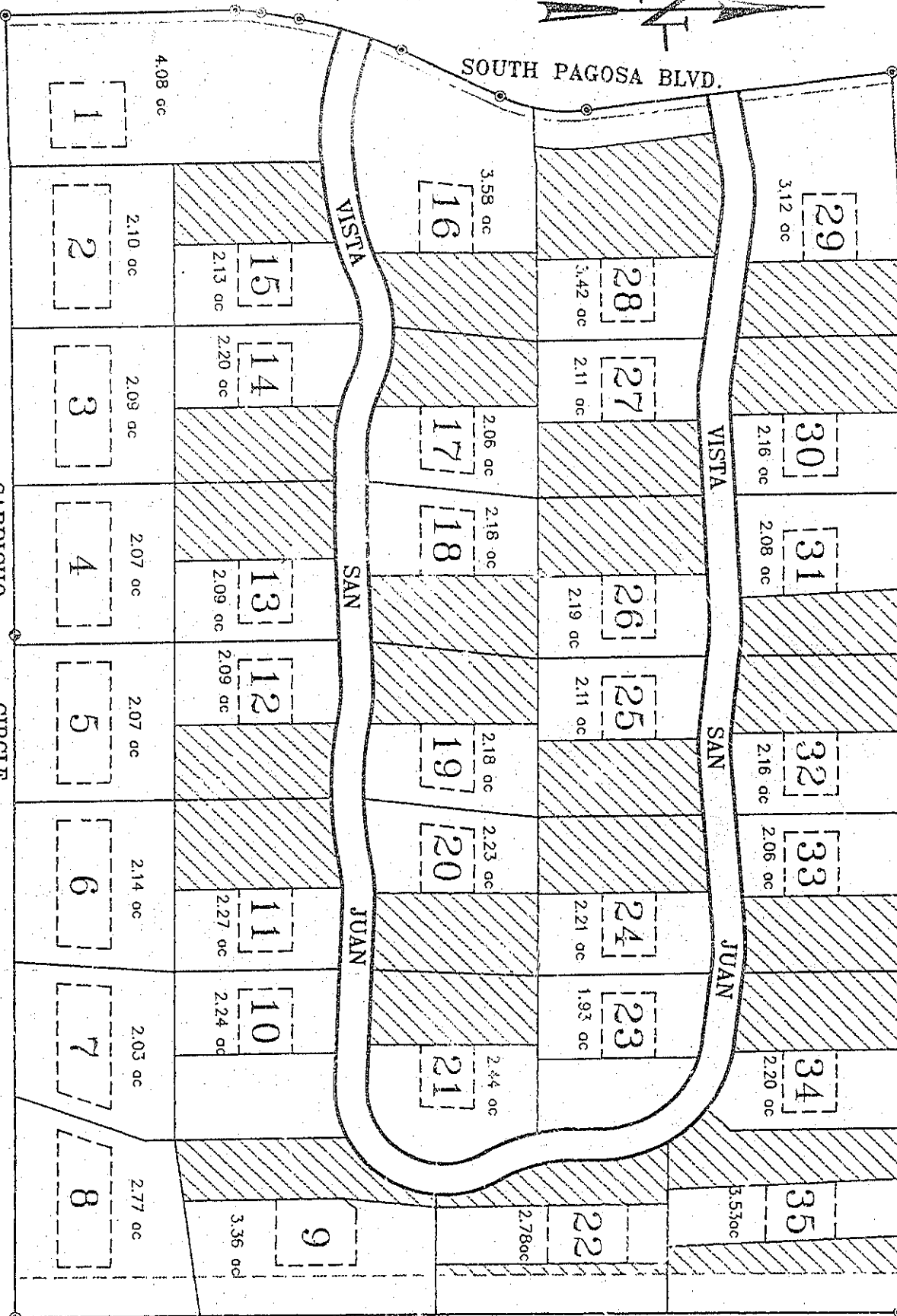
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SOUTH PAGOSA BLVD.



VIEW CORRIDOR

CAPRICHO

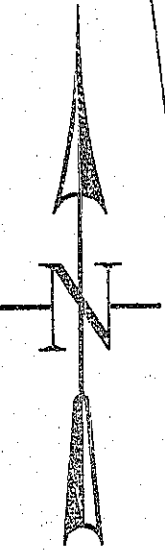
CIRCLE

EXHIBIT "B"

PAGOSA LAKES RANCH
- CUSTOM HOME SUBDIVISION -
PAGOSA LAKES RANCH, Inc.

ERNEST G. GALE & ASSOCIATES, INC.
CONSULTING ENGINEERS & ARCHITECTS
111 WEST CENTRAL AVENUE, SUITE 214
ALBUQUERQUE, NEW MEXICO 87102 (505) 944-3350





South Pagosa Blvd

South Pagosa Blvd

Capricho Circle

SCALE: 1" = 200'

JEROME GAMMA & ASSOCIATES, INC.
CONSULTING ENGINEERS & LAND SURVEYORS
POST OFFICE BOX 1450
113 NORTH STREET - SUITE 214
OLDMODO SPRINGS, COLORADO 81602 (303) 945-2550



PAGOSA LAKES RANCH
- CUSTOM HOME SUBDIVISION -
PAGOSA LAKES RANCH, Inc.

PAGE 26A

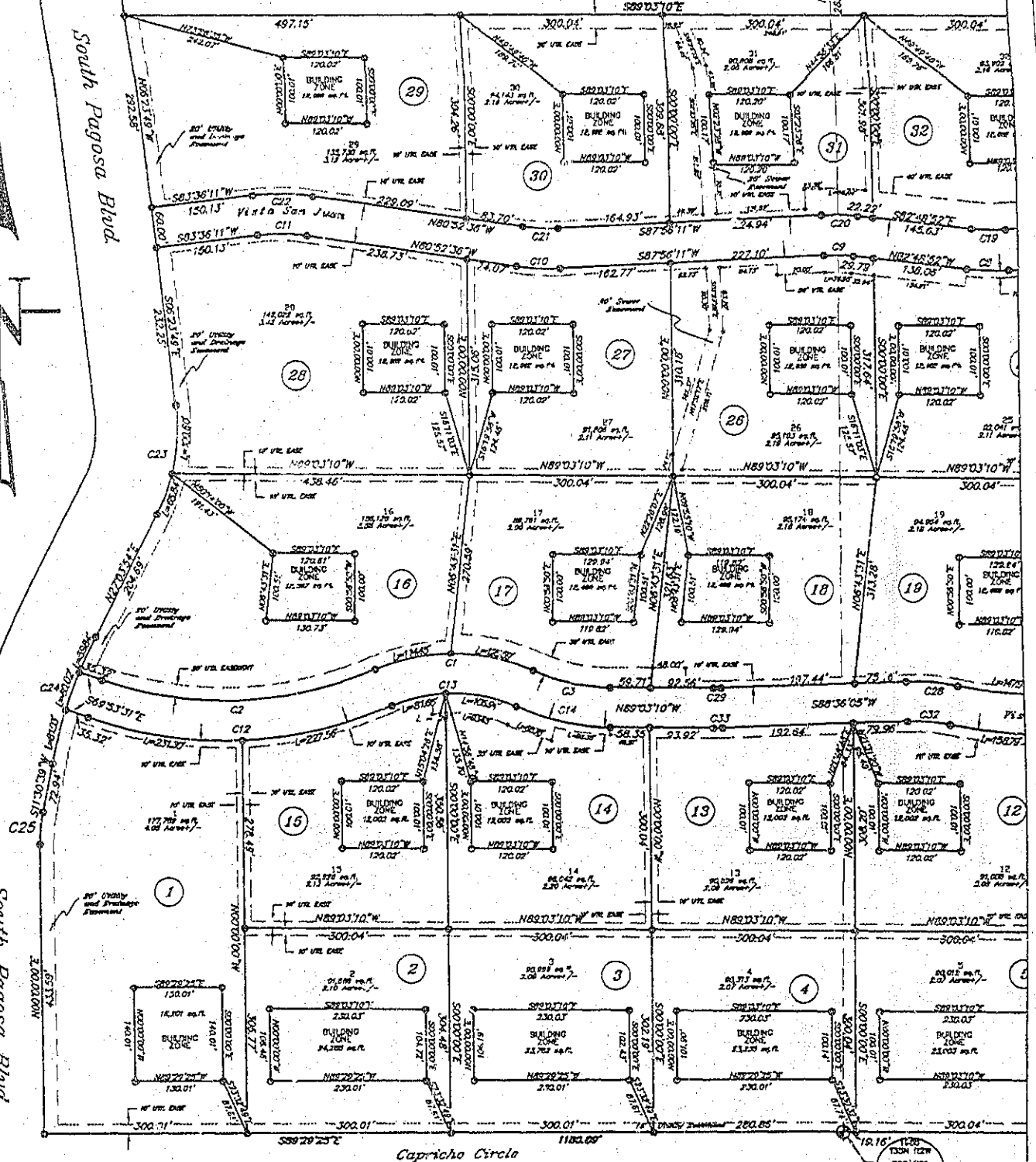
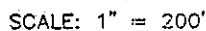


EXHIBIT "A"

SHEET 2 OF 3



PAGOSA LAKES RANCH, Inc. PAGE 26B

CURVE TABLE

CURVE	RADIUS	LENGTH	TANGENT	CHORD	BEARING	DELTA
C1	280.00'	240.04'	127.96'	232.76'	N88°47'18"W	49°07'10"
C2	545.00'	413.36'	217.19'	403.52'	N88°22'48"E	43°27'22"
C3	270.00'	116.98'	59.42'	116.07'	S76°38'27"E	24°49'27"
C4	145.00'	311.64'	267.85'	255.03'	N31°40'46"E	123°08'33"
C5	330.00'	177.62'	91.02'	175.48'	S14°28'20"E	30°50'20"
C6	195.00'	282.24'	172.30'	258.24'	N40°31'00"W	82°55'40"
C7	270.00'	54.63'	27.41'	54.54'	N87°46'37"W	11°35'34"
C8	330.00'	61.97'	31.08'	61.88'	S88°11'38"E	10°45'32"
C9	270.00'	43.59'	21.84'	43.54'	N87°26'20"W	09°14'58"
C10	330.00'	64.43'	32.32'	64.33'	S86°28'12"E	11°11'14"
C11	270.00'	73.14'	36.79'	72.91'	N88°38'12"W	15°31'13"
C12	605.00'	458.86'	241.10'	447.94'	N88°22'48"E	43°27'22"
C13	220.00'	188.60'	100.54'	182.88'	N88°47'18"W	49°07'10"
C14	330.00'	142.98'	72.63'	141.86'	S76°38'27"E	24°49'27"
C15	205.00'	440.59'	378.69'	360.56'	N31°40'46"E	123°08'33"
C16	270.00'	145.33'	74.47'	143.58'	S14°28'20"E	30°50'20"
C17	255.00'	369.08'	225.32'	337.70'	N40°31'00"W	82°55'40"
C18	330.00'	66.77'	33.50'	66.66'	N87°46'37"W	11°35'34"
C19	270.00'	50.70'	25.43'	50.63'	S88°11'38"E	10°45'32"
C20	330.00'	53.27'	26.69'	53.21'	N87°26'20"W	09°14'58"
C21	270.00'	52.72'	26.44'	52.63'	S86°28'12"E	11°11'14"
C22	330.00'	89.39'	44.97'	89.12'	N88°38'12"W	15°31'13"
C23	285.00'	166.45'	85.67'	164.09'	N10°20'02"E	33°27'43"
C24	740.00'	200.89'	101.07'	200.27'	S19°17'16"W	15°33'15"
C25	240.00'	48.22'	24.19'	48.14'	S05°45'20"W	11°30'39"
C26	330.00'	80.78'	40.59'	80.58'	S86°14'17"W	14°01'30"
C27	670.00'	265.42'	134.47'	263.69'	S89°25'32"E	22°41'52"
C28	330.00'	76.73'	38.54'	76.56'	N84°44'15"W	13°19'19"
C29	270.00'	11.05'	5.53'	11.05'	N89°46'27"E	02°20'45"
C30	270.00'	66.09'	33.21'	65.93'	S86°14'17"W	14°01'30"
C31	730.00'	289.19'	146.52'	287.30'	S89°25'32"E	22°41'52"
C32	270.00'	62.78'	31.53'	62.64'	N84°44'15"W	13°19'19"
C33	330.00'	13.51'	6.76'	13.51'	N89°46'27"E	02°20'45"

LEGEND



SECTION MONUMENT
Found Monuments As Noted On Plat



PROPERTY CORNERS
Set #5 rebar & 1-1/2" aluminum cap P.E.L.S. 5933



BUILDING ENVELOPE CORNER
Set #5 rebar & 1-1/2" aluminum cap P.E.L.S. 5933

Rec # 1996005961

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Archuleta County, CO

June Madrid, Recorder

JEROME GAMMA & ASSOCIATES, INC.
CONSULTING ENGINEERS & LAND SURVEYORS
POST OFFICE BOX 1458
113 NORTH STREET - SUITE 214
OLDENWOOD SPRING, COLORADO 81602 (303) 946-2540



PAGOSA LAKES RANCH
- CUSTOM HOME SUBDIVISION -

PAGOSA LAKES RANCH, Inc. PAGE 26C

"EXHIBIT C"

**PAGOSA LAKES RANCH CUSTOM HOME SUBDIVISION
ARCHITECTURAL COMMITTEE RULES**

In accordance with Section 3.04 of the Declaration of Covenants, Conditions and Restrictions for Pagosa Lakes Ranch Custom Home Subdivision dated 8/12/96, the Architectural Committee hereby establishes the initial rules of the Committee as follows:

SECTION 1.00 ORGANIZATION

SECTION 1.10 Meeting Requirements. The Committee shall meet within two weeks from the date of receipt of any submittal from an Owner which requires the approval of the Committee. The Committee shall also meet to discuss operational items at the reasonable request of any Committee member.

SECTION 1.20 Alternate Members. In the event a meeting is called for any reason and one or more of the Committee members are unable to attend such meeting, the first available alternate member by assigned position shall attend the meeting in the place of each absent member and shall have full voting rights and all powers and obligations of the absent member during such meeting.

SECTION 1.30 Corresponding Member. At the option of the Committee member in the first position, ("Chairman"), either he or one of the other members shall be designated the "Corresponding Member". Such Corresponding Member shall be responsible for notifying the Committee of the requirement to meet and act upon a submittal by an Owner. Additionally, such Corresponding Member shall be responsible for timely notifying all Owners who have made submittals to the Committee, of the Committee's approval or dis-approval of the submittal. The Committee Chairman may designate, from time to time, a different member to act as the Corresponding Member.

SECTION 2.00 REVIEW GUIDELINES

SECTION 2.10 Complete Submittal Package. Prior to the convening of the Committee, the Corresponding Member shall be responsible for reviewing the submitted material to determine if the submittal is complete, and sufficient information is available for the Committee to make an informed decision. In the event sufficient information is not submitted by the Owner, the Corresponding Member shall contact the Owner, advising him of the insufficient submittal,

requesting additional information, and advising the Owner that the time period for the Committee's review shall not commence until all requested information is received by the Committee.

SECTION 2.20 Independent Review. The submittal information from each Owner in complete form shall be made available to the other Committee members by the Corresponding Member for each of the other members to review prior to the Committee meeting.

SECTION 2.30 Member Voting. A minimum of three members and/or alternates shall be required to review a submittal. In the event one or more members are not available for a Committee meeting, the vacancies shall be filled in accordance with SECTION 1.20 above. The Committee's decision of approval or dis-approval shall require a majority (two) vote.

SECTION 3.00 APPROVALS AND DIS-APPROVALS

SECTION 3.10 Approvals and Dis-approvals based on CC&R requirements. The majority of all plans and specifications for initial building improvements, additions and modifications shall be assessed based on specific criteria in the CC&R's. When possible, the Committee should approve or dis-approve an Owner's application based on strict adherence to the CC&R's.

SECTION 3.20 Discretionary Approvals and Dis-approvals. In some cases a discretionary approval or dis-approval may be required. (This type of requirement being due to the unique conditions of a individual site, elements contained in the Owner's design, or due to items left to the discretion of the Committee per provisions of the CC&R's). In such case, the Committee shall make such approval or dis-approval from a basis of protecting the interests of the majority of the Owners. In the event the Committee approves or dis-approves an Owner's request, such decision shall not bind the Committee to make the same decision at a later time for a similar set of criteria. The Committee shall have the right to treat each approval or dis-approval on a case by case basis.

SECTION 4.00 RECORD KEEPING

SECTION 4.10 Committee Minutes. The Corresponding Member shall be responsible for keeping the minutes of each Committee meeting.

SECTION 4.20 Record Storage. The Corresponding Member shall keep both the Committee meeting minutes, the submittal information and the Committee response neatly filed in the principal office of Pagosa Lakes Ranch, Inc., or other location as may be designated from time to time by the Committee Chairman.

SECTION 4.30 Record Storage Duration. The Corresponding Member shall keep all required records for a minimum period of ten (10) years.

SECTION 5.00 AMENDMENTS

SECTION 5.01 Amendments to the Architectural Committee Rules.

In accordance with Section 3.04 of the Declaration of Covenants, Conditions and Restrictions for Pagosa Lakes Ranch Custom Home Subdivision dated 8/12/96, the rules may be amended at any time by an unanimous vote of the Committee.

The final plat of the Pagosa Lakes Ranch Custom Home Subdivision was recorded with the Archuleta County Clerk on August 15, 1996 at Reception No. 1996005960

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1 of 6 R 31.00 D 0.00 N 0.00 ARCHULETA COUNTY

6

PAGOSA SPRINGS, COLORADO
Highway 160 & Talisman
L/C: 005-0419

Prepared by: William Blanco, Esq.
After recording, return to: Marjorie A. Mroczek
Legal Department - Real Estate Practice Group
McDONALD'S CORPORATION
711 Jorie Boulevard
Oak Brook, Illinois 60523

RESTRICTIVE COVENANT

Under a contract dated June 25, 1998, **PAGOSA LAKES RANCH, INC.**, a Colorado corporation ("Grantor") agreed to convey to the nominee of **McDONALD'S CORPORATION**, a Delaware corporation, which nominee is **SYSTEM CAPITAL REAL PROPERTY CORPORATION**, a Delaware corporation ("Grantee"), a parcel of real estate described on Exhibit A attached.

One of the terms of that contract required the Grantor to record a Restrictive Covenant affecting the use of Grantor's other property.

THEREFORE, in consideration of the terms and conditions contained in that contract, Grantor promises and declares that the property described on Exhibit B, attached, will not be used for restaurant or food service purposes for a period of twenty (20) years from the date of the recording of this document. The term "restaurant" as used in this covenant shall apply to any type of food service establishment which serves any amount of any of the following products: Hamburgers or any other type of beef products served in sandwich form; or ground meat or meat substitute, or a combination of ground meat and meat substitute, any of which are served in sandwich form. Provided that any food service establishment which offers as the primary method of service, for all meal times, food and drink orders taken by and served by a waiter or waitress at the customer's table is excluded from the term "restaurant".

In addition, and not by way of example, the following restaurants operating under the listed trade names, or operation under any successor trade names, are prohibited within the areas, and for the time period specified in this covenant:

Arby's
Big Boy
Burger Chef
Burger King
Carl's Jr.
Fuddrucker's

Hardee's
In and Out Burgers
Jack in the Box
Rally's
Wendy's

This restriction runs with the land described on Exhibits A and B and shall inure to the benefit of the Grantee and be binding upon the Grantor and the Grantor's successors and assigns.

Grantor has executed this Restrictive Covenant, this 2ND day of September, 19 98.

GRANTOR:

By: [Signature]
Its: PRESIDENT



A 122908-0

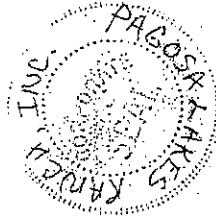
131-
[Signature]
MARJORIE A. MROCEK
L:\LEGAL\WEST\DENVER\05-0419\ESCROW.DOC
McDonald's Corporation
711 Jorie Blvd.
Oak Brook, IL 60523





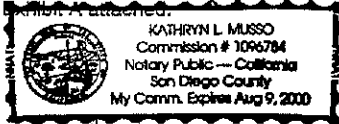
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2 of 6 R 31.00 D 0.00 N 0.00 ARCHULETA COUNTY

STATE OF CA
COUNTY OF San Diego



AFFIDAVIT OF OWNERSHIP
(By Officer or Partner)

The undersigned, being first duly sworn on oath, deposes and states that the undersigned is an officer or partner of the above named Grantor and as such has access to the records of the Grantor and knows of his/her personal knowledge that the Grantor has title to all of the property described on Exhibit B attached and that the Grantor owns no other property within a two (2) mile radius of the property described on Exhibit A attached.



James E. Grant
Affiant

Subscribed and sworn to before me this 2nd day of Sept., 1998

Kathryn L. Musso
Notary Public

My commission expires Aug. 9, 2000

(Please Attach Exhibits A and B)

ACKNOWLEDGMENT CERTIFICATE


STATE OF CA
COUNTY OF San Diego

The foregoing instrument was acknowledged before me on Sept. 2, 1998
by James E. Grant Vice President/Partner and N/A
N/A Secretary, of Pagosa Lakes Ranch, Inc.
behalf of the Corporation/Partnership.

Kathryn L. Musso
Notary Public

My commission expires Aug. 9, 2000




99000744 02/05/1999 11:16A RESCOV
3 of 6 R 31.00 D 0.00 N 0.00 ARCHULETA COUNTY

PAGOSA SPRINGS, COLORADO
Highway 160 & Talisman
U/C: 005-0419
Exhibit A

Legal description of Grantee's Property

Parcel 2B-1, Pagosa Country Center Subdivision, Parcel 2B, as shown on the plat of said subdivision recorded December 17, 1998 as Reception No. 98010543, a resubdivision of Parcel 2B of the Pagosa Country Center Subdivision recorded as Reception No. 97008023.



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4 of 6 R 31.00 D 0.00 N 0.00 ARCHULETA COUNTY

Exhibit "B" (page 1/3)

Legal Descriptions of the Grantors's Property located within a two (2) mile radius of the
Grantee's property

The Grantor owns five separate tracts of land within a two (2) mile radius of the
Grantee's property described as follows:

Tract 1

Lots 2A-1, 2A-2, 2A-4, 2A-5, 2A-6 of the Pagosa Country Center Subdivision recorded
in the office of the Clerk and Recorder of Archuleta County, Colorado on October 8,
1997 as reception No. 97008023

Tract 2

Parcel 2B-2 of the Pagosa Country Center Subdivision, Parcel 2 B recorded in the office
of the Clerk and Recorder of Archuleta County, Colorado on December 17, 1998 as
reception No. 98010543 a resubdivision of parcel 2B of the Pagosa Country Center
Subdivision recorded in the office of the Clerk and Recorder of Archuleta County,
Colorado on October 8, 1997 as reception No. 97008023

Tract 3

Lot 11A Pagosa Alpha more particularly described as S1/2 NW 1/4 SE 1/4 of Section 21,
Township 35 North, Range 2 West, N.M.P.M, Archuleta County, Colorado.

Tract 4

See legal description attached hereto as Exhibit "B" page 2/3

Tract 5

See legal description attached hereto as Exhibit "B" page 3/3

Exhibit "B" (page 2/3)

Legal Descriptions of the Grantors' Property located within a two (2) mile radius of the
Grantee's property

Tract 4

A tract of land in Sections 20 and 21, Township 35 North, Range 2 West, N.M.P.M., more particularly described as follows: all in Archuleta County, Colorado:

BEGINNING at a point which is the SW Corner of Section 21, Township 35 North, Range 2 West, N.M.P.M., whence the W1/4 corner of said section bears North 00° 18' 43" East 2653.81 feet,

Thence from the point of beginning along the northerly right of way of Capricho Court, which is also the section line common to Sections 20 and 29, North 89° 29' 25" West 1180.89 feet, to the point of intersection on the Easterly right of way of South Pagosa Boulevard and the northerly right of way of Capricho Court,

thence the following courses along the easterly right of way line of South Pagosa Boulevard,

North 433.59 feet,

" along the arc of a curve to the right having a radius of 240.00 feet, and a central angle of 11° 30' 39" for a distance of 48.22 feet; the chord of said curve bears North 05° 45' 20 East 48.14 feet;

" North 11° 30' 39" East 72.94 feet,

" along the arc of a curve to the right having a radius of 740.00 feet, and a central angle of 15° 33' 15" for a distance of 200.89 feet; the chord of said curve bears North 19° 17' 17" East 200.27 feet;

" North 27° 03' 54" West 204.69 feet;

" along the arc of a curve to the left having a radius of 285.0 feet, and a central angle of 33° 27' 43" for a distance of 166.45 feet; the chord of said curve bears North 10° 20' 03" East 164.09 feet;

" North 06° 23' 49" West 1,103.14 feet;

" along the arc of a curve to the left having a radius of 160.0 feet, and a central angle of 28° 00' 55" for a distance of 78.23 feet; the chord of said curve bears North 20° 24' 16" West 77.46 feet;

" North 34° 24' 44" West 298.51 feet to a point of intersection of the southerly right of way of U.S. Highway 160 and the easterly right of way of South Pagosa Boulevard;

" leaving the said easterly right of way, along the southerly right of way of U.S. Highway 160 North 56° 18' 37" East 3148.84 feet, to the point of intersection on the southerly right of way of U. S. Highway 160 and the West side of the E1/2W1/2 of Section 21;

" South 00° 23' 56" West 4279.55 feet, to a point on the section line between Sections 21 and 28;

" along the section line between Sections 21 and 28, North 89° 03' 10" West 1299.04 feet to the point of beginning.

Said tract containing 190.74 acres, more or less.

Together with all mineral rights owned by seller.

Together with any water or water rights owned by seller; associated with, serving.

Excepting the Pagosa Lakes Ranch Custom Home Subdivision as per the plat recorded in the office of the Clerk and Recorder of Archuleta County, Colorado on August 15, 1996 as reception No. 1996005960.



Legal Descriptions of the Grantors's Property located within a two (2) mile radius of the
Grantee's property

Tract 5

A tract of land in the SE1/4 of Section 20, Township 35 North, Range 2 West, N.M.P.M.; Southerly of U.S. Highway 160 and Westerly of South Pagosa Boulevard, further described as follows: all in Archuleta County, Colorado:

BEGINNING at a point on the Southerly line of Section 20, Township 35 North, Range 2 West of the New Mexico Principal Meridian, whence the South East corner of Section 20, Township 35 North, Range 2 West, N.M.P.M., bears South 89° 29' 25" East, 1300.89 feet;

Thence from the point of beginning along the Southerly line of Section 20 North 89° 29' 25" West, 582.20 feet;

" leaving the said Southerly line North 00° 56' 16" East, 1495.73 feet;

" South 89° 36' 16" West, 301.05 feet;

" North 00° 37' 16" East, 425.41 feet to a point on the Southerly right-of-line of U.S. Highway 160;

" North 56° 18' 37" East, 637.98 feet along said highway right-of-way,

" leaving the said highway right-of-way South 34° 24' 44" East 235.92 feet;

" East 285.36 feet to a point on the Westerly right-of-way of South Pagosa Blvd.;

" along said right-of-way the following courses:

" South 06° 23' 49" East 1018.37 feet;

" along the arc of a curve to the right having a radius of 165.00 feet, and a central angle of 33° 27' 43" for a distance of 96.36 feet, the chord of said curve bears

" South 10° 20' 03" West for a distance of 95.00 feet;

" South 27° 03' 54" West, 204.69 feet;

" along the arc of a curve to the left having a radius of 860.00 feet, and a central angle of 15° 33' 15" for a distance of 233.47 feet, the chord of said curve bears

" South 19° 17' 17" West for a distance of 232.75 feet;

" South 11° 30' 39" West, 72.94 feet;

" along the arc of a curve to the left having a radius of 360.00 feet, and a central angle of 11° 30' 39" for a distance of 72.32 feet, the chord of said curve bears

" South 05° 45' 20" West, for a distance of 72.20 feet;

" South 432.52 feet to the point of beginning.

Said tract containing 36.45 acres, more or less.

Together with all mineral rights owned by seller.

Together with all water or water rights owned by seller, associated with, serving, or originating on the subject property.

EXCEPTING A tract of land in Section 20, Township 35 North, Range 2 West of the New Mexico Principal Meridian, more particularly described as follows:

Beginning at the Southeast Corner of said Section 20 whence the East Quarter Corner of said Section 20 bears N 00° 18' 43" E; thence N 35° 21' 06" W 2,807.05 feet to the true point of beginning being a point on the southerly right-of-way of U.S. Highway 160; thence S 34° 24' 44" E 296.52 feet; thence S 62° 09' 52" W 508.69 feet; thence S 89° 36' 16" W 250.00 feet; thence N 00° 37' 16" E 130.00 feet to a point on the southerly right-of-way line of U. S. Highway 160; thence along said right-of-way line N 56° 18' 37" E 637.98 feet to the true point of beginning containing 3.8842 acres more or less.

EXCEPTING A tract of land in Section 20, Township 35 North, Range 2 West of the New Mexico Principal Meridian, more particularly described as follows:

Beginning at the Southeast Corner of said Section 20 whence the East Quarter Corner of said Section 20 bears N 00° 18' 43" E 2653.81 feet; thence N 29° 55' 04" W 2416.92 feet to the True Point of Beginning being a point on the westerly right-of-way line of South Pagosa Boulevard; thence S 06° 23' 49" E 581.23 feet along said westerly right-of-way line of South Pagosa Boulevard; thence S 89° 36' 16" W 1018.91 feet; thence N 00° 37' 16" E 295.41 feet; thence N 89° 36' 16" E 250.00 feet; thence N 62° 09' 52" E 508.69 feet; thence N 34° 24' 44" W 60.61 feet; thence S 90° 00' 00" E 285.36 feet to the True Point of Beginning containing 9.7531 acres more or less.

RESTRICTIVE COVENANT, EASEMENTS AND MAINTENANCE AGREEMENT

This Restrictive Covenant, Easements and Maintenance Agreement is executed this 4TH day of DECEMBER, 2001 by Pagosa Lakes Ranch, Inc. ("Declarant" or "Pagosa Lakes Ranch").

RECITALS

- A. Pagosa Lakes Ranch, Inc., Declarant, is the owner of property known as Lot 2A-6, Pagosa Country Center Subdivision, according to the amended plat of Lots 2A-1, 2A-2 and 2A-6, recorded December 8, 2000 as Reception # 20011784, located in Pagosa Springs, Archuleta County, Colorado.
- B. Declarant desires to create certain building restrictions, as well as easement and maintenance obligations, regarding Lot 2A-6.
- C. Declarant intends to sell Lot 2A-6 subject to the restrictions and obligations contained herein.
- D. This agreement shall run with the land and be binding upon the heirs, successors, assigns and future owners of all properties burdened and benefited by this agreement.

I. COVENANT RESTRICTIONS

- A. No building, fence, structure or other improvement shall be placed or constructed upon that portion of Lot 2A-6 lying south of Country Center Boulevard, the legal description of which portion of the Lot is set forth on Exhibit "A" and is also depicted on the map attached hereto as Exhibit "C". That portion of the Lot shall be known as the "No-Build Area."
- B. In addition, the owner of Lot 2A-6 (except for Declarant) shall not construct any building or improvement of any kind within the right of way/ingress and egress easement commonly known as Country Center Boulevard.

II. EASEMENTS, MAINTENANCE and LANDSCAPE AGREEMENT

- A. Declarant hereby reserves unto itself, its successors, assigns, for the benefit of itself and the property in the Pagosa Country Center, a drainage and detention pond easement over the eastern portion of Lot 2A-6, the location of which easement is more particularly described on Exhibit "B" attached hereto, and depicted on the map on Exhibit "C" attached hereto. Further, no building shall be placed upon or constructed on this easement area.
- B. Declarant agrees to provide a landscape buffer, the cost of which landscaping shall not exceed \$10,000.00, along a 10 foot strip on the westerly boundary of the above described detention pond easement, for the purpose of buffering the detention pond from the rest of Lot 2A-6, as depicted on

Rtn CLT

COLORADO LAND TITLE CO.
456 Lewis Street P.O. Box 334
Pagosa Springs, CO 81147
(970) 264-4178

A-129931E

Exhibit "C". Declarant shall provide such landscaping at such time as the development plan on Lot 2A-6 is approved.

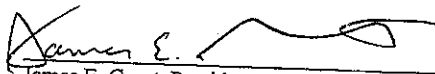
C. Pagosa Lakes Ranch, in addition to the easement reserved herein, shall have a right to enter onto the above described property for any and all necessary maintenance of the detention pond and landscape buffer, which maintenance shall be the responsibility of Pagosa Lakes Ranch, its heirs, successors or assigns.

D. Declarant hereby reserves unto itself, its successors, assigns, for the benefit of itself and all property in the Pagosa Country Center, a pedestrian and vehicular ingress and access easement over the existing road/driveway known as Country Center Blvd., located on a portion of Lot 2A-6, the location of which road/easement is depicted on the map on Exhibit "C" attached hereto, as well as reserving the rights to said access easements described and as set forth in the Use Restriction and Reciprocal Cross Easement Agreement recorded on April 17, 1996 in the real estate records of Archuleta County, Colorado at Reception # 1996002579, or as otherwise set forth on any other plat or document of record.

III. MISCELLANEOUS

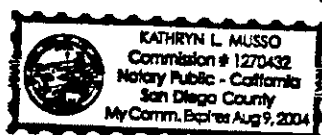
A. In the event of any dispute or enforcement action arising out of this agreement, the prevailing party shall be entitled to its attorney's fees and costs. This agreement shall be binding upon the heirs, successors, and assigns of the parties benefited and burdened by this agreement.

Declarant:
PAGOSA LAKES RANCH, INC.


James E. Grant, President

CA
STATE OF COLORADO)
COUNTY OF San Diego) Ss.

Sworn to and subscribed before me on this 4th day of December, 2001, by James E. Grant,
President of Pagosa Lakes Ranch, Inc.. Witness my hand and seal.
My commission expires: Aug. 9, 2004



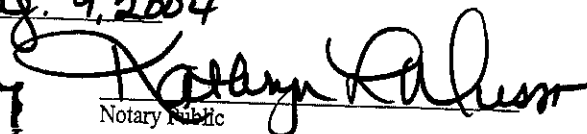
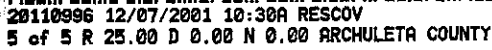

Notary Public

Exhibit "A"

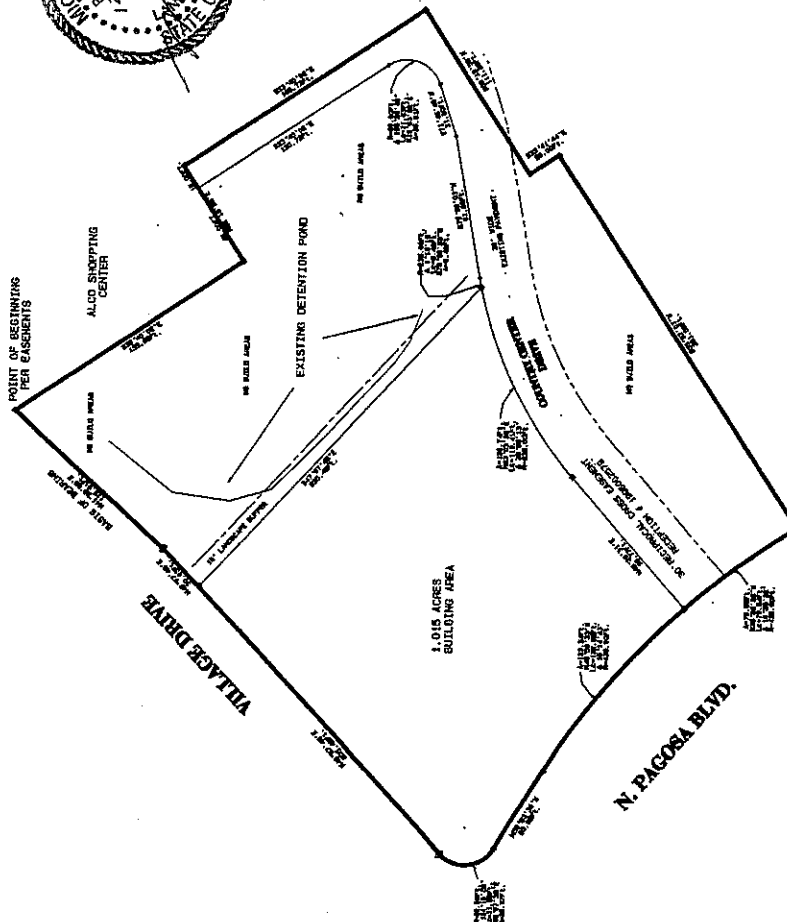
A PARCEL OF LAND DESIGNATED AS A NO BUILD AREA LOCATED IN LOT 2A-6, PAGOSA COUNTRY CENTER SUBDIVISION, ACCORDING TO THE AMENDED PLAT OF LOTS, 2A-1, 2A-2, AND 2A-6, ARCHULETA COUNTY, COLORADO MORE PARTICULARLY DESCRIBED AS FOLLOWS;
BEGINNING AT THE MOST NORTHERLY LOT CORNER OF SAID LOT 2A-6 AND CONSIDERING THE NORTHWESTERLY LOT LINE OF SAID LOT 2A-6 TO BEAR S41 29'50"W WITH ALL BEARINGS CONTAINED HEREIN RELATIVE THERETO;
THENCE S33 40'02"E A DISTANCE OF 155.69 FEET;
THENCE N56 19'58"E A DISTANCE OF 63.00 FEET;
THENCE S33 40'02"E A DISTANCE OF 165.73 FEET;
THENCE S56 19'59"W A DISTANCE OF 111.26 FEET;
THENCE S33 41'44"E A DISTANCE OF 20.00 FEET;
THENCE S55 57'07"W A DISTANCE OF 251.58 FEET TO A POINT ON THE EASTERLY R.O.W. OF NORTH PAGOSA BOULEVARD;
THENCE ALONG SAID EASTERLY R.O.W. ON AN ARC OF A CURVE TO THE LEFT WHOSE CENTRAL ANGLE IS 10 29'28" AND WHOSE RADIUS IS 435.00 FEET AND WHOSE CHORD BEARS N36 28'28"W AND WHOSE CHORD DISTANCE IS 79.54 FEET AN ARC DISTANCE OF 79.65 FEET;
THENCE N48 20'31"E A DISTANCE OF 98.77 FEET;
THENCE ALONG THE ARC OF A CURVE TO THE RIGHT WHOSE CENTRAL ANGLE IS 29 26'13" AND WHOSE RADIUS IS 235.00 FEET AN ARC DISTANCE OF 120.74 FEET;
THENCE N47 07'48"W A DISTANCE OF 235.46 FEET TO A POINT ON THE SOUTHERLY R.O.W. OF VILLAGE DRIVE;
THENCE N46 07'46"E ALONG SAID R.O.W. A DISTANCE OF 30.03 FEET;
THENCE ALONG SAID R.O.W. A DISTANCE OF 115.61 FEET TO THE TRUE POINT OF BEGINNING.

Exhibit "B"

A PARCEL OF LAND DESIGNATED AS A DRAINAGE AND DETENTION AREA LOCATED IN LOT 2A-6, PAGOSA COUNTRY CENTER SUBDIVISION, ACCORDING TO THE AMENDED PLAT OF LOTS, 2A-1, 2A-2, AND 2A-6, ARCHULETA COUNTY, COLORADO MORE PARTICULARLY DESCRIBED AS FOLLOWS;
BEGINNING AT THE MOST NORTHERLY LOT CORNER OF SAID LOT 2A-6 AND CONSIDERING THE NORTHWESTERLY LOT LINE OF SAID LOT 2A-6 TO BEAR S41 29'50"W WITH ALL BEARINGS CONTAINED HEREIN RELATIVE THERETO;
THENCE S33 40'02"E A DISTANCE OF 155.69 FEET;
THENCE N56 19'58"E A DISTANCE OF 48.00 FEET;
THENCE S33 40'02"E A DISTANCE OF 130.72 FEET;
THENCE ALONG THE ARC OF A CURVE TO THE RIGHT WHOSE CENTRAL ANGLE IS 105 26'48" AND WHOSE RADIUS IS 20.00 FEET AN ARC DISTANCE OF 36.81 FEET;
THENCE S71 46'46"W A DISTANCE OF 31.20 FEET;
THENCE S79 06'03"W A DISTANCE OF 81.22 FEET;
THENCE ALONG THE ARC OF A CURVE TO THE LEFT WHOSE CENTRAL ANGLE IS 01 19'18" AND WHOSE RADIUS IS 235.00 FEET AN ARC DISTANCE OF 5.42 FEET;
THENCE N47 07'48"W A DISTANCE OF 235.46 FEET TO A POINT ON THE SOUTHERLY R.O.W. OF VILLAGE DRIVE ;
THENCE ALONG SAID R.O.W. N46 07'46"E A DISTANCE OF 30.03 FEET;
THENCE ALONG SAID R.O.W. N41 29'50"E A DISTANCE OF 115.61 FEET TO THE TRUE POINT OF BEGINNING.



**LOT 2A-6, PACOSA COUNTRY CENTER SUBDIVISION
ACCORDING TO THE AMENDED PLAT OF LOTS, 2A-1, 2A-2, AND 2A-6
ARCHULETA COUNTY, COLORADO**



NO BUILD AREA EASEMENT

[illegible]

DRAINAGE AND DETENTION POND EASEMENT

[illegible]

SURVEYORS CERTIFICATE

FOR AND ON BEHALF OF F R O REYNOLD INC.
THIS IS TO CERTIFY THAT IN THE MONTH OF _____
1961 THIS PLAT AND THE SURVEY IT REPRESENTS WAS PREPARED
AND APPROVED BY ME UNDER MY RESPONSIBLE CHARGE, AND THAT
IT IS IN FULL CONFORMANCE WITH THE MINIMUM STANDARDS OF CARE OF PROFESSIONAL LAND
SURVEYING PRACTICING IN THE STATE OF COLORADO.

I FURTHER CERTIFY THAT THIS MAP IS AN ACCURATE REPRESENTATION
OF SAID BURNET.

A TITLE SEARCH WAS NOT DONE TO DETERMINE OWNERSHIP OF SAID BURNET.

NOTES:

SCHEMATIC SKETCH FOR PLAT.
 NO RIGHTS OF WAY OR EASEMENT INFORMATION HAS SURVEY
 AT HANSEN RESIDENT.
 0 = MET LB 1870 YELLOW CAP ON A 1/2"=10' SCALE.
 0 PLYWOOD 6/8" REMAIN.
 THIS IS NOT AN IMPROVED SURVEY PLAT.
 IMPROVEMENTS ARE NOT LOCATED EXACTLY AS SHOWN

ACCORDING TO CELESTINE, YOU MUST COMMENCE ANY LEGAL ACTION AGAINST ANY PARTY IN THIS CASE WITHIN FIVE DAYS OF THE DATE OF THE RECEIPT OF THIS NOTICE. FAILURE TO DO SO WILL BE DEEMED AN ADMISSION OF GUILT AND YOU WILL BE FORFEITING YOUR RIGHT TO A TRIAL BY JURY.

BUENAVISTA
 MONTANA, CLARK
 P.O. BOX 100
 BUTTE, MONTANA 59701
 406-243-1177

FRD SOUTH
 61 PHOENIX BLVD
 IRVING, TEXAS 75039
 214-635-1100

PRELIMINARY

