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DECLARATION OF PROTECTIVE COVENANTS
OF
CAPSTONE VILLAGE

THIS DECLARATION is executed this 13 ^{November} day of August, 2001 by BLEDSOE & TEEPLE VENTURES, LLC, a Colorado limited liability company, hereafter termed "Declarant."

ARTICLE I

STATEMENT OF PURPOSE OF DECLARATION

Section 1. Ownership of Property. Declarant is the owner of the real property ("Property") situate in Archuleta County, Colorado, described on the attached Exhibit "A". Said property has been subdivided into numbered or lettered parcels identified as Lots and common open spaces. Declarant is about to sell and convey said Lots and before doing so desires to subject them to and impose upon them mutual and beneficial restrictions, covenants, conditions and charges, under a general plan or scheme of improvement for the benefit and compliment of all of the Lots in Capstone Village, and the future owners of all said Lots.

Section 2. Declaration of Covenants. Declarant hereby makes, declares and establishes the following covenants, restrictions and easements ("Declaration") which shall affect the Property. This Declaration of Protective Covenants shall run with the Property and shall be binding upon all persons and entities having any right, title or interest in and to the Property or any Lots, tracts or parts thereof, their heirs, successors and assigns and their tenants, employees, guests and invitees and shall inure to and be for the benefit of each Owner of the Lot within the Property. Additionally, Declarant hereby submits the Property to the provisions of the Colorado Common Interest Ownership Act, Sections 38-33.3-101, et seq., Colorado Revised Statutes, as it may be amended from time to time (the "Act"). In the event the Act is repealed, the Act, on the effective date of this Declaration, shall remain applicable.

Section 3. Statement of Purpose. This Declaration of Protective Covenants is imposed for the benefit of all owners and future owners of Lots, parcels and areas located within the Property and to provide for the preservation of values of the Property and to provide and to preserve the covenants, easements, restrictions, assessments and liens hereafter set forth, all of which are for the benefit of the Property.

ARTICLE 2

DEFINITIONS

Section 1. Defined Terms. The following terms and words shall have the following definitions. Each term not otherwise defined in this Declaration or in the plat or map shall have the meanings specified or used in the Act.

1.1 "Act" shall mean the Colorado Common Interest Ownership Act as set forth at C.R.S. § 38-33.3-01 et seq. as subsequently modified or amended.

1.2. "Association" shall mean the Capstone Village Homeowners Association, a Colorado non-profit corporation, or any successor thereof, charged with the duties and obligations set forth herein.

1.3 "Association Documents" shall mean this Declaration of Protective Covenants, the Articles of Incorporation and Bylaws of the Association, any amendments thereto, and any rules, regulations or policies adopted by the Association.

1.4. "Assessments" shall mean annual, periodic, special or default assessments levied pursuant to this Declaration to provide the funds required to meet the obligations of the Association.

1.5 "Board of Directors" or "Board" shall mean the Board of Directors of the Association duly elected and acting according to the Articles of Incorporation and Bylaws of the Association.

1.6 "Building" shall mean a building or structure, or any similar type of improvement situate and located on a Lot or parcel of land within the Property.

1.7 "Building Envelopes" shall mean the designated building pad for each lot as set forth on the Plat.

1.8 "Common Open Space" shall mean all real property, areas of water, improvements and other facilities, if any, in which the Association owns any interest for the common use and enjoyment of their members, as designated on the recorded Plat, including the private homeowners park. Such interest may include, without limitation, estates in fee, estates for a term of years, leasehold estates, or easements. Each and every Common Open Space may have a restricted use or enjoyment and may be designated for a specific use for such Common Space.

1.9 "Environmental Control Committee" or "ECC" shall mean the standing committee of the Association charged with the enforcement of all building, land use, and related covenants within the Capstone Village Subdivision.

1.10 "Family Residence" shall mean the residence on any Lot designed for occupancy by the owner of the Lot.

1.11 "Garage" shall mean an accessory building or an accessory portion of a residence designed for the storage of one or more motor vehicles and any incidental use associated therewith.

1.12 "Improvement" shall mean all buildings, structures, parking areas, fences, walls, hedges, plantings, poles, driveways, docks, walkways, recreational facilities, signs, decks,

enclosures, change in exterior color or shape, excavation, and all other site work including without limitation grading, road construction, utility improvements, removal of trees or plantings, and any new exterior construction or exterior improvement constructed or completed on the Property.

1.13 "Lot" shall mean a lot as shown on the Plat of Capstone Village and any amended or subsequent plats, but shall not include Common Open Spaces.

1.14 "Maintenance Fund" shall mean the fund created by assessments and fees levied pursuant to this Declaration to provide the Association with funds it requires to carry out its duties hereunder.

1.15 "Member" shall mean any person holding membership in the Association by virtue of their ownership of a Lot.

1.16 "Mortgage" shall mean any mortgage, deed of trust or other document pledging a Lot or interest therein as security for the payment of any indebtedness. "First Mortgage" shall mean any mortgage which is not subject to or junior to any lien or encumbrance, except liens for taxes and other liens which are given priority by statute.

1.17 "Open Space" shall mean all of the Lot except for any building or structure located thereon and shall include, but is not limited to, lawns, gardens, walkways, sidewalks, parking areas, driveways and outdoor living or recreational space.

1.18 "Owner" shall mean the record owner, whether one or more persons or entities, of fee simple title to any Lot; provided, however, that prior to the first conveyance of any Lot for value after this Declaration, the Owner shall mean the Declarant unless the grantor has designated its successor in ownership of fee simple title to exercise the rights, duties and obligations of ownership.

1.19 "Plat" shall mean any plat of Capstone Village and all subsequent plats as filed in the records of Archuleta County, Colorado, which are subject to these Protective Covenants, and as the same may be amended, enlarged or revised from time to time and affecting the Property.

1.20 "Property" shall mean and include all of the Property subject to this Declaration.

ARTICLE 3

USE OF LOTS

Section 1. Residential Use. All Lots shall be used exclusively for single family residential purposes. No buildings or improvements not associated with residential use shall be

permitted.

Section 2. Building Envelopes.

2.1 Single Lots. One single family residence, together with all improvements, including fences, shall be situate within the designated Building Envelope of the Lot, as said Building Envelope is described in the Plat notes.

2.2 Coupled Lots. In the event an Owner of multiple Lots irrevocably couples said Lots into a Single Lot, the resulting Lot may then have constructed thereon one Family Residence and one Guest House. The Family Residence shall be built on one of the original Building Envelopes, if applicable. The Guest House shall be located within the same Building Envelope or the other designated Building Envelope, or at any other location approved by the Environmental Control Committee.

Section 3. Approval of Use. No Improvement shall be constructed on any Lot, except only as approved by the Environmental Control Committee, or other entity to whom review responsibilities have been assigned as provided herein.

Section 4. No Commercial Use. No commercial or business enterprise of any nature shall be allowed or permitted on any Lot; provided, however, that the Owner of the Lot may be permitted to rent or lease the Family Residence. Regardless of any lease of a residence hereunder, Owner shall remain directly liable for all obligations imposed by this Declaration.

Section 5. Partition of Lots. No part of a Lot may be partitioned, separated or subdivided from any other part thereof. Nothing herein shall be construed as to prohibit two Lot Owners from splitting a Lot located between their Lots so long as no additional Lots are created, each resulting Lot has the same or greater street frontage, and the portion's split are irrevocably joined in title to contiguous Lots.

Section 6. Use of Common Open Spaces. The common open spaces shall be subject to use by all Owners equally. No Owner shall use any common open space for any purpose inconsistent with use by all other Owners. The common open spaces can only be used, encumbered or disposed of with appropriate Board approval and consistent with the Act.

ARTICLE 4

ENVIRONMENTAL CONTROL COMMITTEE

Section 1. Powers. All plans and specifications for any structure or improvement whatsoever to be erected upon the Property, and the proposed location thereof on the Property, the construction material, the roofs and exterior color schemes, any later changes or additions after initial approval thereof and any remodeling, reconstruction, alterations, or additions thereto on any

lot shall be subject to and shall require the approval in writing, before any such work is commenced, of the Environmental Control Committee ("ECC"), as the same is from time to time composed.

Section 2. Submission of Plans. Anyone wishing to build on their lot shall submit plans to the ECC in accordance with the guidelines, rules and regulations then in effect. There shall be submitted to the ECC a building application on approved forms together with two (2) complete sets of the plans, elevations, sections, site plan, grading plan, etc., prepared by an architect licensed and registered in Colorado. Such plans shall include plot plans showing the location on the Property of the building, wall, fence, or other structure proposed to be constructed, altered, placed or maintained, together with the schemes for roofs, and exteriors thereof and proposed landscape planting. A filing fee in an amount to be set by the ECC (subject to increase without notice) shall accompany the submission of the plans, etc. to defray ECC expenses. No additional fees shall be required for subsequent submissions or resubmissions of plans revised in accordance with ECC requirements. No structures or improvements of any kind shall be erected, altered, placed or maintained upon the Property unless and until the final plans, elevations and specifications have received such written approval as herein provided.

Section 3. Disapproval. The ECC shall have the right to disapprove any plans, specifications or details submitted to it in the event the same are not in accordance with all the provisions of these Declarations, if the design materials or color scheme of the proposed building or other structure is not in harmony with the general surroundings of such Property or with the adjacent buildings or structures, if the plans and specifications submitted are incomplete, or in the event the ECC deems the plans, specifications or details, or any part thereof, to be contrary to the interest, welfare or rights of all or any part of the Property subject hereto, or the Owners thereof. The decisions of the ECC shall be final.

Section 4. Non-Liability. Neither the ECC nor any architect or agent thereof or of Declarant shall be responsible in any way for any defects in any plans or specifications submitted, revised or approved in accordance with the foregoing provisions, nor for any structural or other defects in any work done according to such plans and specifications.

Section 5. Additional Regulations. The ECC shall have the authority to set up regulations as to the materials, height and size requirements for all other types of outbuildings and structures, including fences, walls, copings, gazebos, patios and decks, etc., so long as they are not inconsistent with these Declarations. The ECC shall also have the authority to adopt, from time to time, such additional rules and regulations as are appropriate or necessary to govern its proceedings and fulfill its obligations under this Article.

Section 6. Docks and Piers. No docks and/or piers shall be erected, altered, placed, or maintained on any lake or pond in or adjacent to the Property, except in accordance with the rules and regulations of the Pagosa lakes Property Owners Association ("PLPOA").

Section 7. Additional Approvals. In addition to the approval requirements of the ECC, each Owner is responsible for obtaining all approvals, licenses and permits as may be required by Archuleta County, Colorado, and any entity or district having jurisdiction over the Lot prior to the commencement of construction.

Section 8. Drainage. Each Owner shall be responsible for draining runoff from their Lot too minimize impact to Village Lake. To further reduce adverse impacts to adjacent waterways, each Owner shall use only those fertilizers as are approved by the PLPOA. Silt fences should be used during construction around areas of disturbed soil to prevent runoff of silt and debris into Village Lake. No Owner shall change the natural drainage from their Lot so as to create adverse impacts to any other Lot.

ARTICLE 5

DESIGN REQUIREMENTS

Section 1. Design Requirements. Any residence, garage, building or improvement situate on any Lot shall comply with the design requirements of this Article.

Section 2. Setback. Any building or improvement, including fences, shall be constructed entirely within the Building Envelope as designated on the Plat.

Section 3. Uniform Building Code. All buildings and improvements shall be new construction, built on site, and shall meet all of the requirements of the Uniform Building Code, including fire protection standards, and any other building code or fire code of Archuleta County, Colorado, then in effect.

Section 4. Density. The allowable gross residential floor area (exclusive of porch, garage, covered decks, cabanas or similar structures) shall be not less than 2,200 square feet for any family residence, unless otherwise approved by the ECC. Multiple story houses will not be allowed except for second floor spaces contained within one story roof line.

Section 5. Height. The maximum height of any Building shall be twenty-six (26) feet. The height of a Building for the purpose of this Section shall be measured and determined in the manner provided by the Uniform Building Code.

Section 6. Roofs. All roofs must be metal standing seam or the highest quality asphalt shingle with color and finish approved by the ECC.

Section 7. Exterior Building Material and Style. All buildings shall be built in an exterior style and with colors and materials harmonious to the area and similar in style, color and materials to like kind buildings approved by the ECC. No exterior walls shall consist of sheet metal, metal material, or any similar material, composition shingles or unplastered cement or

similar type block. All colors of exterior walls and roofs will be natural or earth tones in color to blend with the natural surroundings except that colored trim may be allowed upon approval of the ECC.

Section 8. Service or Utility Areas. All service or utility areas of yards, and including garbage cans and trash storage areas, shall be screened from view of all other Owners.

Section 9. Garages. All family residences shall have at a minimum a two car garage attached to the residence which shall meet all applicable set-back requirements as set forth herein.

Section 10. Antennae. No exterior radio, television, microwave or other antennae or antennae dish or signal capture or distribution device shall be permitted or installed on any Lot, except as set forth herein, unless it is screened from view on all sides and any such screening shall be in keeping with the terrain and environment. The small *18" - 24") TV and computer dish antennae may be located on the roof areas to optimize reception.

Section 11. Wood Burning Devices. All solid fuel or wood burning stoves and devices, including fireplaces, shall comply with any rules and regulations implemented and in effect by any federal, state or local governmental entity.

Section 12. Fences. No fences around the exterior lot lines shall be allowed. No fencing shall be constructed which interferes with the reasonable use of any easement as designated on the Plat. All fences must be constructed within the Building Envelope, provided, and all fences must receive ECC approval.

Section 13. Driveways and Walkways. All driveways and walkways must be constructed of concrete masonry, brick, or stone, or similar and compatible materials.

ARTICLE 6

CONSTRUCTION AND MAINTENANCE REQUIREMENTS

Section 1. Excavation. No excavation shall be made on any Lot, except in connection with a building or other improvement approved in accordance with this Declaration of Protective Covenants.

Section 2. Mandatory Services. All lots shall connect to water and sewer services to be provided by the Pagosa Area Water and Sanitation District. No water wells or Individual Sewage Disposal Systems shall be allowed.

Section 3. Water and Sewage Disposal Systems. All individual water connections and sewage connections shall be constructed, installed and maintained in compliance with all applicable rules and regulations of any governmental or quasi-governmental entity having jurisdiction over the

Property, specifically including, but not limited to, the Pagosa Area Water and Sanitation District, the County of Archuleta, the San Juan Basin Health Unit and the State of Colorado.

Section 4. Signs. Except for reasonable and appropriate house number identifications approved by ECC or Declarant, or signs advertising a house or lot for sale, no sign of any kind shall be displayed to public view on any portion of any Lot.

Section 5. Structures Prohibited. No occupied temporary structure, modular home, mobile home, trailer house, travel trailer or motor home shall be permitted on any Lot. All buildings or structures erected, placed or permitted upon said premises shall be of new construction and no building or structures shall be moved from other locations onto said premises. No travel trailer or motor home shall be parked or stored on any Lot, unless it is parked or stored in a garage approved by the ECC. This Section 5 shall not be subject to variance.

Section 6. Continuity of Construction. All construction, reconstruction, alterations or improvements shall be prosecuted diligently to completion and shall be completed within twelve months of the commencement thereof, unless an exception is granted by the ECC. No building or improvement shall be occupied until the same has been substantially completed in accordance with approved plans and specifications. Each lot owner shall be responsible for installation of a driveway from the common roadway onto their property, which construction shall be completed prior to construction of the primary residence on the property. Each lot owner shall be responsible for the performance and the payment of repairs for any damage done to any infrastructure, including without limitation, utility lines or boxes, common driveways, curbs, gutters, sidewalks and landscaping, as a result of construction to that lot owner's lot.

Section 7. Parking. All vehicles must be parked off street in driveways or garages. Garage doors must be kept closed at all times except when in use.

Section 8. Trash. No trash, ashes, garbage or other refuse shall be allowed to accumulate or be placed on any Lot or area within the Property. There shall be no burning or other disposal of refuse out of doors. Each Owner shall provide suitable wildlife resistant receptacles for the temporary storage and collection of such refuse and all such receptacles shall be screened from the public view and from the wind and protected from animal and other disturbances.

Section 9. Abandoned or Inoperable Vehicles. Abandoned or inoperable automobiles or motor vehicles of any kind, shall not be stored or parked on any Lot, road or common element within the subdivision. "Abandoned or inoperable vehicle" shall be defined as any vehicle which either is incapable of legal operation upon a public roadway or has not been driven under its own propulsion for a period of thirty (30) days or longer; provided, however, this shall not include vehicles parked by Owners on their lots while temporarily away from their residences. A written notice describing the "abandoned or inoperable vehicle" and requesting removal thereof may be personally served upon the Owner or Owner's tenant or posted on the unused vehicle; and if such vehicle has not been removed within thirty (30) days thereafter, the Association shall have the right

to remove the same without liability to it, and the expenses thereof shall be charged against the Owner.

Section 10. Noise. No exterior horns, whistles, bells or other sound devices, except security devices used exclusively to protect the security of the improvements on any Lot, shall be placed or used on any Lot.

Section 11. Nuisance. No obnoxious or offensive activity shall be carried on within the Property, nor shall anything be done or permitted which shall constitute a public nuisance. No noise or other nuisance shall be permitted to exist or operate upon the Property so as to be offensive or detrimental to any other part of the Property or its owners or occupants; provided, however, that this Section shall not apply to any noise or other activity approved by the ECC as to the construction of any improvements.

Section 12. Hazardous Activities. No activities shall be allowed or conducted on the Property which are or might be unsafe or hazardous to any person or property. Such hazardous activities, include, but are not limited to fireworks, firearms, bow and arrows, explosives, air or pellet guns or any similar type devices.

Section 13. Maintenance and Repair. If Owner fails to maintain his or her Lot, or any improvements thereon, in good repair, the ECC may give Owner written notice of the needed maintenance or repair. If said maintenance or repair is not completed by Owner within 45 days of mailing of said notice, the ECC, at its option, may obtain an injunction against the Owner to force completion of the needed work, or contract with a third party for the needed work and assess the costs of same against Owner pursuant to Article 11 hereof.

Section 14. Fishing. All access to and use of lakes and ponds adjacent to the Subdivision shall be subject to regulations imposed from time to time by the Association and the PLPOA.

Section 15. Exterior Lighting. All exterior lighting shall have its source directed in such a manner as to ensure that such lighting is not materially offensive to other Owners in the sole opinion of the ECC.

ARTICLE 7

VARIANCES

The ECC may allow reasonable variances and adjustments of these Declarations in order to overcome practical difficulties and prevent unnecessary hardships in the application of the provisions contained herein; provided, however that such is done in conformity with the intent and purposes hereof and provided also that in every instance such variance or adjustment will not be materially detrimental or injurious to other property or improvements in the neighborhood.

ARTICLE 8

ANIMALS

Section 1. Confinement of Animals. All animals, specifically including but not limited to dogs and cats, shall be kept confined to the area constituting the Building Envelope, or attached to a leash or other suitable control device on the Lot. No animals shall be allowed to run free. The owner of any animal shall at all times be personally liable and responsible for all actions of such animals and any damage caused by such animal.

Section 2. Rules and Regulations. The Association may adopt suitable rules and regulations as to the keeping and maintaining of any animals on any Lot and may in particular circumstances regulate the number and type of animals to be allowed, kept or maintained on any Lot.

Section 3. Livestock. No livestock of any kind may be kept on the property.

Section 4. Nuisance Wildlife. The Association or the Colorado Division of Wildlife shall be authorized to remove or otherwise dispose of any nuisance wildlife found on the property in accordance with applicable state and local laws.

ARTICLE 9

DEVELOPMENT RIGHTS AND OTHER SPECIAL DECLARANT RIGHTS

Section 1. Development Rights and Special Declarant Rights. The Declarant reserves the following Development Rights and other Special Declarant Rights:

- 1.1 the right to complete or make improvements indicated on the plats or maps;
- 1.2 the right to use, and to permit others to use, easements through the Common Elements as may be reasonably necessary for the purpose of discharging the Declarant's obligations under the Act and this Declaration; and
- 1.3 the right to appoint or remove any officer of the Association or any Director during the Declarant Control Period consistent with the Act.

Section 2. Limitations on Development Rights and Special Declarant Rights. Unless sooner terminated by a recorded instrument signed by the Declarant, any Development Right or Special Declarant Right may be exercised by the Declarant for the period of time specified in the Act.

ARTICLE 10

CAPSTONE VILLAGE HOMEOWNERS ASSOCIATION, INC.

Section 1. Government of Association. Capstone Village Homeowners Association, a Colorado non-profit corporation, shall be governed by and shall exercise all of the duties, privileges and obligations set forth in the Declaration, the Articles of Incorporation and Bylaws of the Association. The Association shall have all of the powers, authority and duties permitted pursuant to the Act necessary and proper to manage the business and affairs of the Association.

Section 2. Members. Each Owner shall be a member of the Association. No Owner, whether one or more persons or entities, shall have more than one membership per Lot owned by such Owner, but all persons owning each Lot shall be entitled to the rights of membership and the use and enjoyment appurtenant to the ownership of each Lot.

Section 3. Termination of Membership. The right of membership in the Association and the status as a member shall terminate upon the termination of status as an Owner of a Lot. Upon conveyance, sale or assignment of the Owner's interest, the selling Owner shall be relieved of liability for assessments levied from and after the date of such sale or conveyance; provided, however, that no such sale or conveyance of any ownership shall relieve an Owner of liability arising prior to the date of such sale or conveyance.

Section 4. Voting Rights. All Owners within Capstone Village shall be members of the Association. Each Lot shall be entitled to one (1) vote in the Association. Declarant shall be entitled to one (1) vote per Lot for each lot that has not been sold and conveyed by Declarant. The Declarant shall have all the powers reserved in Section 38-33.3-303(5) of the Act to appoint and remove officers and members of the Executive Board. The one (1) vote for each Lot shall be exercised by the Owner and when more than one person or entity holds an interest in a lot, the vote for the Lot shall be exercised as the Owners may determine among themselves, but a vote for the Lot shall be cast by only one person.

Section 5. Compliance with Documents. Each Owner shall abide by and have the benefit from the provisions, covenants, conditions and restrictions contained in the Association Documents.

Section 6. Grant of Utility Easements. The Declarant hereby authorizes and empowers the Association as its attorney-in-fact to give and grant a utility easement for the installation, construction and maintenance of underground utilities over and across any road easement designated on any Plat. The Owner of each Lot, by virtue of such ownership, hereby authorizes and empowers the Association, as its attorney-in-fact, to give and grant a utility easement and right of way within the easement areas established on the plat for the installation, construction and maintenance of underground utilities.

Section 7. Road Maintenance. All roads located within the Property shall be constructed in accordance with road specifications issued by Archuleta County, Colorado. Upon completion of construction of the road, all maintenance, repairs, snow plowing and supervision shall be the duty of and vested in the Association. The Association shall specifically:

7.1 At all times keep in good repair all roads within the Property and maintain the same in suitable condition for use by the members of the Association and emergency vehicles, including fire trucks .

7.2 Snow plow the roads (except private driveways) during the winter months as required for access to any Lot or parking in any Common Open Space.

7.3 At all times keep all road rights-of-way, sidewalks, and Open Space in good repair and free of noxious weeds.

7.4 All Owners shall be responsible for the construction, in a good and workmanlike manner, and the maintenance of their individual driveways. All connections of driveways to the roads shall be in conformity with sound engineering principles with due regard to safety considerations, and shall provide for adequate drainage.

Section 8. Entry and Landscaped Areas. The Association shall be responsible for maintaining the entry and all areas outside of the Building Envelopes as common landscaped areas with regular mowing and edging during the growing season.

ARTICLE 11

ASSESSMENTS

Section 1. Creation of Lien. Each Owner of any Lot, by acceptance of a deed therefor, whether or not it shall be so expressed in any deed, is deemed to covenant and agree to pay to the Association: (1) All regular assessments or charges; (2) any special assessments or charges; and (3) any default assessments or charges, all of which shall be fixed, established and collected as determined by the Association, provided however that no such charges shall ever be made against, or be payable by, the Declarant. The annual, special and default assessments, together with interest, costs and reasonable attorney fees, shall be a charge and continuing lien upon the Lot against which each such assessment is made until paid. Each such assessment, together with interest, costs and reasonable attorney fees, shall be the personal obligation of the Owner of such Lot at the time when the assessment became due.

All such assessments shall be adopted and assessed in the manner set forth in this Article.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be limited to and used exclusively for the following:

2.1 The maintenance, repairs, snow removal, weed control and improvement of any common road, street, entry or landscaped area within the Property.

2.2 Any costs and expenses pertaining to the operation of the ECC.

2.3 Any costs and expenses pertaining to the operation of the Association in the performance of its duties.

2.4 Any other purpose approved by a majority vote of all members of the Association.

Section 3. Types of Assessments. The Board of Directors shall have the authority to levy the following types of assessments for the Association:

3.1 Regular Assessments. Assessments for the business and operation of the Association pertaining to all members of the Association and to be apportioned and allocated equally among all Lots.

3.2 Special Assessments. Special assessments for the purpose of construction, improvement, repair, replacement, enlargement or other special purposes pertaining to a specific or special matter for the benefit of the entire Association. Special assessments shall be apportioned and allocated equally among all Lots.

Section 4. Regular Assessments. The Board of Directors shall prepare a budget prior to the beginning of each fiscal year of the Association and not less than thirty (30) days prior to the commencement of each fiscal year, the Board shall adopt a final budget and shall determine, levy and assess the Association's regular assessments for the following year.

Section 5. Special Assessments. In addition to the regular assessments set forth in Section 4 above, the Board of Directors may levy in any fiscal year one or more special assessments for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, repair or replacement within or upon any common roads or streets, for any other construction, repair or replacement or to make up any shortfall in the current year's budget. Notice of the amount and due dates for such special assessments shall be sent to each Owner at least thirty (30) days prior to the due date. Such special assessment shall be for the use and benefit of all Lots.

Prior to the Board of Directors levying a special assessment that exceeds \$250.00 in an aggregate amount, the special assessment shall be submitted to and approved by an affirmative vote of the members at either a regular meeting of the members or a special meeting of the members called for such purpose.

Section 6. Assessment for Each Lot. All regular and special assessments shall be

apportioned and allocated equally among all Lots.

Section 7. Default Assessments. Any expense of the Association which is the obligation of an Owner or which is incurred by the Association on behalf of the Owner, shall be a default assessment and shall become a lien against such Owner's Lot and may thereafter be foreclosed or otherwise collected as provided herein. Notice of the amount and due date of such default assessment shall be sent to the Owner subject to such assessment at least thirty (30) days prior to the due date.

Section 8. Nonpayment of Assessments. Any assessment, whether regular, special or default assessment, which is not paid within thirty (30) days of its due date shall be deemed delinquent. In the event that any assessment becomes delinquent, the Association, in its sole discretion, may take any or all of the following actions:

8.1 Assess a late charge of at least 10% of the amount due and owing per delinquency. The percentage late charge may be amended by the Board of Directors.

8.2 Assess an interest rate charge from the date of delinquency at 18% per year, or such other rate as shall be established by the Board of Directors.

8.3 Suspend the voting rights of the Owner during any period of delinquency.

8.4 Bring an action against any Owner personally obligated to pay the delinquent assessment.

8.5 File a Statement of Lien with respect to the Lot and foreclose such lien in the manner hereafter set forth. The Association may file a Statement of Lien by recording with the Clerk and Recorder of Archuleta County, Colorado, a written statement with respect to the Lot, setting forth the name of the Owner, the legal description of the Lot, the name of the Association and the amount of the delinquent assessments then owing, which Statement shall be signed and acknowledged by the President, Vice President, or Secretary of the Association and which shall be sent by certified mail, postage prepaid, to the Owner of the Lot at such address as the Association may have in its records as to the Owner. Thirty (30) days following the mailing of such Notice, the Association may proceed to foreclose the Statement of Lien in the same manner as provided for the foreclosure of mortgages under the statutes of the State of Colorado. Such Statement of Lien shall secure all assessments accruing or assessed subsequent to the date of recording of such Statement of Lien until the same has been satisfied and released, together with the Association's attorney fees and costs incurred in the preparation and recording of such Statement of Lien and any release thereof. In any action for the payment or foreclosure of such assessment, the Association shall be entitled to recover as part of the action, the interest, costs and reasonable attorney fees with respect to the action.

Section 9. Successor's Liability for Assessment. In addition to the personal obligation

of each Owner of a Lot to pay all assessments and the Association's lien on a Lot for such assessments, all successors to the ownership of a Lot shall be jointly and severally liable with the prior Owner for any and all unpaid assessments, interest, costs, expenses and attorney fees against such Lot which accrued prior to the present owner taking title. In no event shall Declarant become liable for the payment of any assessment by virtue of its retaking of title to any Lot pursuant to any rights set forth in any contract, mortgage, deed of trust or similar security document.

ARTICLE 12

OWNERSHIP, USE AND ENJOYMENT OF LAKES, PARKS AND RECREATIONAL AMENITIES

Section 1. Use by Members. All common open spaces within this subdivision are private, and neither the Declarant's recording of the plat nor any other act of Declarant with respect to the plat, shall be construed as a dedication to the public, but rather all such common open spaces and other amenities shall be for the use and enjoyment of members or associate members of the Association.

Section 2. Ownership. All common open spaces within the subdivision shall be conveyed to the Association, as common element property for the common use, benefit and enjoyment of its members, and such conveyance shall be accepted by it, provided it is free and clear of all financial encumbrances.

ARTICLE 13

LAKES

Section 1. Lake Frontage Lots. Certain lots in the subdivision are contiguous to Village Lake. The land under and around said Lake, are presently owned by the PLPOA. Said Lake is depicted in the recorded subdivision plat and the normal pool water elevation and the high water elevation of said Lake is, and will be as determined by the spillway elevation of said Lake. No such grantee, nor any of such grantee's successors or assigns, shall have any right with respect to any stream that is a tributary to said Lake, or with respect to said Lake, the land thereunder, the water therein, or its or their elevations, use or condition, and none of said lots shall have any riparian rights or incidents appurtenant; provided further that title shall not pass by reliction or submergence or changing water elevations.

Section 2. Lake Maintenance. The Declarant or PLPOA from time to time shall have the right at any time to dredge or otherwise remove any accretion or deposit from the Lake.

ARTICLE 14

ENFORCEMENT OF COVENANTS

Section 1. Violations Deemed a Nuisance. Every violation of this Declaration of Protective Covenants, the Articles and Bylaws of the Association and any rules and regulations adopted by the Association shall be deemed to be a nuisance and is subject to all the remedies provided for the abatement thereof.

Section 2. Failure to Comply. The failure to comply thereto shall be grounds for imposition of a reasonable fine by the Association, for an action to recover damages, or for injunctive relief or for specific performance, or any of them. Reasonable notice and an opportunity for a hearing shall be provided by the Association as applicable to any delinquent Owner prior to imposing a fine or commencing any legal proceedings.

Section 3. Who May Enforce. Any action to enforce any violation of any provision of these Protective Covenants may be brought as follows:

3.1 By the Association in the name of the Association and on behalf of the Owners.

3.2 By the Owner of any Lot.

Section 4. No Waiver. The failure of the Association or any Lot Owner to enforce or obtain compliance as to any violation, shall not be deemed a waiver of the right to do so for any subsequent violation or the right to enforce any part of such documents.

ARTICLE 15

DURATION OF COVENANTS

Section 1. Term. This Declaration of Protective Covenants, and any amendments or supplements thereto, shall be perpetual from the date of recording, unless otherwise terminated or amended as hereafter provided.

Section 2. Amendment. This Declaration of Protective Covenants, or any provision thereof, may only be terminated, extended, modified or amended as to the Property subject to the Protective Covenants, or any portion thereof, upon the written consent by the Owners of 67% or more of the Lots in the Property. Any such amendment shall be by an instrument duly executed, acknowledged and recorded in the records of Archuleta County, Colorado, and upon such recording shall be for the benefit of and be binding on all Owners of Lots within the Property. Provided, however, the right of amendment herein granted may not be exercised by the Owners of Lots in the Property until either (1) five years have passed from the date of construction of the first

improvements on any Lot or (2) 75% of all Lots within the Property have been sold or conveyed to third person Owners by the Declarant, whichever occurs first.

Section 3. Amendment by Declarant. Notwithstanding the provisions of Section 2, the Declarant reserves the sole right and power to modify and amend this Declaration of Protective Covenants, and all Plats subject to this Declaration of Protective Covenants, by executing and recording such amendment in the records of Archuleta County, Colorado. Such right or power of the Declarant is limited to (1) the correction of any typographical or language errors in the Declaration of Protective Covenants and/or Plats, (2) any corrections required to comply with the applicable laws, rules and regulations of any governmental entity having jurisdiction over the Property, and (3) any changes or corrections required to reasonably satisfy the requirements of any commercial lender to provide financing for the purchase and/or construction of a residence upon any Lot, which are not contrary to terms of the Declaration. This right and power of the Declarant to modify or amend this Declaration of Protective Covenants and the Plats, in whole or in part, as set forth in this Section 3, shall be effective only until (1) five years after the date of construction of the first improvements on the Property or (2) the date that 75% of all Lots within the property have been sold or conveyed to third person Owners by the Declarant, whichever occurs first.

ARTICLE 16

PRINCIPLES OF INTERPRETATION

Section 1. Severability. This Declaration of Protective Covenants to the extent possible, shall be construed so as to give validity to all of the provisions hereof. If any provision of this Declaration of Protective Covenants is determined to be invalid, unenforceable or prohibited by any court, the same shall not affect any other provision or section hereof and all other provisions and sections shall remain in full force and effect.

Section 2. Construction. In interpreting words herein, unless the context shall otherwise provide or require, the singular shall include the plural, the plural shall include the singular and the use of any gender shall include all genders.

Section 3. Headings. The headings on any section or article are included only for purposes of convenient reference and shall not affect the meaning or interpretation of this Declaration of Protective Covenants.

Section 4. Written Notice. All notices required under this Declaration shall be in writing. Notice to any Owner shall be considered delivered and effective upon personal delivery or five days after mailing by regular mail, postage paid, to the address of such Owner on file in the records of the Association at the time of such mailing.

Section 5. Limitation of Liability. Neither the Association nor any officer or director shall be liable to any party for any action or for any failure to take any action with respect to any matter arising by, through or under this Declaration if the action or failure to act was made in good faith. The Association shall indemnify all officers and directors with respect to any action taken in their official capacity as provided in the Articles of Incorporation and Bylaws of the Association.

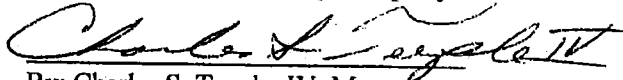
Section 6. Attorney Fees. The Association shall be entitled to reasonable attorney fees, as well as its reasonable costs and expenses, incurred by it in any proceeding or action to interpret or enforce any provision of these documents.

Section 7. Applicable Law. The proper jurisdiction and venue for any action pertaining to the interpretation of enforcement of the Declarations shall be the District Court of Archuleta County, Colorado, unless otherwise chosen by the Association.

Section 8. Interest. Any sums, amounts or monies due and owing to the Association under the Association documents shall bear interest at 12% per year from the date due until paid.

IN WITNESS WHEREOF, the Declarant has executed this Declaration of Protective Covenants the day and year first above written.

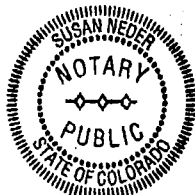
Bledsoe and Teeple Ventures, LLC, a
Colorado limited liability company


By: Charles S. Teeple, IV, Manager

STATE OF COLORADO)
)ss.
County of Archuleta)

The foregoing instrument was acknowledged before me this 13th day of November, 2001, by Charles S. Teeple, IV, as Manager of Bledsoe and Teeple Ventures, LLC, a Colorado limited liability company.

WITNESS my hand and seal.
My Commission Expires: 01-26-02



MY COMMISSION EXPIRES:
JANUARY 26, 2002


Notary Public

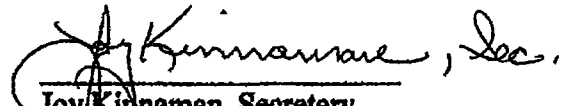
THE FIRST AMENDMENT TO THE COVENANTS OF CAPSTONE VILLAGE
HOMEOWNERS ASSOCIATION inc.

AMENDMENT

1. Article 5 Section 5. Height - The maximum building height of any Building shall be twenty six (26) feet. The height of the building for the purpose of this Section shall be measured and determined in the manner provided by the 1997 Uniform Building Code with the exception that the height will not be averaged, and will be a maximum of twenty six (26) feet at the highest point.

Attest: Certified to be the first amendment to the bylaws adopted by two-thirds consent of the Board of Directors as well as more than 51% of lot owners of Capstone Village Homeowners Association inc.

Dated Nov. 29, 2005.


Joy Kinnaman, Secretary



Dawn Maez
Ex- 7-6-2008

Joy Kinnaman
117 Navajo Trail Dr. Suite T
Pagosa Springs, Co
81141

THE SECOND AMENDMENT TO THE DECLARATION OF PROTECTIVE
COVENANTS OF CAPSTONE VILLAGE

This Amendment ("Amendment") to the Capstone Village Declaration of Protective Covenants filed for record with the Archuleta County Clerk and Recorder's office (the "Declaration") is made by the current Owners of at least 67% of all Lots subject to the Agreement and is made effective as of the 18th day of October, 2013 notwithstanding the dates of actual signatures of any of those owners and pursuant to Article 15; Section 2.

AMENDMENT

NOW, THEREFORE, the Owners, being the owners of at least 67% of all Lots subject to the Declaration, amend the Declaration as follows:

1. Article 5; Section 1-13 of the Declaration is hereby amended in its entirety to read as follows:

ARTICLE 5
DESIGN REQUIREMENTS

Section 1. Design Recommendations. Any residence, garage, structure or lot improvement shall comply with this entire Article #5.

Section 2. Setbacks. All building setbacks shall comply with the listed requirements shown on all Capstone Lot Drawings. Setback variances are allowed on an individual basis if hardships are justified, and they must be submitted to the ECC as well as Archuleta County.

Section 3. International Building Code. All buildings and other structures outlined in Section #1 above shall meet all requirements of the International Building Code, including fire protection standards, as well as Archuleta County Building Code standards currently in effect.

Section 4. Density. The allowable gross residential floor area (exclusive of porch, garage, covered decks, cabanas or similar structures) shall be not less than 2,200 square feet for any family residence, unless otherwise approved by the ECC. Multiple story houses will not be allowed except for second floor spaces contained within one story roof line.

Section 5. Height. The maximum allowable height of 26'-0", is determined by the median height of the highest and lowest points from the new grades of the building footprint. The existing grades of the lot shall be maintained with no more than eight

inches of the stem wall visible and a maximum stem wall change in elevation of twenty four inches is allowed, unless a hardship variance is approved.

Section 6. Roofs. All major roofs of a structure shall have a minimum roof pitch of 5:12 as required by Archuleta County. Roof overhangs and dormers are encouraged to add interest and variety to roof forms. The proposed roof design shall be consistent with adjacent structures in the development of continuity in Capstone. All roof materials shall be standing seam or the highest quality asphalt shingle which must meet a minimum Class B fire rating. For additional information on minimum rating of roof materials, contact the Archuleta Building Department. The color and finish will be expected to be harmonious with our mountain community of natural colors or earth tones and shall have a sample submitted to the ECC for approval, with a minimum of a 30 year warranty.

Section 7. Exterior Building Material, Color and Style. Exterior walls should portray the feeling of strength and mass. Materials not acceptable as exterior wall coverings include: any metal material or any similar material, composition shingles, unplastered cement or masonry block, vinyl and T-111 siding or any other materials not in harmony with the existing development. Balconies and decks should add interest to the appearance of the home and consideration should be given to sun/shade, snow shedding and exposure to natural elements. Exterior walls should include colors that are natural to the area as well as being harmonious with the existing development. Similarly, accent colors should reflect the natural mountain colors found in the area. As mentioned in Section #5 above, no more than eight inches of the stem wall shall be exposed above final grade. There shall be a minimum of 10% of the exposed surface area in a rock/stone wainscot or accent feature applied to a wall, pier or entrance or other features as deemed by the Architect, but there shall be no more than three different types of exterior materials used on each family home. All chimneys shall be designed in proportion to the rest of the structure and of materials and colors to complement the home. Chimneys shall project a minimum above the roof to satisfy fire requirements, and all chimneys and flues shall be designed with downdraft reflectors and spark arrestors to satisfy the Archuleta County Building Department and shall comply with all Federal and State Regulations.

Section 8. Service or Utility Areas. All Service or utility areas of yards, and including garbage cans and trash storage areas, shall be screened from view of all other Owners.

Section 9. Garages. All family residences shall have at a minimum a two car garage attached to the residence which shall meet all applicable set-back requirements as set forth herein.

Section 10. Antennae. No exterior radio, television, microwave or other antennae or antennae dish or signal capture or distribution device shall be permitted or installed on any Lot, except as set forth herein, unless it is screened from view on all sides and any such screening shall be in keeping with the terrain and environment. The small 18" - 24" TV and computer dish antennae may be located on the roof areas to optimize reception.



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3 of 3 AMDDEC R\$21.00 D\$0.00
June Madrid
Archuleta County

Section 11. Wood Burning Devices. All solid fuel or wood burning stoves and devices, including fireplaces, shall comply with any rules and regulations implemented and in effect by any federal, state or local government entity.

Section 12. Fences. No fences around the exterior lot lines shall be allowed. No fencing shall be constructed which interferes with the reasonable use of any easement as designated on the Plat. All fences must be constructed within the Building Envelope, provided, and all fences must receive ECC approval.

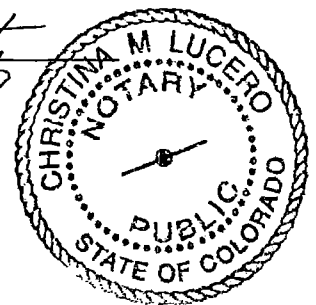
Section 13. Driveways and Walkways. All driveways and walkways shall be constructed of concrete masonry, brick, stone, concrete or other compatible materials and shall be indicated on the submitted drawings. Similarly a landscape drawing must be submitted for approval by the ECC prior to starting work. The landscape approval drawings should include a sketch of the irrigation system with a brief description of the material types.

IN WITNESS WHEREOF, The Capstone Village Homeowners Association, Inc., a Colorado not for profit corporation, has caused this instrument to be executed in its corporate name by its Secretary and attested by its Director, all by order of its Board of Directors first duly given, this the 18th day of October 2013.

Capstone Village Homeowners
Association, Inc.

Attest: Dennis J. Schick
Dennis Schick, Director

By: Kathy Schultz
Kathy Schultz, Secretary



STATE OF COLORADO)
) ss.
County of Archuleta)

On this 18th day of October, 2013, before me appeared Dennis Schick and Kathy Schultz, who, being Capstone Village Homeowners Association, Inc. respectively, a not for profit corporation by authority of its Board of Directors, and said Secretary and Director acknowledged said instrument to be the free act and deed of said corporation.

In Testimony Whereof, I have hereunto set my hand and affixed my official seal the day and year first above written.

Christina M. Lucero
Notary Public

My Commission expires: 3-27-2016

THE THIRD AMENDMENT TO THE DECLARATION OF PROTECTIVE COVENANTS OF CAPSTONE VILLAGE

This Third Amendment to the Declaration of Protective Covenants of Capstone Village was approved by the written consent of at least 67% of the Owners, as required by the Declaration of Protective Covenants of Capstone Village, which was filed for record in the office of the Archuleta County Clerk and Recorder on November 13, 2001, under Reception No. 20110131 (the "Declaration"), and will become effective upon recording in Archuleta County, Colorado.

By this Third Amendment, the Owners hereby revise the Declaration as follows:

ARTICLE 3- USE OF LOTS

Section 2.2 Coupled Lots is replaced with the following:

Section 2.2. Prohibition on Consolidating Lots. Lots may not be consolidated.

Section 4. No Commercial Use is replaced with the following:

Section 4. No Commercial Use. No commercial or business enterprise of any nature shall be allowed or permitted on any Lot; provided, however, that the Owner of the Lot may be permitted to rent or lease the Family Residence for a term of not less than 30 consecutive days. Regardless of any rental or lease of a residence hereunder, Owner shall remain directly liable for all obligations imposed by this Declaration.

Section 5. Partition of Lots is replaced with the following:

Section 5. Partition of Lots / Reallocation of Boundaries. No part of a Lot may be partitioned, separated, or subdivided from any other part thereof. The boundaries between adjoining Lots may be relocated only by full compliance with the procedure set forth in the Act, C.R.S. 38-33.3-212.

ARTICLE 11 – ASSESSMENTS

Section 3. Assessments is replaced with the following:

Section 3. Regular and Special Assessments. The Board of Directors shall have the authority to levy Regular Assessments for the regular business and operation of the Association and to levy Special Assessments for the purpose of construction, improvement, repair, replacement, enlargement or other special purposes pertaining to a specific or special matter for the benefit of the Association. All Regular and Special Assessments shall be apportioned and allocated equally among all Lots, except Lot No. 22 and Lot No. 23, which are not within the gated area and do not share the main entrance or use of Capstone Circle road, and Lot No. 6X. Lot No. 22 and Lot No. 23 shall each be annually assessed one half (1/2) of the Regular Assessments and shall be exempt from all Special Assessments for construction, improvements or repairs within the gated area. Lot No. 6X shall pay one and one half (1 ½) of all Regular Assessments and all Special Assessments.

Section 6. Assessments for Each Lot is replaced with the following:

Section 6. Assessments for Each Lot. Except as otherwise provided herein, all Regular Assessments and all Special Assessments shall be apportioned and allocated equally among all Lots.

CERTIFICATION



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2 of 2 DCC R\$16.00 D\$0.00

June Madrid
Archuleta County

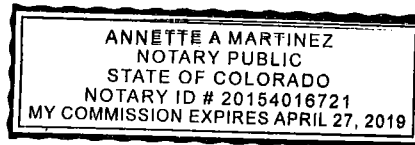
I, Richard Pendleton, President of the Capstone Village Homeowners Association, Inc. hereby certify that, in accordance Article 15, Section 2 of the Covenants, the foregoing is a true correct and accurate statement of the facts, that third Amendment was approved in writing by more than 67% of the Owners, and that to the best of my knowledge the Association complied with its governing documents and applicable law in effecting this amendment.

Capstone Village Homeowners Association, Inc

By: Richard Pendleton
Richard Pendleton, President

9/26/2016
Date

STATE OF Colorado)
) ss.
COUNTY OF Archuleta)



Subscribed and acknowledged before me on this 26th day of September, 2016, by
Richard Pendleton. Witness my hand and official seal.

My commission expires:
April 27, 2019

Annette A Martinez
Notary Public

RICHARD PENDLETON
227 LAKESIDE DR
PACOSA SPRINGS, CO 81147

THE FOURTH AMENDMENT TO THE DECLARATION OF PROTECTIVE COVENANTS OF CAPSTONE VILLAGE

This Fourth Amendment to the Declaration of Protective Covenants of Capstone Village ("Fourth Amendment") was approved by the consent of at least 67% of the Owners, as required by the Declaration of Protective Covenants of Capstone Village, which was filed for record in the office of the Archuleta County Clerk and Recorder on November 13, 2001, under Reception No. 20110131 (the "Declaration"), and will become effective upon recording in Archuleta County, Colorado.

By this Fourth Amendment, the Owners hereby revise the Declaration, as amended, to allow for the consolidation of Lots, if approved by all applicable regulatory authorities, and to clarify how Lots, whether or not consolidated, will be assessed and represented in the Association.

Lot Nos. 22, 23, and 6X shall continue to be assessed as provided in the Third Amendment to the Declaration of Protective Covenants of Capstone Village that was filed for record in the office of the Archuleta County Clerk and Recorder on September 26, 2016, under Reception No. 21906228 ("Third Amendment").

ARTICLE 3- USE OF LOTS

Section 2.2 Coupled Lots is replaced with the following:

Section 2.2. Consolidated Lots. Lots may be consolidated with the approval of Archuleta County Planning Department. The Owner of a consolidated Lot will be assessed for each Lot that has been consolidated, regardless of whether the Lot is assessed differently by the Archuleta County Assessor or the PLPOA. The Owner of a consolidated Lot will vote on Association matters as if the Lot remained separate parcels. For example, if two Lots are consolidated, the Owner will be assessed for two Lots and will have two voting rights in the Association.

*~~*This amendment supersedes the amendment to Article 3, Section 2.2, contained in the Third Amendment.~~*

ARTICLE 10- CAPSTONE VILLAGE HOMEOWNERS ASSOCIATION

Section 4. Voting Rights is replaced with the following:

Section 4. Voting Rights. All Owners within Capstone Village shall be Members of the Association. Each Lot, as originally platted and whether or not subsequently consolidated, shall be entitled to one (1) vote in the Association, so long as the Owner is in good-standing. The one (1) vote for each Lot shall be exercised by the Owner or the Owner's proxy. When more than one person or entity holds an interest in a Lot, the vote for the Lot shall be

PETER GUTMAN
11 CAPSTONE CIRCLE
PAGOSA SPRINGS, CO.
8147

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Kristy Archuleta
Archuleta County

exercised as the Owners may determine among themselves, but a vote for the Lot shall be cast by only by one person.

ARTICLE 11- ASSESSMENTS

Section 6. Assessments for Each Lot is replaced with the following:

Section 6. Assessments for Each Lot. Except as provided in the Third Amendment and herein, all Regular and all Special Assessments shall be apportioned and allocated equally among all Lots. Lots that have been consolidated shall be assessed as if said Lots remained separate parcels.

**This amendment supersedes the amendment to Article 11, Section 6, contained in the Third Amendment.*

CERTIFICATION

I, Peter Gutman, President of the Capstone Village Homeowners Association, Inc., hereby certify that, in accordance Article 15, Section 2 of the Covenants, the foregoing is a true correct and accurate statement of the Fourth Amendment that was approved by more than 67% of the Owners, and that to the best of my knowledge the Association complied with its governing documents and applicable law in effecting this amendment.

CAPSTONE VILLAGE HOMEOWNERS ASSOCIATION, INC

By: Peter H. Gutman
Peter Gutman, President

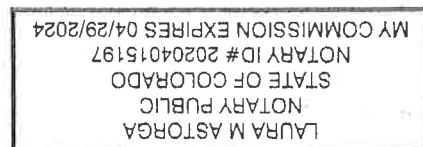
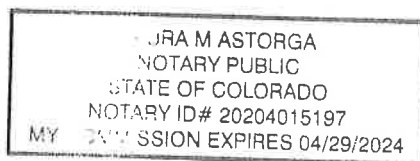
8-11-2020
Date

STATE OF Colorado)
) ss.
COUNTY OF Archuleta)

Subscribed and acknowledged before me on this 11 day of August, 2020, by Peter Gutman. Witness my hand and official seal.:

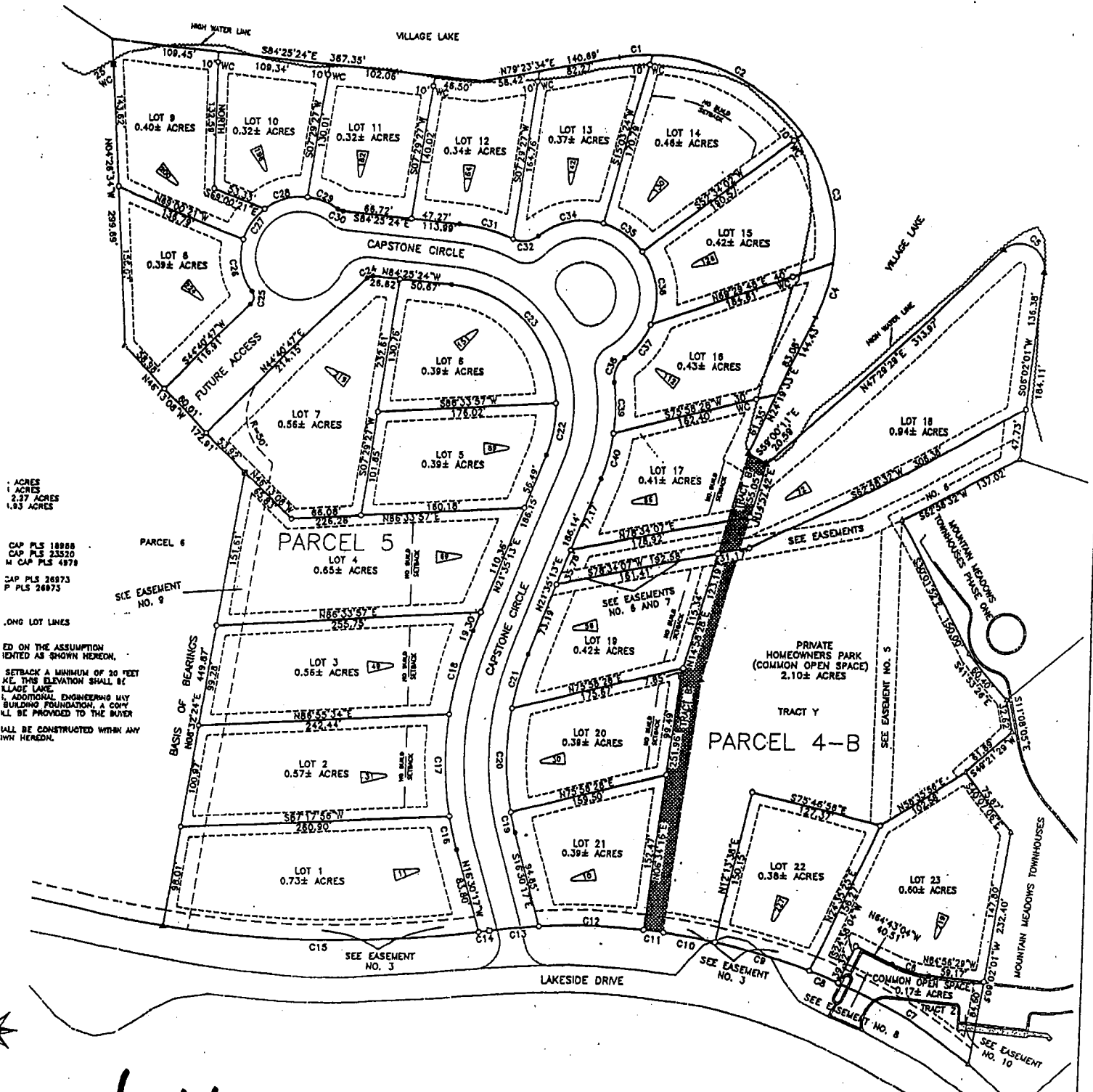
My commission expires:

Laura M Astorga
Notary Public



CAPSTONE VILLAGE

BEING PARCEL 4-B OF THE REPLAT OF PARCEL 4, TRACT B AND PARCEL 5
OF THE SECOND REPLAT OF SOUTH VILLAGE LAKE,
ARCHULETA COUNTY, COLORADO



b1/b

NOTICE: According to Colorado law you MUST commence any legal action based upon any defect in this survey within three years after you first discover such defect. In no event may any action based upon any defect in this survey be commenced more than ten years from the date of the certification shown hereon.

REVISIONS		PLAT OF	
03/27/01		CAPSTONE VILLAGE	
04/24/01		ARCHULETA COUNTY, COLORADO	
04/28/01		DAYNE ENGINEERING SERVICE, INC.	
06/01/01		P.O. BOX 1881	
06/25/01		PACIFICA SPRINGS, COLORADO 81117	
07/18/01		PHONE/FAX: 303-864-4400	
03/08/01		DRAWN BY: DPS	
03/08/01		CHECKED BY: DPS	
03/08/01		FILED BY: DPS	
03/08/01		DATE: 03/08/01	
03/08/01		BY: DAYNE ENGINEERING SERVICE, INC.	

CAPSTONE VILLAGE HOA BUILDER'S PACKET

1. Capstone Village Environmental Control Committee (ECC) Checklist-Revised 11-28-20
2. Capstone Village Homeowner's Association, Inc. ECC Application for Plan Review-Revised 5-14-20
3. Capstone Village Homeowner's Association, Inc. ECC Contractor's Agreement-Revised 5-14-20
4. Capstone Village Homeowner's Association, Inc. ECC Home Plan Approval-Revised 9-2-20
5. Capstone Village Homeowner's Association, Inc. ECC Landscape Changes Approval-Revised 9-2-20

CAPSTONE VILLAGE ENVIRONMENTAL CONTROL COMMITTEE (ECC)
CHECKLIST – Revised 11-28-20

PRELIMINARY PLAN REVIEW

1. Deliver Plan Approval Package to lot owner
2. ECC to receive from lot owner
 - a. Proposed Improvement Location Certificate
 - b. Signed Application for Plan Review
 - c. Executed Contractor's Agreement
 - d. Two (2) complete sets of building plans with current county requirements for the State of Colorado Architect's or Engineer's stamp
 - e. Landscaping plan with grass, shrub & tree plantings as well as sprinkler system layout. No future landscaping changes can be made which affects more than 25% of the existing landscaping unless submitted to the ECC for approval
3. Approve or request changes of owner no later than 14 days

PLAN REVIEW

1. Ensure all requirements are met, according to Articles 4, 5, & 6 of the Declaration of Protective Covenants of Capstone Village, including but not limited to:
 - a. Ensure the square footage is a minimum of 2,200 square feet of heated living space
 - b. Ensure the maximum allowable height of 26'-0", is determined by the median height of the highest and lowest points from the new grades of the building footprint. The existing grades of the lot shall be maintained at a distance of 20 ft. or more from each face of the building with no more than eight inches of the stem wall visible and a maximum stem wall change in elevation of twenty-four (24) inches as allowed, unless a hardship variance is approved
 - c. Ensure the Improvement Location Certificate shows the structure is within the easements and building setbacks
 - d. Ensure that no more than three (3) exterior materials are used which may include stucco, cedar, redwood, stone, rock or brick, with a minimum of 10% rock/stone used as accents and/or foundation surrounds
 - e. Ensure roof material is either standing seam metal or high grade architectural composition shingle, with a minimum of a 30 year warranty. Roof pitch to be a minimum of 5:12 as required by Archuleta County
 - f. Ensure that the orientation of the garage is consistent and harmonious with existing homes in the development
 - g. Ensure that all exterior lighting meets the requirements of Section 5.4.4 Outdoor Lighting, of the Archuleta County Land Use Ordinance
2. Solar Panels: Solar panels are allowed only if they are mounted flat to the roof of the home. Solar energy collectors, controls, dampers, fans, blowers, and pumps shall be installed in accordance with manufacturer's standards and State Electrical and Plumbing Board regulations. The ECC reserves the right to control placement of such devices as Colorado Law Provides.

PRE-CONSTRUCTION, AFTER PLAN APPROVAL

1. Receive Damage and Clean-up Deposit Fee of \$3000 and any amount not identified at completion of project will be refunded. The \$3000 retainer is required by each new homeowner to protect Capstone from any damage to the existing road and also damage to any adjacent lot from your contractor during construction of your new home. Any identified damages will be explained in a letter to the owner
2. A registered Civil Engineer will do an inspection of the road before and after construction and will provide short reports and photos or videos of road condition. The cost of this will be deducted from the refundable damage and clean-up deposit of the new owner
3. Ensure the building permit from Archuleta County has been pulled after plan approval and before construction starts and is posted on the property. This provision allows for any unknown changes of the Archuleta County Building Code, such as the necessity of a Colorado State Engineer's stamp

UNDER CONSTRUCTION

1. Ensure all exterior materials used meet or exceed ECC standards
2. Ensure damage is not done to surrounding lots, roadways and gate
3. All construction to be completed within 12 months of ECC acceptance and written execution of lot owner and ECC committee
4. Should owner/builder be in non-compliance, written Enforcement of Non-Compliance, with 30 days to correct, from date of hand delivery or receipt of standard certified mail. If owner/builder continues to be in non-compliance after the 30 day grace period, a Stop Work order will be delivered by the same means above, to go into effect immediately. When the site/building is in compliance, the Stop Work order will be lifted, in writing. If owner/builder is not in compliance within thirty (30) days of issuance of the Stop Order, a fine will be levied of \$100 per day until in compliance. This fine will be paid to Capstone Village before occupying the residence. Any legal expense incurred in collecting this fine will also be the responsibility of the owner
5. The lot owner will take ultimate financial responsibility for any damage caused to adjacent property owners and common areas and roads caused by anyone working on the building project

**CAPSTONE VILLAGE HOMEOWNERS ASSOCIATION, INC.
ENVIRONMENTAL CONTROL COMMITTEE (ECC)**

APPLICATION FOR PLAN REVIEW

Owner's Name: _____

Mailing Address: _____

Phone: _____

Email Address: _____

Alternate Contacts: _____

BUILDING ADDRESS:

Lot Number _____

The undersigned certifies that he/she has received and read a copy of "The Declaration of Protective Covenants of Capstone Village" and will abide by these covenants.

Signed _____ Date _____

Signed _____ Date _____

**CAPSTONE VILLAGE HOMEOWNERS ASSOCIATION, INC.
ENVIRONMENTAL CONTROL COMMITTEE (ECC)**

CONTRACTOR'S AGREEMENT

In consideration of a Capstone Homeowners Association approval of plans, for work being done at

_____ by me/us as contractor,
(Address/Lot #)

I have received and will comply with the requirements set forth in this agreement.

1. That all construction will comply with most recent Archuleta County Building Department requirements.
2. All excavated materials be kept within the lot being built upon (unless two lots are being developed side by side by the same owner/builder).
3. No open burning of construction debris.
4. No burial of construction debris or other trash on-site.
5. That each building site has a trash receptacle on-site for all construction debris and that it be removed when full. NO OFFSITE GARBAGE should be placed in construction debris receptacle.
6. That wind blowable trash is contained to keep it out of the lake.
7. Prior to starting construction, any changes to items covered in the covenants are reviewed by the ECC for approval in writing.

Signed this _____ day of _____, _____.

Property Owner's Signature

Contractor's Signature

Owner's Name (Please Print)

Construction Company Name (Please Print)

**CAPSTONE VILLAGE HOMEOWNERS ASSOCIATION, INC.
ENVIRONMENTAL CONTROL COMMITTEE (ECC)**

HOME PLAN APPROVAL

To: _____

The plans for your beautiful home on Lot _____ have been approved. A complete copy of your application and plans, dated _____, will be kept on file. Please keep in mind that any changes or revisions to those plans will need to be approved in writing by the ECC.

Your plans must still be approved by the Archuleta County Building Department. Capstone ECC does not forward your plans to them.

Thank you,
Capstone Village Homeowners Association, Inc.
Environmental Control Committee (ECC)

Jim Bavouset _____ Date _____

Rich Pendleton _____ Date _____

JoAnn Laird _____ Date _____

**CAPSTONE VILLAGE HOMEOWNERS ASSOCIATION, INC.
ENVIRONMENTAL CONTROL COMMITTEE (ECC)**

LANDSCAPE CHANGES APPROVAL

To: _____

The plans for landscape changes on Lot _____ have been approved. A copy of your approved landscape change plan, dated _____, will be kept on file. Please keep in mind that any subsequent changes or revisions to this plan will need to be approved in writing by the ECC.

Thank you,
Capstone Village Homeowners Association, Inc.
Environmental Control Committee (ECC)

Jim Bavouset _____ Date _____

Rich Pendleton _____ Date _____

JoAnn Laird _____ Date _____

**BYLAWS
OF
CAPSTONE VILLAGE HOMEOWNER'S ASSOCIATION, INC.**

ARTICLE 1

INTRODUCTION

These are the Bylaws of Capstone Village Homeowner's Association, Inc. which shall operate under the Colorado Nonprofit Corporation Act, as amended, and the Colorado Common Interest Ownership Act, as amended ("Act"). The name of the corporation is Capstone Village Homeowner's Association, Inc., (hereinafter referred to as the "Association").

ARTICLE 2

BOARD

Section 2.1 Number and Qualification - Termination of Declarant Control.

(a) The affairs of the Common Interest Community and the Association shall be governed by a Board of Directors (defined by the Act as the Executive Board) which, until the termination of the period of Declarant control, shall consist of 3 persons, and following such date shall continue as three persons unless amended, the majority of whom, excepting the Directors appointed by the Declarant, shall be Unit Owners. If any Unit is owned by a partnership or corporation, any officer, partner or employee of that Unit Owner shall be eligible to serve as a Director and shall be deemed to be a Unit Owner for the purposes of the preceding sentence. Directors shall be elected by the Unit Owners, except for those appointed by the Declarant. At any meeting at which Directors are to be elected, the Unit Owners may, by resolution, adopt specific procedures which are not inconsistent with these Bylaws or the Colorado Nonprofit Corporation Act for conducting the elections.

(b) The terms of at least one-third of the Directors not appointed by the Declarant shall expire annually, as established in a resolution of the Unit Owners.

(c) The Declaration shall govern appointment of Directors of the Board of Directors during the period of Declarant control.

(d) The Board of Directors shall elect the officers. The Directors and officers shall take office upon election.

(e) At any time after Unit Owners, other than the Declarant, are entitled to elect a Director, the Association shall call a meeting and give not less than 10 nor more than 50 days' notice to the Unit Owners for this purpose. This meeting may be called and the notice given by any Unit Owner if the Association fails to do so.

Section 2.2 Powers and Duties. The Board of Directors may act in all instances on

behalf of the Association, except as provided in the Declaration, these Bylaws or the Act. The Board of Directors shall have, subject to the limitations contained in the Declaration and the Act, the powers and duties necessary for the administration of the affairs of the Association and of the Common Interest Community, including the following powers and duties:

- (a) Adopt and amend Bylaws and Rules and regulations;
- (b) Adopt and amend budgets for revenues, expenditures and reserves;
- (c) Collect assessments for Common Expenses from Unit Owners;
- (d) Hire and discharge managing agents;
- (e) Hire and discharge employees, independent contractors and agents other than managing agents;
- (f) Institute, defend or intervene in litigation or administrative proceedings or seek injunctive relief for violations of the Association's Declaration, Bylaws or Rules in the Association's name, on behalf of the Association or two or more Unit Owners on matters affecting the Common Interest Community;
- (g) Make contracts and incur liabilities;
- (h) Regulate the use, maintenance, repair, replacement and modification of Common Elements;
- (i) Cause additional improvements to be made as a part of the Common Elements;
- (j) Acquire, hold, encumber and convey, in the Association's name, any right, title or interest to real estate or personal property, but Common Elements may be conveyed or subjected to a security interest only pursuant to §38-33.3-312 of the Act;
- (k) Grant easements for any period of time, including permanent easements, and grant leases, licenses and concessions for no more than one year, through or over the Common Elements;
- (l) Impose and receive a payment, fee or charge for services provided to Unit Owners and for the use, rental or operation of the Common Elements, other than Limited Common Elements described in Subsections 202(1)(b) and (d) of the Act;
- (m) Impose a reasonable charge for late payment of assessments and, after notice and hearing, levy a reasonable fine for a violation of the Declaration, Bylaws, Rules and Regulations of the Association;

(n) Impose a reasonable charge for the preparation and recording of amendments to the Declaration or statements of unpaid assessments;

(o) Provide for the indemnification of the Association's officers and the Board of Directors and maintain Directors' and officers' liability insurance;

(p) Exercise any other powers conferred by the Declaration or Bylaws;

(q) Exercise any other power that may be exercised in the state by a legal entity of the same type as the Association;

(r) Exercise any other power necessary and proper for the governance and operation of the Association; and

(s) By resolution, establish committees of Directors, permanent and standing, to perform any of the above functions under specifically delegated administrative standards as designated in the resolution establishing the committee. All committees must maintain and publish notice of their actions to Unit Owners and the Board of Directors. However, actions taken by a committee may be appealed to the Board of Directors by any Unit Owner within 45 days of publication of notice of that action, and the committee's action must be ratified, modified or rejected by the Board of Directors at its next regular meeting.

Section 2.3 Manager. The Board of Directors may employ a Manager for the Common Interest Community, at a compensation established by the Board of Directors, to perform duties and services authorized by the Board of Directors. The Board of Directors may delegate to the Manager only the powers granted to the Board of Directors by these Bylaws under Section 2.2, Subdivisions (c), (e), (g) and (h). Licenses, concessions and contracts may be executed by the Manager pursuant to specific resolutions of the Board of Directors and to fulfill the requirements of the budget.

Section 2.4 Removal of Directors. The Unit Owners, by a two-thirds vote of all persons present and entitled to vote, at any meeting of the Unit Owners at which a quorum is present, may remove any Director of the Board of Directors, other than a Director appointed by the Declarant, with or without cause.

Section 2.5 Vacancies. Vacancies in the Board of Directors, caused by any reason other than the removal of a Director by a vote of the Unit Owners, may be filled at a special meeting of the Board of Directors held for that purpose at any time after the occurrence of the vacancy, even though the Directors present at that meeting may constitute less than a quorum. These appointments shall be made in the following manner:

(a) As to vacancies of Directors whom Unit Owners other than the Declarant elected, by a majority of the remaining elected Directors constituting the Board of Directors; and

(b) As to vacancies of Directors whom the Declarant has the right to appoint, by the Declarant.

Each person so elected or appointed shall be a Director for the remainder of the term of the Director so replaced.

Section 2.6 Regular Meeting. The first regular meeting of the Board of Directors following each annual meeting of the Unit Owners shall be held within 10 days after the annual meeting at a time and place to be set by the Unit Owners at the meeting at which the Board of Directors shall have been elected. No notice shall be necessary to the newly elected Directors in order to legally constitute such meeting, provided a majority of the Directors are present. The Board of Directors may set a schedule of additional regular meetings by resolution, and no further notice is necessary to constitute regular meetings.

Section 2.7 Special Meetings. Special meetings of the Board of Directors may be called by the President or by a majority of the Directors on at least three business days' notice to each Director. The notice shall be hand-delivered or mailed and shall state the time, place and purpose of the meeting.

Section 2.8 Location of Meetings. All meetings of the Board of Directors shall be held within a radius of 5 miles of the Property, unless all Directors consent to another location.

Section 2.9 Waiver of Notice. Any Director may waive notice of any meeting in writing. Attendance by a Director at any meeting of the Board of Directors shall constitute a waiver of notice. If all the Directors are present at any meeting, no notice shall be required, and any business may be transacted at such meeting.

Section 2.10 Quorum of Directors. At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and the votes of a majority of the Directors present at a meeting at which a quorum is present shall constitute a decision of the Board of Directors. If, at any meeting, there shall be less than a quorum present, a majority of those present may adjourn the meeting. At any adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

Section 2.11 Consent to Corporate Action. If all the Directors or all Directors of a committee established for such purposes, as the case may be, severally or collectively consent in writing to any action taken or to be taken by the Association, and the number of the Directors constitutes a quorum, that action shall be a valid corporate action as though it had been authorized at a meeting of the Board of Directors or the committee, as the case may be. The secretary shall file these consents with the minutes of the meetings of the Board of Directors.

Section 2.12 Telephone Communication in Lieu of Attendance. A Director may attend

a meeting of the Board of Directors by using an electronic or telephonic communication method whereby the director may be heard by the other members and may hear the deliberations of the other members on any matter properly brought before the Board of Directors. The Director's vote shall be counted and the presence noted as if that Director were present in person on that particular matter.

ARTICLE 3

UNIT OWNERS

Section 3.1 Annual Meeting. Annual meetings of Unit Owners shall be held in Archuleta County, Colorado at such place and date set forth in the notice. At these meetings, the Directors shall be elected by ballot of the Unit Owners, in accordance with the provisions of Article 2 of the Bylaws. The Unit Owners may transact other business as may properly come before them at these meetings.

Section 3.2 Budget Meeting. Meetings of Unit Owners to consider proposed budgets shall be called in accordance with the Act. The budget may be considered at Annual or Special Meetings called for other purposes as well.

Section 3.3 Special Meetings. Special meetings of the Association may be called by the president, by a majority of the members of the Board of Directors or by Unit Owners comprising 20 percent of the votes in the Association.

Section 3.4 Place of Meetings. Meetings of the Unit Owners shall be held at the project or may be adjourned to a suitable place convenient to the Unit Owners, as may be designated by the Board of Directors or the president.

Section 3.5 Notice of Meetings. The secretary or other officer specified in the Bylaws shall cause notice of meetings of the Unit Owners to be hand-delivered or sent prepaid by United States mail to the mailing address of each Unit or to the mailing address designated in writing by the Unit Owner and electronically to the provided electronic mail addresses of all Unit Owners, not less than 10 nor more than 50 days in advance of a meeting. No action shall be adopted at a meeting except as stated in the notice.

Section 3.6 Waiver of Notice. Any Unit Owner may, at any time, waive notice of any meeting of the Unit Owners in writing, and the waiver shall be deemed equivalent to the receipt of notice.

Section 3.7 Adjournment of Meeting. At any meeting of Unit Owners, a Majority of the Unit Owners who are present at that meeting, either in person or by proxy, may adjourn the meeting to another time.

Section 3.8 Order of Business. The order of business at all meetings of the Unit

Owners shall be as follows:

- (a) Roll call (or check-in procedure);
- (b) Proof of notice of meeting;
- (c) Reading of minutes of preceding meeting;
- (d) Reports;
- (e) Establish number and term of memberships of the Board of Directors (if required and noticed);
- (f) Election of inspectors of election (when required);
- (g) Election of Directors of the Board of Directors (when required);
- (h) Ratification of budget (if required and noticed);
- (i) Unfinished business; and
- (j) New business.

Section 3.9 Voting.

(a) If only one of several owners of a Unit is present at a meeting of the Association, the owner present is entitled to cast all the Votes allocated to the Unit. If more than one of the owners are present, the Votes allocated to the Unit may be cast only in accordance with the agreement of a majority in interest of the owners. There is majority agreement if any one of the owners casts the Votes allocated to the Unit without protest being made promptly to the person presiding over the meeting by another owner of the Unit.

(b) Votes allocated to a Unit may be cast under a proxy duly executed by a Unit Owner. If a Unit is owned by more than one person, each owner of the Unit may vote or register protest to the casting of votes by the other owners of the Unit through a duly executed proxy. A Unit Owner may revoke a proxy given under this section only by actual notice of revocation to the person presiding over a meeting of the Association. A proxy is void if it is not dated or purports to be revocable without notice. A proxy terminates one year after its date, unless it specifies a shorter term.

(c) The Vote of a corporation or business trust may be cast by any officer of that corporation or business trust in the absence of express notice of the designation of a specific person by the Board of Directors of directors or Bylaws of the owning corporation or business trust. The Vote of a partnership may be cast by any general partner of the owning partnership in the absence of express notice of the designation of a specific person by the owning partnership. The moderator of the meeting may require reasonable evidence that a person voting on behalf of a corporation, partnership or business trust owner is qualified to vote.

(d) Votes allocated to a Unit owned by the Association may not be cast.

Section 3.10 Quorum. Except as otherwise provided in these Bylaws, the Unit Owners present in person or by proxy at any meeting of Unit Owners, (but no less than 25 percent of the

members), shall constitute a quorum at that meeting.

Section 3.11 Majority Vote. The Vote of a majority of the Unit Owners present in person or by proxy at a meeting at which a quorum shall be present shall be binding upon all Unit Owners for all purposes except where a higher percentage Vote is required in the Declaration, these Bylaws or by law.

ARTICLE 4

OFFICERS

Section 4.1 Designation. The principal officers of the Association shall be the president, the vice president, the secretary and the treasurer, all of whom shall be elected by the Board of Directors. The Board of Directors may appoint an assistant treasurer, an assistant secretary and other officers as it finds necessary. The president and vice president, but no other officers, need to be Directors. Any two offices may be held by the same person, except the offices of president and secretary. The office of vice president may be vacant.

Section 4.2 Election of Officers. The officers of the Association shall be elected annually by the Board of Directors at the organizational meeting of each new Board of Directors. They shall hold office at the pleasure of the Board of Directors.

Section 4.3 Removal of Officers. Upon the affirmative vote of a majority of the Directors, any officer may be removed, either with or without cause. A successor may be elected at any regular meeting of the Board of Directors or at any special meeting of the Board of Directors called for that purpose.

Section 4.4 President. The president shall be the chief executive officer of the Association. The president shall preside at all meetings of the Unit Owners and of the Board of Directors. The president shall have all of the general powers and duties which are incident to the office of president of a nonprofit corporation organized under the laws of the State of Colorado, including but not limited to the power to appoint committees from among the Unit Owners from time to time as the president may decide is appropriate to assist in the conduct of the affairs of the Association. The president may fulfill the role of treasurer in the absence of the treasurer. The president may cause to be prepared and may execute amendments, attested by the secretary, to the Declaration and these Bylaws on behalf of the Association, following authorization or approval of the particular amendment as applicable.

Section 4.5 Vice President. The vice president shall take the place of the president and perform the president's duties whenever the president is absent or unable to act. If neither the president nor the vice president is able to act, the Board of Directors shall appoint some other Director to act in the place of the president on an interim basis. The vice president shall also perform other duties imposed by the Board of Directors or by the president.

Section 4.6 Secretary. The secretary shall keep the minutes of all meetings of the Unit Owners and the Board of Directors. The secretary shall have charge of the Association's books and papers as the Board of Directors may direct and shall perform all the duties incident to the office of secretary of a nonprofit corporation organized under the laws of the State of Colorado. The secretary may cause to be prepared and may attest to execution by the president of amendments to the Declaration and the Bylaws on behalf of the Association, following authorization or approval of the particular amendment as applicable.

Section 4.7 Treasurer. The treasurer shall be responsible for Association funds and securities, for keeping full and accurate financial records and books of account showing all receipts and disbursements and for the preparation of all required financial date. This officer shall be responsible for the deposit of all monies and other valuable effects in depositories designated by the Board of Directors and shall perform all the duties incident to the office of treasurer of a nonprofit corporation organized under the laws of the State of Colorado. The treasurer may endorse on behalf of the Association, for collection only, checks, notes and other obligations and shall deposit the same and all monies in the name of and to the credit of the Association in banks designated by the Board of Directors. Except for reserve funds described below, the treasurer may have custody of and shall have the power to endorse for transfer, on behalf of the Association, stock, securities or other investment instruments owned or controlled by the Association or as fiduciary for others. Reserve funds of the Association shall be deposited in segregated accounts or in prudent investments, as the Board of Directors decides. Funds may be withdrawn from these reserves for the purposes for which they were deposited, by check or order, authorized by the treasurer, and executed by two Directors, one of whom may be the treasurer if the treasurer is also a Director.

Section 4.8 Agreements, Contracts, Deeds, Checks, etc. Except as provided in Sections 4.4, 4.6, 4.7 and 4.9 of these Bylaws, all agreements, contracts, deeds, leases, checks and other instruments of the Association shall be executed by any officer of the Association or by any other person or persons designated by the Board of Directors.

Section 4.9 Statements of Unpaid Assessments. The treasurer, assistant treasurer, a manager employed by the Association or, in their absence, any officer having access to the books and records of the Association may prepare, certify, and execute statements of unpaid assessments, in accordance with §38-33.3-316 of the Act.

The Association may charge a reasonable fee for preparing statements of unpaid assessments. The amount of this fee and the time of payment shall be established by resolution of the Board of Directors. Any unpaid fees may be assessed as a Common Expense against the Unit for which the certificate or statement is furnished.

ARTICLE 5

ENFORCEMENT

Section 5.1 Abatement and Enjoinment of Violations by Unit Owners. The violation of any of the Rules and regulations adopted by the Board of Directors or the breach of any provision of the Documents shall give the Board of Directors the right, after notice and hearing, except in case of an emergency, in addition to any other rights set forth in these Bylaws:

(a) To enter the Unit or Limited Common Element in which, or as to which, the violation or breach exists and to summarily abate and remove, at the expense of the defaulting Unit Owner, any structure, thing or condition (except for additions or alterations of a permanent nature that may exist in that Unit) that is existing and creating a danger to the Common Elements contrary to the intent and meaning of the provisions of the Documents. The Board of Directors shall not be deemed liable for any manner of trespass by this action; or

(b) To enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any breach.

Section 5.2 Fine for Violation. By resolution, following notice and hearing, the Board of Directors may levy a fine up to twenty-five dollars (\$25.00) per day for each day that a violation of the Documents or Rules persists after notice and hearing, but this amount shall not exceed that amount necessary to ensure compliance with the rule or order of the Board of Directors.

ARTICLE 6

INDEMNIFICATION

The Directors and officers of the Association shall be entitled to indemnification, to the fullest extent provided in Colorado Nonprofit Corporation Act, the provisions of which are incorporated by reference and made a part of this document.

ARTICLE 7

RECORDS

Section 7.1 Records and Audits. The Association shall maintain financial records. The cost of any audit shall be a Common Expense unless otherwise provided in the Documents.

Section 7.2 Examination. All records maintained by the Association or the Manager shall be available for examination and copying by any Unit Owner, any holder of a Security Interest in a Unit or its insurer or guarantor, or by any of their duly authorized agents or attorneys, at the expense of the person examining the records, during normal business hours and after reasonable

notice.

Section 7.3 Records. The Association shall keep the following records:

- (a) An account for each Unit, which shall designate the name and address of each Unit Owner, the name and address of each mortgagee who has given notice to the Association that it holds a mortgage on the Unit, the amount of each Common Expense assessment, the dates on which each assessment comes due, the amounts paid on the account and the balance due;
- (b) An account for each Unit Owner showing any other fees payable by the Unit Owner;
- (c) A record of any capital expenditures in excess of one thousand dollars (\$1,000.00) approved by the Board of Directors for the current and next two succeeding fiscal years;
- (d) A record of the amount and an accurate account of the current balance of any reserves for capital expenditures, replacement and emergency repairs, together with the amount of those portions of reserves designated by the Association for a specific project;
- (e) The most recent regularly prepared balance sheet and income and expense statement, if any, of the Association;
- (f) The current operating budget adopted pursuant to Section 315(1) of the Act and ratified pursuant to the procedures of Section 303(4) of the Act;
- (g) A record of any unsatisfied judgments against the Association and the existence of any pending suits in which the Association is a defendant;
- (h) A record of insurance coverage provided for the benefit of Unit Owners and the Association;
- (i) A record of any alterations or improvements to Units or Limited Common Elements which violate any provisions of the Declarations of which the Board of Directors has knowledge;
- (j) A record of any violations, with respect to any portion of the Common Interest Community, of health, safety, fire or building codes or laws, ordinances, or regulations of which the Board of Directors has knowledge;
- (k) A record of the actual cost, irrespective of discounts and allowances, of the maintenance of the Common Elements;
- (l) Balance sheets and other records required by local corporate law;

- (m) Tax returns for state and federal income taxation;
- (n) Minutes of proceedings of incorporators, Unit Owners, Directors, committees of Directors and waivers of notice; and
- (o) A copy of the most recent versions of the Declaration, Bylaws, Rules, and resolutions of the Board of Directors, along with their exhibits and schedules.

ARTICLE 8

MISCELLANEOUS

Section 8.1 Notices. All notices to the Association or the Board of Directors shall be delivered to the office of the Manager, or, if there is no Manager, to the office of the Association, or to such other address as the Board of Directors may designate by written notice to all Unit Owners and to all holders of Security Interests in the Units who have notified the Association that they hold a Security Interest in a Unit. Except as otherwise provided, all notices to any Unit Owner shall be sent to the Unit Owner's address as it appears in the records of the Association. All notices to holders of Security Interests in the Units shall be sent, except where a different manner of notice is specified elsewhere in the Documents, by registered or certified mail to their respective addresses, as designated by them in writing to the Association. All notices shall be deemed to have been given when mailed, except notices of changes of address, which shall be deemed to have been given when received.

Section 8.2 Fiscal Year. The Board of Directors shall establish the fiscal year of the Association.

Section 8.3 Waiver. No restriction, condition, obligation or provision contained in these Bylaws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches which may occur.

Section 8.4 Office. The principal office of the Association shall be on the Property or at such other place as the Board of Directors may from time to time designate.

Section 8.5 Working Capital. A working capital fund is to be established in the amount of two months regularly budgeted initial Common Expense assessments, measured as of the date of the first assessment on the first phase, for all Units as they are created in proportion to their respective Allocated Interests in Common Expenses. Any amounts paid into this fund shall not be considered as advance payment of assessments. Each Unit's share of the working capital fund may be collected and then contributed to the Association by the Declarant at the time the sale of the Unit is closed or at the termination of Declarant control. Until paid to the Association, the contribution to the working capital shall be considered an unpaid Common Expense Assessment, with a lien on the Declarant's unsold Units pursuant to the Act. Until termination of Declarant

control of the Board of Directors, the working capital shall be deposited without interest in a segregated fund. While the Declarant is in control of the Board of Directors, the Declarant cannot use any of the working capital funds to defray its expenses, reserve contributions or construction costs or to make up budget deficits.

Section 8.6 Reserves. As a part of the adoption of the regular budget the Board of Directors shall include an amount which, in its reasonable business judgment, will establish and maintain an adequate reserve fund for the replacement of improvements to the Common Elements and those Limited Common Elements that it is obligated to maintain, based upon the project's age, remaining life and the quantity and replacement cost of major Common Element improvements.

ARTICLE 9

AMENDMENTS TO BYLAWS

Section 9.1 The Bylaws may be amended only by vote of two-thirds of the members of the Board of Directors, following notice and comment to all Unit Owners, at any meeting duly called for such purpose.

Section 9.2 No amendment of the Bylaws of this Association shall be adopted which would affect or impair the validity or priority of any mortgage covering any Unit or which would change the provisions of the Bylaws with respect to institutional mortgagees of record.

ATTEST: Certified to be the Bylaws adopted by consent of the Directors of Capstone Village Homeowner's Association, Inc., dated this _____ day of August, 2001.

Charles S. Teeple, IV, Director

Alvin Bledsoe, Director

David Hassenmiller, Director

Rules and Regulations
of
Capstone Village Homeowner's Association, Inc.

Resolution 2020-01 of the Board of Directors – Governance Policy

Resolution 2020-02 of the Board of Directors – Records Inspection Policy and Procedure

Resolution 2020-03 of the Board of Directors – Investments Policy

Resolution 2020-04 of the Board of Directors – Dispute Resolution Policy and Procedure

Resolution 2020-05 of the Board of Directors – Policy Regarding Reserve Studies

Resolution 2021-01 of the Board of Directors – Reserve Study Policy and Funding Reserve Account
Replaces 2020-05 Policy Regarding Reserve Studies

Resolution 2020-06 of the Board of Directors – Conflict of Interest Policy and Code of Conduct and Ethics
for Board Members

**RESOLUTION 2020-01
OF THE BOARD OF DIRECTORS
CAPSTONE VILLAGE HOMEOWNERS ASSOCIATION, INC.**

GOVERNANCE POLICY

Whereas, The Colorado Common Interest Community Act, Section 38-33.3-209.5 states: To promote responsible governance, associations shall:

- (a) Maintain accurate and complete accounting records; and
- (b) Adopt policies, procedures, and rules and regulations concerning:
 - (I) Collection of unpaid assessments;
 - (II) Handling of conflicts of interest involving board members, which policies, procedures, and rules and regulations must include, at a minimum, the criteria described in subsection (4) of this section;
 - (III) Conduct of meetings, which may refer to applicable provisions of the nonprofit code or other recognized rules and principles;
 - (IV) Enforcement of covenants and rules, including notice and hearing procedures and the schedule of fines;
 - (V) Inspection and copying of association records by unit owners;
 - (VI) Investment of reserve funds;
 - (VII) Procedures for the adoption and amendment of policies, procedures, and rules;
 - (VIII) Procedures for addressing disputes arising between the association and unit owners; and
 - (IX) When the association has a reserve study prepared for the portions of the community maintained, repaired, replaced, and improved by the association; whether there is a funding plan for any work recommended by the reserve study and, if so, the projected sources of funding for the work; and whether the reserve study is based on a physical analysis and financial analysis. For the purposes of this subparagraph (IX), an internally conducted reserve study shall be sufficient.

Whereas, the Declaration of Protective Covenants, the Articles of Incorporation and Bylaws, with any amendments thereto, and any rules, regulations, and policies of the Capstone Village Homeowners Association, Inc. are duly recorded with the Clerk and Recorder of Archuleta County, Colorado, the Pagosa Lakes Property Owners Association, or the Capstone Village Homeowners Association, Inc. as required.

Therefore, the Capstone Village Homeowners Association, Inc. ("the Association") Board of Directors adopts the following policy regarding governance of the Association.

Governance Policy

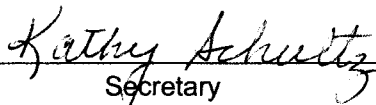
(1)The Declaration of Protective Covenants, (2) the Articles of Incorporation and Bylaws, with any amendments thereto, (3) any rules, regulations, and policies of the Capstone Village Homeowners Association, Inc. and (4) any Resolutions promulgated by the Board of Directors of the Association (a) ensure the proper organization of the Association, (b) promote responsible governance of the Association, and (c) protect the rights of the Association Members.

THEREFORE, BE IT RESOLVED Resolution 2020-01 was ADOPTED this 4th day of FEBRUARY 2020 by the Capstone Village Homeowners Association, Inc. Board of Directors.

President's And Secretary's Certification: the undersigned, respectively being the President and Secretary of Capstone Village Homeowners Association, Inc., a Colorado nonprofit corporation, certify that the foregoing Resolution 2020-01 was approved and adopted by the Board of Directors of the Association, at a duly called and held meeting of the Board of Directors of the Association on FEBRUARY 4, 2020 and in witness thereof, the undersigned have subscribed their names,

Capstone Village Homeowners Association, Inc., a Colorado nonprofit corporation,

By:  Date 2-4-2020
President

Attested By:  Date 2/4/2020
Secretary

**RESOLUTION 2020-02
OF THE BOARD OF DIRECTORS
CAPSTONE VILLAGE HOMEOWNERS ASSOCIATION, INC.**

RECORDS INSPECTION POLICY AND PROCEDURE

WHEREAS, C.R.S. Section 38-33.3-209.5, Responsible governance policies states: To promote responsible governance, associations shall adopt policies, procedures, and rules and regulations concerning inspection and copying of Association records by unit Owners, and

WHEREAS, House Bill 12-1237 has substantially modified C.R.S. Section 38-33.3-317 to define the records an association must keep and produce for inspection and to void any requirement to state a proper purpose for requesting access to records; and

WHEREAS, the Board of Directors intends to be transparent in dealings with property owners, and to remain fully in conformity with State law and best practices for property owners associations.

NOW, THEREFORE, BE IT RESOLVED that The Capstone Village Homeowners Association, Inc. Board of Directors has adopted the following Records Inspection Policy and Procedure.

1. The Association shall keep and retain the following records:

- A. detailed records of receipts and expenditures affecting the operation and administration of the Association;
- B. minutes of Membership meetings, minutes of Board meetings, a record of all actions taken by the Members or Board without a meeting (i.e., by written ballot or written consent in lieu of a meeting), and a record of all actions taken by a committee of the Board;
- C. written communications among, and the votes cast by, Board members that are directly related to an action taken by the Board without a meeting pursuant to the Association's Bylaws or Colorado law;
- D. the names of Members in a form that permits preparation of a list of names and physical mailing addresses of all Members, showing the number of votes each Member is entitled to vote ("Membership list");
- E. the current articles of incorporation, declaration, covenants, bylaws, rules and regulations, responsible governance policies required pursuant to Colorado law, and any other policies adopted by the Board;

F. financial statements, to the extent available, showing, in reasonable detail, the Association's assets and liabilities and results of its operations for the past three years;

G. tax returns for the past seven years, to the extent available;

H. a list of the names, electronic mail addresses and physical mailing addresses of its current directors and officers;

I. the Association's most recent reserve study, if any;

J. current written contracts to which the Association is a party;

K. written contracts for work performed for the Association within the immediately preceding two years;

L. records of Board or committee actions to approve or deny design or architectural approval from Members;

M. ballots, proxies, and other records related to voting by Members for one year after the election, action, or vote to which they relate;

N. resolutions adopted by the Board relating to the characteristics, qualifications, rights, limitations, and obligations of Members or any class of Members;

O. written communications within the past three years to Members generally as Members;

P. the operating budget for the current fiscal year;

Q. a list, by Lot number, of the Association's current assessments (regular and special);

R. the annual financial statements, including any amounts held in reserve, for the fiscal year immediately preceding the current annual disclosure;

S. a list of all Association insurance policies, including company names, policy limits, policy deductibles, additional named insureds, and expiration dates.

All records kept and retained by the Association are the exclusive property of the Association. Any records kept and retained by the Association not subject to the mandates provided above shall not be considered property of the Association unless and until the Board of Directors takes official action setting the circumstances under which those records may be kept and retained by the Association.

2. The records set forth in Paragraph 1 shall be made reasonably available for inspection and copying by a Member or the Member's authorized agent. "Reasonably available" means available during normal business hours after written request of at least 10 days or at the next regularly scheduled meeting, if such meeting occurs within 30 days after the request. The written request must describe the records sought with reasonable particularity and must be submitted on the form attached to this policy.

3. No Member may use Association records, or allow Association records to be used, for commercial purposes.

4. In addition, a Membership list may not be:

- A. used to solicit money or property unless such money or property will be used solely to solicit votes of the Members in an election held by the Association;
- B. used for any commercial purpose;
- C. sold to or purchased by any person;
- D. used for any purposes unrelated to the Member's interest as a Member; or
- E. used for any other purpose prohibited by law.

A Member request for the Membership list shall be granted when the Member making that request enters into the agreement form attached to this resolution and made a part hereof. Each agreement is an enforceable contract, the breach of which will damage the Association, its membership and individual Members; therefore, the Association shall enforce each agreement to the best of its ability and in accordance with paragraph 11 below.

5. Pursuant to Colorado law, the following records may be withheld from inspection and copying to the extent that such records are of concern:

- A. architectural drawings, plans, and designs, unless the legal owner of such drawings, plans, or designs provides written consent to the release;
- B. contracts, leases, bids or records related to transactions to purchase or provide goods or services that are still in or under negotiation;
- C. communication with legal counsel protected by the attorney-client privilege or the attorney work product doctrine;
- D. disclosure of information in violation of law;

E. records of an executive session of the Board; and

F. records related to an individual Lot other than the Member's.

If such records are made available for inspection, the procedure set forth in Paragraph 2 shall apply.

6. Upon receipt of a request, the Association may make an appointment with the Member, at a time and place convenient to both parties (subject to the requirements of Paragraph 2 above), to conduct the inspection. All appointments for inspection will be limited to four hours. If additional time is needed, another appointment will be made within two weeks, at a time and place convenient to both parties.

7. At the discretion of the Board of Directors, records will be inspected only in the presence of a Board member or other person designated by the Board.

8. During inspection, a Member may designate pages to be copied with a paperclip, post-it note, or other means provided by the Association. The Member will be responsible for paying the total estimated copying cost prior to receiving the copies.

9. Records may not be removed from the place in which they are inspected without the express written consent of the Board.

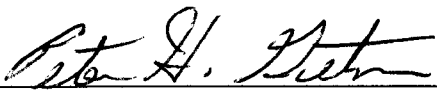
10. Records subject to the policies contained herein are intended to be interpreted to conform with the requirements and restrictions of C.R.S. 38-33.3-317, as it is and may be amended, but nothing contained herein is intended to create new records for retention by the Association or enlarge the requirements for the Association to keep and retain records beyond the requirements of Colorado law.

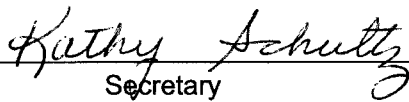
11. The Association may pursue any Member for damages or injunctive relief or both, including reasonable attorney fees, for abuse of inspection and copying rights, including use of any records for a commercial purpose.

THEREFORE, BE IT RESOLVED Resolution 2020-02 was ADOPTED this 4TH day of FEBRUARY 2020 by the Capstone Village Homeowners Association, Inc. Board of Directors.

President's And Secretary's Certification: the undersigned, respectively being the President and Secretary of Capstone Village Homeowners Association, Inc., a Colorado nonprofit corporation, certify that the foregoing Resolution 2020-02 was approved and adopted by the Board of Directors of the Association, at a duly called and held meeting of the Board of Directors of the Association on FEBRUARY 4, 2020 and in witness thereof, the undersigned have subscribed their names,

Capstone Village Homeowners Association, Inc., a Colorado nonprofit corporation,

By:  Date 2-4-2020
President

Attested By:  Date 2/4/2020
Secretary

Capstone Village Homeowners Association, Inc.

REQUEST FOR ACCESS TO ASSOCIATION RECORDS

Member Name: _____ Date: _____

Address: _____

Telephone #: _____

Pursuant to state law and the Association's Records Inspection Policy, I hereby request that Capstone Village Homeowners Association, Inc. provide access to the records of the Association. I understand that upon receipt of this request, the Association will set an appointment with me during regular business hours.

1. The records that I wish to review are (attach a separate piece of paper if necessary):

A. _____

B. _____

C. _____

2. I acknowledge and accept the Association's records inspection policy. I acknowledge and accept that the records of the Association will be made available to me only at such time and place as the Association's policy provides, and that there may be a cost associated with providing copies of these documents for me. I agree to pay any costs associated with copying these documents. In the event the records provided to me by the Association are used for any commercial purposes, I will be responsible for any and all damages, penalties and costs incurred by the Association, including attorney fees, and I shall be subject to all enforcement procedures available to the Association through its governing documents and/or Colorado law.

Member Signature: _____ Date: _____

**RESOLUTION 2020-03
OF THE BOARD OF DIRECTORS
CAPSTONE VILLAGE HOMEOWNERS ASSOCIATION, INC.
INVESTMENTS POLICY**

WHEREAS, The Colorado Common Interest Community Act, Section 38-33.3-302, states the Association may exercise any powers necessary and proper for the governance and operation of the association

NOW THEREFORE, The Board of Directors does hereby adopt the following Investment Policy as the Investment Policy for the Association:

**Capstone Village Homeowners Association, Inc.
INVESTMENTS POLICY**

I Purpose

It is the purpose of this document to set forth the Policies and Procedures of the Capstone Village Homeowners Association, Inc. ("the Association") Board of Directors relating to the investment of the Association monies and management practices.

II Scope

The investment policy applies to all monetary assets of the Association. These funds are accounted for in the Annual Financial Statements and include:

- A. Operating Fund
- B. Reserve/Replacement Fund
- C. Settlement Fund
- D. Any new Fund or portion thereof created by the Board.

III Objective

The primary objectives in priority order of the Association's investment activities shall be:

- A. Safety: The single most important objective of this investment program is the preservation of all funds of the Association. Investments shall be made only with financial institutions that are members of the Federal Deposit Insurance Corporation's (FDIC) or Securities Investor Protection Corporation (SIPC). No

single investment shall exceed the \$250,000 FDIC or \$500,000 SIPC insurance limit.

B. Liquidity: The objective of liquidity is the ability to change an investment into its cash equivalent on short notice at its prevailing market value.

C. Return on Investment: The portfolio shall be designed and managed to earn a market rate of return, taking into account the primary objectives of safety and liquidity.

IV Standard of Care

The standard of care applicable to the investments of the Association shall be the "Prudent Person Rule", i.e., investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, considering primarily, the preservation of capital, as well as, the possible income to be derived therefrom.

V Delegation of Authority

The fiduciary responsibility for the investment program under the authority of the Association Declarations of Restrictions, Articles of Incorporation, and Bylaws lies with the Board of Directors.

VI Ethics and Conflict of Interest

The Association Board members involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Board Members shall disclose in writing to the Board of Directors any material interests in financial institutions that conduct business or may be under consideration to conduct business with the Association. They shall further disclose any significant personal financial/investment positions that could be related to the performance of the portfolio. The members of the Board of Directors shall make investment decisions in good faith, with the care an ordinarily prudent person in a like position would exercise under similar circumstances, and in a manner the Directors reasonably believe to be in the best interests of the Association in accordance with the Colorado Revised Nonprofit Corporation Act. The act states:

7-128-401. General standards of conduct for directors and officers.

(1) Each director shall discharge the director's duties as a director, including the director's duties as a member of a committee of the board, and each officer with discretionary authority shall discharge the officer's duties under that authority:

(a) In good faith;

- (b) With the care an ordinarily prudent person in a like position would exercise under similar circumstances, and
 - (c) In a manner the director or officer reasonably believes to be in the best interests of the nonprofit corporation.
- (2) In discharging duties, a director or officer is entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, if prepared or presented by:
- (a) One or more officers or employees of the nonprofit corporation whom the director or officer reasonably believes to be reliable and competent in the matters presented;
 - (b) Legal counsel, a public accountant, or another person as to matters the director or officer reasonably believes are within such person's professional or expert competence;
 - (c) Religious authorities or ministers, priests, rabbis, or other persons whose position or duties in the nonprofit corporation, or in a religious organization with which the nonprofit corporation is affiliated, the director or officer believes justify reliance and confidence and who the director or officer believes to be reliable and competent in the matters presented; or
 - (d) In the case of a director, a committee of the board of directors of which the director is not a member if the director reasonably believes the committee merits confidence.
- (3) A director or officer is not acting in good faith if the director or officer has knowledge concerning the matter in question that makes reliance otherwise permitted by subsection (2) of this section unwarranted.
- (4) A director or officer is not liable as such to the nonprofit corporation or its members for any action taken or omitted to be taken as a director or officer, as the case may be, if, in connection with such action or omission, the director or officer performed the duties of the position in compliance with this section.
- (5) A director, regardless of title, shall not be deemed to be a trustee with respect to the nonprofit corporation or with respect to any property held or administered by the nonprofit corporation including, without limitation, property that may be subject to restrictions imposed by the donor or transferor of such property,

VII Strategy

To the extent feasible, maturities of all investments should be matched to projected future cash flow needs and outlay requirements. All securities purchases/sales will be transacted using a competitive process requiring the solicitation and evaluation of at least two institutions.

VIII Authorized Investments

Investments other than those outlined below require approval of the Board of Directors:

- A. Sweep accounts backed by US Treasury and Agency obligations at approved institutions;
- B. Certificates of deposit fully insured by the FDIC with approved institutions;

- C. Checking accounts with approved institutions may exceed insured limits, as necessary, to meet short term cash flow requirements;
- D. United States Treasury fixed rate bills, notes and bonds;
- E. Institutional money market funds with approved institutions investing only in direct US Treasury obligations.

IX Safekeeping and Custody

All authorized investments (section VIII) shall be held by third party custodial/trustee institutions designated or approved by the Board of Directors.

X Diversification

All Association funds which are not required for short term cash flow or to maintain required compensating cash balances shall be invested in interest bearing investments or accounts. Such investments shall be allocated among investment classes and institutions to avoid any concentration of risk with any individual investment vehicle.

XI Maturities

To the extent possible, the Association will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific expenditure the Association will not invest in securities maturing more than three years from the date of Purchase.

XII Internal Control

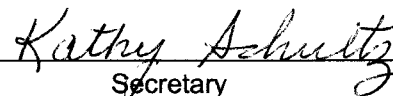
A report shall be submitted quarterly by the Treasurer to the Board of Directors for ratification of all purchases, sales, and maturities of securities and investments.

THEREFORE, BE IT RESOLVED Resolution 2020-03 was ADOPTED this 4th day of FEBRUARY 2020 by the Capstone Village Homeowners Association, Inc. Board of Directors.

President's And Secretary's Certification: the undersigned, respectively being the President and Secretary of Capstone Village Homeowners Association, Inc., a Colorado nonprofit corporation, certify that the foregoing Resolution 2020-03 was approved and adopted by the Board of Directors of the Association, at a duly called and held meeting of the Board of Directors of the Association on FEBRUARY 4, 2020 and in witness thereof, the undersigned have subscribed their names,

Capstone Village Homeowners Association, Inc., a Colorado nonprofit corporation,

By:  Date 2-4-2020
President

Attested By:  Date 2/4/2020
Secretary

**RESOLUTION 2020-04
OF THE BOARD OF DIRECTORS
CAPSTONE VILLAGE HOMEOWNERS ASSOCIATION, INC.**

DISPUTE RESOLUTION POLICY AND PROCEDURE

WHEREAS; Senate Bill 05-100 was signed into law by the Governor of Colorado on June 6, 2005, and Senate Bill 06-089 was signed into law by the Governor of Colorado on May 26, 2006, and;

WHEREAS; In compliance with the Colorado Common Interest Ownership Act, the Board of Directors desires to adopt a uniform and systematic dispute resolution policy and procedure.

NOW THEREFORE, the Board of Directors of Capstone Village Homeowners Association, Inc. ("the Association") hereby adopts the following Dispute Resolution Policy and Procedure.

The Board of Directors encourages the use of negotiation and mediation as methods to resolve disputes among Members of the Association. The Association will take reasonable steps to facilitate negotiation or mediation between Members but will have no responsibility for any costs incurred by the parties in the dispute resolution process. At any step in the dispute resolution process, the parties in dispute reserve their right to employ legal counsel at their own expense to assist them.

Prior to filing a lawsuit against the Association, the Board, or another Member, a Member must request and attend a hearing with the Board of Directors. The hearing request shall be in writing and shall be personally delivered to any member of the Board of Directors. The Member, in such request and at the hearing, must make a good faith effort to explain the grievance to the Board and to resolve the dispute in an amicable fashion, and shall give the Board a reasonable opportunity to address the Member's grievance. Upon receiving a request for a hearing, the Board shall give notice of the date, time and place of the hearing to the person requesting the hearing. The Board shall schedule this hearing for a date not less than 14 or more than 30 days from the date of receipt of the request.

At its discretion, the Board of Directors may utilize the procedures set forth below to resolve disputes with Members prior to filing litigation.

(i) Negotiation. A request for dispute resolution by negotiation may be initiated by a Member or the Association. Any such request shall be in writing stating the nature and details of the dispute and shall be personally delivered to the other party. So long as the other party agrees to negotiate, a meeting shall be held between the parties to begin a good faith attempt to negotiate a resolution. The initial negotiation meeting shall be held not less than 14 or more than 30 days from receipt of such request, unless otherwise

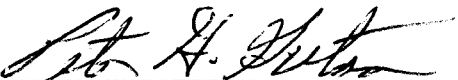
extended by written agreement. Through negotiation, the parties will communicate directly with each other in an effort to reach an agreement that serves the interests of both parties. Should the dispute pertain to property issues, each party will be granted the right to inspect the alleged defects or problems at a time convenient to everyone involved.

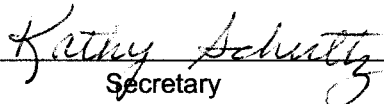
(ii) Mediation. If the dispute is not resolved by negotiation, any party may request in writing that the issue be submitted to mediation. If the parties agree to mediate the dispute prior to seeking other remedies, they shall participate in good faith in the mediation. The role of the mediator is to facilitate further negotiation between the parties. The mediator will not have power to decide how to resolve the dispute but will use recognized, accepted mediation techniques to assist the parties in making that decision. The mediator shall be selected by a consensus of the parties involved within 14 days of the receipt of the request. Any cost of mediation will be shared equally among the parties unless they and the mediator agree otherwise.

THEREFORE, BE IT RESOLVED Resolution 2020-04 was ADOPTED this 4th day of FEBRUARY 2020 by the Capstone Village Homeowners Association, Inc. Board of Directors.

President's And Secretary's Certification: the undersigned, respectively being the President and Secretary of Capstone Village Homeowners Association, Inc., a Colorado nonprofit corporation, certify that the foregoing Resolution 2020-04 was approved and adopted by the Board of Directors of the Association, at a duly called and held meeting of the Board of Directors of the Association on FEBRUARY 4, 2020 and in witness thereof, the undersigned have subscribed their names,

Capstone Village Homeowners Association, Inc., a Colorado nonprofit corporation,

By:  Date 2-4-2020
President

Attested By:  Date 2/4/2020
Secretary

**RESOLUTION 2020-05
OF THE BOARD OF DIRECTORS
CAPSTONE VILLAGE HOMEOWNERS ASSOCIATION, INC.**

POLICY REGARDING RESERVE STUDIES

WHEREAS, The Colorado Common Interest Community Act, Section 38-33.3-209.5, states (extract of pertinent paragraphs with original paragraph designation):

To promote responsible governance, associations shall:

(b) Adopt policies, procedures, and rules and regulations concerning:

- (IX) (i) when the association has a reserve study prepared for the portions of the community maintained, repaired, replaced, and improved by the association;
- (ii) whether there is a funding plan for any work recommended by the reserve study and, if so, the projected sources of funding for the work; and
- (iii) whether the reserve study is based on a physical analysis and financial analysis. For the purposes of this subparagraph (IX), an internally conducted reserve study shall be sufficient.

THEREFORE, the Capstone Village Homeowners Association, Inc. ("the Association") Board of Directors has adopted the following policy regarding requirements for reserve studies.

The purpose of a reserve fund is to repair, replace, restore, or maintain the major common area components. The reserve study process can be simplified as follows:

1. The Board, with the assistance when needed of a company well-versed in preparing reserve studies, identifies all major common area components, the cost to repair/replace them, and their remaining life span.
2. The Board calculates how much money is needed and when.
3. The Board decides how to fund the reserves.
4. The funding plan is annually disclosed to the membership in the year-end budgeting process.

At least once every three years, the Board of Directors shall cause to be conducted a reasonably competent and diligent visual inspection of the accessible areas of the major components that the association is obligated to repair, replace, restore, or maintain.

Allocations of reserve items are only projections and subject to revision annually as common area components wear out at their own rates. As a result, the Board must review the reserve study, or cause it to be reviewed, annually and implement appropriate adjustments to the reserve account requirements.

The Association's reserve study must contain the following reserve component details:

- A. **Components.** The study must identify major common area components the Association is obligated to repair that have a remaining useful life of less than 30 years.
- B. **Useful Life.** The study must identify the probable remaining useful life of the components. These are estimates since it is impossible to know the true remaining life of each component. Lifespans will vary depending on (i) the original quality of the component itself and (ii) whether the Association has a program of regular preventative maintenance.
- C. **Repair Costs.** An estimate of the future replacement costs of components must be included. Inflation should be factored into the estimate.
- D. **Reserve Contributions.** An estimate of the total annual contribution necessary to defray the cost to repair, replace, restore, or maintain the components identified in paragraph A during and at the end of their useful life, after subtracting total reserve funds as of the date of the study.
- E. **Funding Plan.** The study must contain a reserve funding plan to pay for the future replacement of components. The plan may entail contributions through normal annual contributions or via special assessments.

While there is no Colorado statute that specifically requires associations fund their reserves, directors of associations are generally held to a "prudent businessman" rule in determining whether or not they have met the fiduciary duty of their position for the association. A "prudent businessman" would establish a capital replacement budget (reserve study) to make sure he is generating enough revenues (reserve assessments) to provide for major repairs and replacements.


Therefore, the Association will fund the Reserve Study annually according to a Funding Plan approved by the Board. The Funding Plan must be distributed to all Members along with the Association's annual operating budget not less than 30 days before the start of the Association's fiscal year.


The Board intends to fully fund the reserves annually from the regular annual Member assessments. Any deficiency in reserve funds will be disclosed to Members at the Annual Meeting of the Association. With said disclosure the Board will present a plan to fully fund the reserves including deferring repairs or replacements, acquiring a loan for the deficiency, increasing the regular annual Member assessments, or adopting a special assessment.

THEREFORE, BE IT RESOLVED Resolution 2020-05 was ADOPTED this 4th day of FEBRUARY 2020 by the Capstone Village Homeowners Association, Inc. Board of Directors.

President's And Secretary's Certification: the undersigned, respectively being the President and Secretary of Capstone Village Homeowners Association, Inc., a Colorado nonprofit corporation, certify that the foregoing Resolution 2020-05 was approved and adopted by the Board of Directors of the Association, at a duly called and held meeting of the Board of Directors of the Association on FEBRUARY 4, 2020 and in witness thereof, the undersigned have subscribed their names,

Capstone Village Homeowners Association, Inc., a Colorado nonprofit corporation,

By:  Date 2/4/2020
President

Attested By:  Date 2/4/20
Secretary

**RESOLUTION 2020-06
OF THE BOARD OF DIRECTORS
CAPSTONE VILLAGE HOMEOWNERS ASSOCIATION, INC.**

**CONFLICT OF INTEREST POLICY AND CODE OF CONDUCT AND ETHICS
FOR BOARD MEMBERS**

(Upon taking office as a Director, each Director must sign the attached signature page signifying that he/she has read and understood the policy and agrees to abide by the policy.)

WHEREAS, In order to ensure that the Board of Directors of the Capstone Village Homeowners Association, Inc., and its individual members, maintain a high standard of ethical conduct in the performance of the Association's business, and to ensure that the Association members maintain confidence in and respect for the entire Board,

NOW THEREFORE, the Capstone Village Homeowners Association, Inc. Board of Directors has adopted the following Conflict of Interest Policy and Code of Conduct and Ethics for its members;

The following principles and guidelines constitute the codes of Conflict of Interest and Conduct and Ethics:

Conflict of Interest

Definitions

(i) "Conflicting interest transaction" means a contract, transaction or other financial relationship between the Association and a Director, or between the Association and a party related to a Director, or between the Association and an entity in which a Director of the Association is a director or officer or has a financial interest.

(ii) "Director" means a member of the Association's Board of Directors.

(iii) "Party related to a Director" means a spouse, a descendant, an ancestor, a sibling, the spouse or descendant of a sibling, an estate or trust in which the Director or a party related to a Director has a beneficial interest, or an entity in which a party related to a Director is a director or officer or has a financial interest.

No Director will use his/her position as a Director for private gain, for example:

No Director will solicit or accept, directly or indirectly any gifts, gratuity, favor, entertainment, loan, or any other things of monetary value from a person who is seeking to obtain contractual or other business or financial relations with the Capstone Village Homeowners Association, Inc..

No Director will accept a gift or favor made with intent of influencing decision or action on any official matter.

A Director who is also engaged in the practice of another profession will not perform such other services for the Association while serving as a Director, if the performance of such services is likely to result in a perceived or real conflict of interest.

No loans shall be made by the Association to its Directors or officers. Any Director or officer who assents to or participates in the making of any such loan shall be liable to the Association for the amount of the loan until it is repaid.

No Director will receive any compensation from the Association for acting as a Director.

No Director, or employee of a Director, may use his position to enhance his own financial status through recommendation of vendors, suppliers, or contractors that may pay a gratuity to Directors or employees.

A Director must disclose any conflicting interest transaction to the other Directors in open session at the first open meeting of the Board of Directors at which the interested Director is present. The disclosure must occur prior to any discussion or vote on the matter. After disclosure, the Director will not participate in the discussion and will not vote on the matter. Unless a majority of the disinterested Directors ask the interested director to remain during the discussion and/or vote, the interested Director will leave the room. The minutes of the meeting shall reflect the disclosure made and record who voted for and against. Any interested Director will still count for the purpose of establishing a quorum.

The contract, Board decision or other Board action must be approved by a majority of all the disinterested Directors. No contract, Board decision or other Board action in which a Director has a conflict of interest will be approved unless it is commercially reasonable to and/or in the Association's best interests.

No conflicting interest transaction will be set aside solely because an interested Director is present at, participates in or votes at a Board meeting that authorizes, approves or ratifies the conflicting interest transaction if:

- (i) the material fact as to the Director's relationship or interest as to the conflicting interest transaction are disclosed or known to the Board, and the Board in good faith authorizes, approves, or ratifies the conflicting interest transaction by the affirmative vote of a majority of the disinterested Directors, even though the disinterested Directors may be less than a quorum; or
- (ii) the material facts as to the Director's relationship or interest and as to the conflicting interest transaction are disclosed or known to the Members entitled to vote on the transaction, if any, and the conflicting interest transaction is specifically authorized, approved or ratified in good faith by a vote of the Members entitled to vote; or

(iii) the conflicting interest transaction is fair to the Association.

Code of Conduct and Ethics

It is recognized that many clients, vendors, and suppliers consider reasonable gifts and entertainment as an accepted business practice without any intent to unduly influence the judgment of the Board of Directors. Nevertheless, it will be the policy of the Board of Directors to discourage the acceptance by its members of gifts, entertainment, or other favors from existing or prospective clients, vendors, or suppliers.

Gifts of any kind, including cash gifts, entertainment, or favors, are unacceptable.

A Director will undertake only those responsibilities and assignments that he/she can reasonably expect to perform adequately.

A Director will adequately plan for the functions for the Association including review of all materials pertinent to the Board meetings and other functions of the Board of Directors.

No Director will defame in any way any other Director or Association member while acting as a Director.

No Director will willingly misrepresent facts to Association members for the sole purpose of advancing a personal cause or to place pressure on the Board to advance a Director's personal cause.

No Director will use his/her Board position to make threats of actions against Association members in regards to Association Rules and Regulations.

No Director will seek to have a contract implemented that has not been duly approved by the Board.

No Director will interfere with a contractor implementing a contract in progress. All communications with contractors will go through the Board of Directors.

No Director will interfere with the system of management established by the Board. All Directors will comply with all operating standards (internal operating procedures) that are in force or may from time to time be promulgated by the Board of Directors.

No Director may use any funds being held for Association business for personal use.

In addition to a Director being prohibited from using his/her position to make threats to Association members, a Director is also prohibited from making promises to Association members.

It is expected that all members of the Board of Directors will make every effort to attend all Regular, Special and Executive Board meetings.

Any Director who violates this code of conduct and ethics agrees that the Board of Directors may seek injunctive relief against him/her. The Director also agrees that the Board will be relieved of posting bond as a condition to its injunctive remedy.

THEREFORE, BE IT RESOLVED Resolution 2020-06 was ADOPTED this 29th day of June 2020 by the Capstone Village Homeowners Association, Inc. Board of Directors.

President's And Secretary's Certification: the undersigned, respectively being the President and Secretary of Capstone Village Homeowners Association, Inc., a Colorado nonprofit corporation, certify that the foregoing Resolution 2020-06 was approved and adopted by the Board of Directors of the Association, at a duly called and held meeting of the Board of Directors of the Association on June 29, 2020 and in witness thereof, the undersigned have subscribed their names,

Capstone Village Homeowners Association, Inc., a Colorado nonprofit corporation,

By:  Date 6-29-2020
President

Attested By:  Date 6/29/2020
Secretary


CAPSTONE VILLAGE HOMEOWNERS ASSOCIATION, INC.

**CONFLICT OF INTEREST POLICY AND CODE OF CONDUCT AND ETHICS
FOR BOARD MEMBERS**

SIGNATURE PAGE

By my signature below, I certify that I have read and understood the Capstone Village Homeowners Association, Inc. Conflict of Interest Policy and Code of Conduct and Ethics for Board Members and that I agree to abide by said policy.

PETER GUTMAN
Board Member Name


Signature

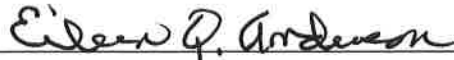
6-29-2020
Date

Joe Tedder
Board Member Name


Signature

06/29/2020
Date

Eileen Q. Anderson
Board Member Name


Signature


6-29-2020
Date

Kathy Schultz
Board Member Name


Signature

6/29/2020
Date

RICHARD PENDLETON
Board Member Name


Signature

6/29/2020
Date

Board Member Name

Signature

Date

Board Member Name

Signature

Date

Board Member Name

Signature

Date

Board Member Name

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Board Member Name

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Board Member Name

Signature

Date

**RESOLUTION 2021-01
OF THE BOARD OF DIRECTORS
CAPSTONE VILLAGE HOMEOWNERS ASSOCIATION, INC.
(Rescinds and Replaces Resolution 2020-05)**

POLICY REGARDING RESERVE STUDIES AND FUNDING RESERVE ACCOUNT

WHEREAS, The Declaration of Protective Covenants of Capstone Village was incorporated under the laws of the State of Colorado on November 13, 2001 and:

WHEREAS, The Declaration of Protective Covenants of Capstone Village allows the association to implement policies for the Association, and:

WHEREAS, The Colorado Common Interest Community Act (as amended through September 2003), Section 38-33.3-302, states the Association may exercise any other powers necessary and proper for the governance and operation of the association, and;

WHEREAS, The Colorado Common Interest Community Act, Section 38-33.3-209.5, states that when the association has a reserve study prepared for the portions of the community maintained, repaired, replaced, and improved by the association; whether there is a funding plan for any work recommended by the reserve study and, if so, the projected sources of funding for the work; and whether the reserve study is based on a physical analysis and financial analysis. For the purposes of this subparagraph (IX), an internally conducted reserve study shall be sufficient.

THEREFORE, to create an Association policy regarding requirements for reserve studies and funding reserve account:

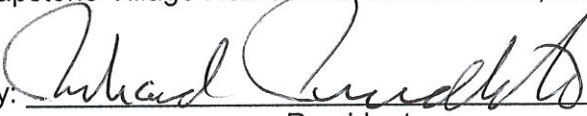
The following shall be used:

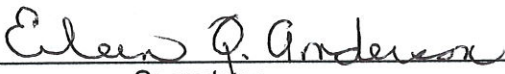
1. The Capstone Village Homeowners Association, Inc. ("Association") shall perform a Reserve Study at such time that the Board of Directors decides that an update from an outside firm is necessary.
2. The Board of Directors shall conduct a review of the Reserve Study annually based on both a physical and financial analysis.
3. The Board of Directors shall conduct a visual inspection of the common element portions of the community annually and recommend adjustments to reserve funding as needed.
4. The Reserve account shall be funded annually through a reserve assessment as part of the annual dues of the members.
5. The Board of Directors shall recommend at the annual meeting a portion of the remaining balance in the Association's checking account be transferred to the Reserve account at the end of each fiscal year.
6. The Reserve account shall be funded through special assessments of the members only if necessary.

THEREFORE, BE IT RESOLVED Resolution 2021-01 was ADOPTED this 10th day of March 2021 by the Capstone Village Homeowners Association, Inc. Board of Directors.

President's And Secretary's Certification: the undersigned, respectively being the President and Secretary of Capstone Village Homeowners Association, Inc., a Colorado nonprofit corporation, certify that the foregoing Resolution 2021-01 was approved and adopted by the Board of Directors of the Association, at a duly called and held meeting of the Board of Directors of the Association on March 10, 2021 and in witness thereof, the undersigned have subscribed their names,

Capstone Village Homeowners Association, Inc., a Colorado nonprofit corporation,

By:  Date 3/10/21
President

Attested By:  Date 3-10-21
Secretary