

THE DANNI RANCH ASSOCIATION

RULES AND REGULATIONS

DATED: October 28, 2011

The following Rules and Regulations (Rules”) supplement the Declaration of Covenants, Conditions, Restrictions and Easements for the Danni Ranch (“Covenants”) as well as the Design Guidelines for the Danni Ranch (“Ranch”). The Covenants which were recorded in Book 710 at Page 40 of the Gunnison County records, as amended and Section 38-33.3-302(1)(a) of the Colorado Common Interest Ownership Act authorize The Danni Ranch Association (“Association”) to adopt the Rules.

The purpose of the Rules is to make specific those sections which are stated in general terms in the Covenants document and to set forth the actual procedures pertaining to the application of the Covenants to the operation of the Ranch. The Rules apply to all owners of the Ranch Estates (“Owners”). The Rules will be amended from time to time by action of the Board of Directors (“Board”).

In the event of a conflict between the Rules and the Covenants, the Covenants shall prevail.

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1. HORSE RULES

- Only horses that are owned or rented by Owners of the Ranch property may be boarded on the Ranch. Exceptions to this requirement may be allowed by the Board at its discretion (e.g. some horses may be “grandfathered in”).
- Stallions may not be boarded on the Ranch.
- Prior to any horse being brought onto the Ranch for boarding, a Coggins test obtained within 6 months prior to the date of boarding and a vet health certificate performed in the prior 30 days will be provided to the ranch manager. This applies whether the horse is to be kept on the Owner’s property or in the Ranch pasture area.
- The horses to be boarded will be quarantined, with no contact with the other horses on the Ranch, for a period of 15 days.
- There are three alternatives for keeping horses on the Ranch:
 - Horses may be boarded with the ranch manager utilizing the pastures on Lots 1 and 2. The ranch manager will handle all feeding and make arrangements for shoeing, vet checks, etc. at a price agreed between the horse’s owner and ranch manager.
 - Horses may be kept on the Owner’s own Ranch property with fencing approved by the Board.
 - Horses may be kept in the stall area at the base of the Ranch if the horse’s owner owns or has rented one of the stalls. Watering, feeding, etc. must be done by the owner or ranch manager, if arrangements have been agreed upon. Note: The stall area currently does not have a source of water – thus, winter boarding there would likely not be practicable.
- Those wishing to board their horses on the Ranch will co-sign the Horse Boarding Agreement (Exhibit 1.1) with the Ranch manager.

Danni Ranch Horse Boarding Agreement

Exhibit 1.1

This agreement takes place as of _____ (date). This Agreement is between John and Rita Tupa (Danni Ranch Managers) and _____ (horse owner), who have asked that their horse(s) be boarded at the Danni Ranch. The horse(s) to be kept at the ranch is/are

(horse(s) name).

The horse owner understands the following policies of boarding at Danni Ranch:

Boarding rates are as follows:

- Non-feeding months (April/May-Oct/Nov) \$80/month per horse
- Feeding Months (Oct/Nov – Apr/May) board will be \$80 a month until the need to haul water, feeding, grain etc, when the boarding rate will be \$125 a month plus the cost of hay.

These rates include a brief daily horse check. It should be understood that some minor scrapes/injuries could be missed during these brief daily checks. Hay will be obtained by haying the Danni Ranch pastures and, if necessary, supplemented by purchase on the open market.

It should be understood that the water source is a warm spring located within the field. This spring is usually open, but occasionally does freeze over. The ranch manager will check the water source through periods of extreme cold in order to break any ice that has formed over the source. If the water source is not available during severe cold conditions, fresh water will be hauled once daily.

- In July the ranch manager will estimate the hay costs to be obtained from the Danni Ranch pasture and any costs of purchased hay if that is likely to be required. Horse owners' will sign a commitment in July, for the hay needed the following winter, i.e. the owners will commit to paying for their share of the hay, even if they remove their horses during the winter. It may also require the owner to fund some hay up-front if it needs to be purchased on the open market.
- There are additional services that can be provided to your horse(s) by mutual consent as referenced in the "Services Menu" attached to this agreement at prices determined by the ranch manager ahead of time. The horse owner agrees to these prices and understands that they are subject to change.
- The ranch managers will arrange for a substitute to briefly check the horses daily should they go out of town.

The owner understands that their horse(s) is/are kept in a pasture with other horses. The managers are not responsible for any injuries or death as a result of fights between horses or wild animals that may be in the area. If your horse(s) is injured and/or dies during a period between ranch manager checks the ranch manager will not be held responsible for your loss.

If your horse(s) become(s) a problem and is routinely injuring or tormenting the rest of the herd or expresses aggressive behavior towards people, the ranch manager has the right to ask you to remove your horse(s) from the premises. You will have five (5) days to remove him/them. The horse(s) will be kept separate from the rest of the herd during this time.

If after five (5) days the horse(s) are not removed, they will be transported to another Boarding Facility, at the Owner's Expense, including transportation costs, gas mileage, time, etc...

The ranch managers reserve the right to limit the number of horses boarded:

- Summer 8-10 head.
- Winter months Five-Six (5-6) head.

During the winter there is insufficient adequate shelter available for more than six head.

There will be no stallions allowed.

Horse Owner

Ranch Manager

Date

Date

Services Provided by the Manager for Horse Boarders in Ranch Pastures

General

- Check horses daily for general health and well being.
- Keep the common corral reasonably clean and periodically remove the manure.
- Perform fence maintenance.
- Use best efforts to schedule the farrier and vet to meet the needs of the horse owner, however, the owners must make clear their needs in advance.
- Agree in advance with owner the monthly charges, to also include any special feeding or health issues which might require additional expenses and/or work by the Manager.
- Bill the owners monthly for services rendered.

Pasture Maintenance

- Harrow pastures in the spring.
- Irrigate to maximize available grass.
- Rotate horses among available pastures.
- Make the final decisions regarding pastures to be utilized.
- Arrange for haying of the pasture and/or purchase sufficient hay for the horses to be boarded during the winter (see below).

New Horses

- Place new horses on the property in the quarantine pasture.
- Ensure that new horses on the ranch have the appropriate vaccinations, Coggins and health papers.
- Assess the disposition of boarded horses to allow them to be kept in the general herd – no facilities exist for boarding nasty-disposition horses.
- In a conflict situation the President will make the determination that a horse may need to be expelled from the Ranch.

Winter

- Provide the horses with access to water (via hot spring, barrels of water, etc).
- Provide hay for daily feeding of the horses.
- Plow a path for the horses to access the corral.

2. GUEST RULES

Owners are not permitted to give individuals access to the Ranch, except under the following conditions:

- Close relatives of Owner i.e. children and parents shall have the same usage and access rights on the Ranch as the Owner. That applies to fishing and riding on the Ranch and access to the Forest Service land through Ranch gates.
- Other house guests of Owner, defined as those actually staying at the Owner's house overnight and not just visiting during the day, have the same usage rights as Owner provided that the Owner completes the Letter to the Ranch Manager, shown in Exhibit 2.1, at least 5 days before the Guests' visit. The Letter identifies the Guests by name and the dates of the visit; indicates that they have been briefed by the Lot Owner; and requests that they meet with the Ranch Manager shortly after they arrive, so that he can explain the boundaries, rules and answer any questions.
- If the Guests have recently been to the Ranch and are familiar with the rules and boundaries, only the Letter is required, notifying the Ranch Manager when they will be arriving and departing. Unless they have additional questions, they do not need to meet with the Ranch Manager.
- As indicated in the Letter, it is the responsibility of Owner to inform all house guests, both family members and others, of their conditional rights in using the Ranch. This should include but not be limited to: places where fishing is allowed; the need to close access gates to the National Forest after use; keeping car speed reasonable; and absolutely no shooting on the Ranch.
- Day guests, who are not close relatives, must be accompanied by the Owner to fish or ride on the Ranch or have access to the Forest Service land through Ranch gates.
- Before walking or riding on someone else's property all individuals must get that Owner's permission.

Exhibit 2.1

John Tupa,
Ranch Manager,
Danni Ranch
17239 N. State Hwy. 135
Almont, CO

Dear John

Please note that I will have guests and/or family members residing in my home on Lot # _____
from ____/____/____ to ____/____/____.

Their names are:

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____

I have informed them of the ranch boundaries and the need to closely observe the rules of the Danni Ranch. They have been directed to check in with you as soon as possible upon arrival on the ranch so you can give them additional guidance. Your help in making their stay enjoyable is greatly appreciated.

Sincerely,

Lot # _____

3. TREE CUTTING RULES

Dead trees and those presenting a hazard and shrubs (dead or alive) may be removed by the Owner from the Owner's property. Otherwise, live trees may be removed by the Owner from the Owner's property only with the written permission of the Board.

4. DEFAULT ASSESSMENT FOR FAILURE TO COMPLY RULES

The following non-compliance penalties and procedures are established:

- If the Owner causes or allows to be caused any violation of the Covenants or any Rules and allows such violation to continue after written notice from the Board to such Owner and the expiration of a 15 day period of time in which to comply, as set forth in the written notice, a default assessment may be levied by the Board against such Owner. The Board shall have the right, in its sole discretion, to suspend any part of a default assessment in the event that such Owner takes immediate, good-faith efforts to rectify such violation. The amount of any such non-compliance assessment may include costs incurred by the Association in attempting to secure compliance, including reasonable attorneys' fees and default assessments in such reasonable amount or amounts as may be levied by the Board. In levying such default assessments, the Board shall be guided by the seriousness of the negative impact upon the safety, peace and tranquility of the Ranch and its inhabitants, visitors and invitees, and/or the attractiveness and market value of ranch estates within the Ranch. In reaching such determination, the board of directors shall evaluate, without limitation and under its sole discretion, factors such as:
 - whether the violation was deliberate or inadvertent;
 - the impact upon the Owner(s) of adjacent or nearby property;
 - the unsightliness or harm caused by the violation;
 - the size of the building or area which violates the Covenants or any Rules and/or
 - any other factor which the Board of Directors reasonably deems relevant in determining the amount of the default assessment.
- In addition, the Board of Directors may take any other reasonable action, which it deems appropriate to resolve the non-compliance by Owner.
- No provision of this Rule shall be interpreted to limit the right of an Owner within the Ranch from exercising his or her enforcement rights under the Covenants.
- If any legal action is commenced or maintained in court, whether in law or in equity, to interpret, enforce or construe this Rule or any document provided for herein or related hereto, the prevailing party shall be awarded reasonable attorneys' fees together with

all reasonable costs and expenses incurred in such action, including expert witness fees and costs.

5. DESIGN REVIEW PROCESS RULES

The design review, outlined in the Covenants Articles VI, VII and VIII and the Design Guidelines, is a two-step process: Sketch Plan Review and Final Plan Review.

The Sketch Plan Review process is described in Sections 2.3 and 2.4 of the Design Guidelines.

The Final Plan Review process is described in Sections 2.5 through 2.9 of the Design Guidelines and is augmented by these Design Review Process Rules.

The Owner shall submit the Final Plan to the Design Review Board. Once the Board is satisfied and is prepared to approve the Final Plan, the Owner shall deposit an amount not-to-exceed \$5,000 with the Association ("Performance Deposit"), as set forth in the Notice of Design Review Conditions (see Exhibit 5.1). This Performance Deposit, which shall include a refundable and a non-refundable amount, shall be determined by the Board in its sole discretion. The Board and Owner shall then execute the Notice of Design Review Conditions.

Upon the completion of the improvements to the Owner's property, the Board shall inspect the improvements to ensure compliance with the Final Plan. Once the Board is fully or partially satisfied it will issue the Certificate of Satisfaction of Design Review Conditions (see Exhibit 5.2).

NOTICE OF DESIGN REVIEW CONDITIONS

THE DANNI RANCH ASSOCIATION

Property: _____ Ranch Estate _____, The Danni Ranch, Gunnison
County, Colorado

Name of Owner(s): _____
(Enter name(s) of Lot Owner(s) as appearing on Deed)

Address of Owner(s): _____

Architect: _____ Plan Date: _____

The Danni Ranch Association ("Association") has granted the Owner(s) named above approval to construct improvements upon the Property described above. In accordance with the Declaration of Covenants, Conditions, Restrictions and Easements of The Danni Ranch recorded in Book 710 at Page 30 of the Gunnison County records ("Covenants"), the Association has approved the design review application of Owner(s) with regard to one or more of the following: materials, color, setback, finished grade, elevation, driveway, parking, fencing, landscaping and exterior design. Copies of the design review application and approval conditions are available for inspection at the office of the Association.

Owner has deposited \$_____ with Association ("Performance Deposit") as follows (a) a non-refundable \$_____ to cover the costs of plan review, road maintenance, and cleanup and (b) a refundable \$_____ to ensure compliance with Design Review Conditions and The Danni Ranch Rules and Regulations. Association is authorized to apply such performance deposit for the purposes stated above.

All improvements shall be constructed in accordance with the Covenants, Design Guidelines and design review application and conditions approved by Association. During and upon completion of the improvements, Association shall inspect the Property for compliance with the conditions imposed at the time the design review application was approved. If all improvements have been constructed in compliance with such conditions, Association shall issue and record in the Gunnison County records a Certificate of Satisfaction of Design Review Conditions. Prior to Association's issuance and recording of a Certificate of Satisfaction of Design Review Conditions, the Property shall not be occupied, rented, or conveyed and Association shall not be obligated to refund to Owner(s) any portion of the Owner's Performance Deposit; provided, however, that Association shall have the right, in its reasonable discretion, to allow the Property to be occupied or rented when all improvements, except for landscaping, have been constructed in compliance with the design review application and all applicable conditions.

If, after two years following the date of this Notice, the landscaping or any other work is incomplete, Association shall have the right, upon 30 days notice to Owner(s), to utilize the Performance Deposit and other funds, if necessary, to complete such landscaping or other work and to levy a default assessment and record a lien against the Property for the cost of completion.

In the event of any litigation or arbitration to interpret or enforce the provisions of this Notice or any document relating hereto, the substantially prevailing party shall be awarded all costs and expenses incurred, including reasonable attorneys' fees and expert witness fees. The provisions of this Notice shall be enforceable by specific performance and/ or any remedy available at law or in equity.

This Notice shall be binding upon the heirs, representatives, successors and assigns of the parties hereto and shall bind, run with and be appurtenant to the Property described above until released by a Certificate of Satisfaction of Design Review Conditions.

Signed this ____ day of _____, 20__.

Association

Owner(s)

The Danni Ranch Association,
a Colorado non-profit corporation

By: _____

Title

STATE OF _____)
_____) ss.
COUNTY OF _____)

The foregoing Notice of Design Review Conditions was acknowledged before me this ____ day of _____, 200__ by _____ as _____ of The Danni Ranch Association, a Colorado non-profit corporation.

Witness my hand and official seal. My commission expires _____.

Notary Public

STATE OF _____)
_____) ss.
COUNTY OF _____)

The foregoing Notice of Design Review Conditions was acknowledged before me this ____ day of _____, 200__ by _____.

Witness my hand and official seal. My commission expires _____.

Notary Public

The Danni Ranch Association (“Association”) hereby certifies that the Notice of Design Review Conditions recorded as Reception Number _____ of the Gunnison County records affecting Ranch Estate _____, The Danni Ranch, Gunnison County, Colorado (“Property”), has been partially or completely satisfied, as indicated below (check one):

- () All conditions of approval have been satisfied and the Notice of Design Review Conditions is hereby released in its entirety.
- () All conditions of approval of the Design Review Application have been completed except as follows:

The Owner(s) may occupy, rent, and/or convey the Property, subject to the condition that the Owner's \$_____ performance deposit shall not be refunded until the foregoing items have been completed.

Signed this _____ day of _____, 200_.

**The Danni Ranch Association, a
Colorado non-profit corporation**

By: _____ Title _____

STATE OF _____)
) ss.
COUNTY OF _____)

The foregoing Certificate of Satisfaction of Design Review Conditions was acknowledged before me this _____ day of _____, 200__ by _____ as _____ of The Danni Ranch Association, a Colorado non-profit corporation.

Witness my hand and official seal. My commission expires:

Notary Public

6. LATE PAYMENT RULES

- The semi-annual dues will be emailed out to the Owners by the Ranch Manager on or about January 1 and July 1 of each year. To avoid interest and late charges, payment must be received by the Ranch Manager no later than January 31 and July 30 respectively.
- If payment is not received by the dates shown above, the following additional charges shall be incurred by the Owner:
 - For payment received no more than 30 days late i.e. by February 28 or August 31 respectively, interest shall be charged at 10.00% per annum.
 - For payment received more than 30 days past the due date, late charges of \$100 per “late month” shall be charged in addition to the interest charges shown above.
- The Board may waive the interest and late charges at its discretion.

7. FISHING RULES

- Fishing in the river shall be “catch and release” only.
- Fishing in the pond shall be limited to 4 fish caught per fisherman per day provided that they are under 15”, in which case they shall be “catch and release”