

**DECLARATION
OF
PROTECTIVE COVENANTS
OF
HIDDEN RIVER RANCH**

**HENRICHSEN, INC., a Nevada corporation
and
PSZ, INC., a Nevada corporation**

**Post Office Box 3687
Incline Village, Nevada 89450
Telephone: 702-832-3300
Telecopier: 702-832-2600**

**Prepared by:
Russell & Wilderson, P.C.
120 North Taylor
Gunnison, Colorado 81230
Telephone: 970-641-3326
Telecopier: 970-641-3094**

August 20, 1996

TABLE OF CONTENTS

ARTICLE 1	1
STATEMENT OF PURPOSE OF DECLARATION	1
Section 1.1 <u>Ownership of Property</u>	1
Section 1.2 <u>Declaration of Covenants</u>	1
Section 1.3 <u>Common Interest Community</u>	1
Section 1.4 <u>Statement of Purpose</u>	1
ARTICLE 2	2
DEFINITIONS	2
Section 2.1 <u>"Assessments"</u>	2
Section 2.2 <u>"Association"</u>	2
Section 2.3 <u>"Association Documents"</u>	2
Section 2.4 <u>"Barn"</u>	2
Section 2.5 <u>"Board of Directors" or "Board"</u>	2
Section 2.6 <u>"Building"</u>	2
Section 2.7 <u>"Building Site" or "Building Envelope"</u>	3
Section 2.8 <u>"Caretaker Living Unit"</u>	3
Section 2.9 <u>"Colorado Common Interest Ownership Act"</u>	3
Section 2.10 <u>"Common Area"</u>	3
Section 2.11 <u>"Common Interest Community"</u>	3
Section 2.12 <u>"Conservation Easement"</u>	3
Section 2.13 <u>"Declarant"</u>	3
Section 2.14 <u>"Declaration" or "Declaration of Protective Covenants"</u>	4
Section 2.15 <u>"Design Guidelines"</u>	4
Section 2.16 <u>"Design Review Board"</u>	4
Section 2.17 <u>"Driveway"</u>	4
Section 2.18 <u>"Equestrian and Recreational Facilities"</u>	4
Section 2.19 <u>"Fishing Easement" or "Fishing and Walking Easement"</u>	4
Section 2.20 <u>"Hidden River Ranch"</u>	4
Section 2.21 <u>"Horse Pasture"</u>	4
Section 2.22 <u>"Family Residence"</u>	4
Section 2.23 <u>"Garage"</u>	4
Section 2.24 <u>"Improvement"</u>	5
Section 2.25 <u>"Landscaping"</u>	5
Section 2.26 <u>"Limited Use Area"</u>	5
Section 2.27 <u>"Maintenance Fund"</u>	5
Section 2.28 <u>"Member"</u>	5
Section 2.29 <u>"Mortgage"</u>	5
Section 2.30 <u>"Open Space"</u>	5
Section 2.31 <u>"Owner"</u>	6
Section 2.32 <u>"Plat"</u>	6
Section 2.33 <u>"Property"</u>	6
Section 2.34 <u>"Ranch Site"</u>	6
Section 2.35 <u>"Ranch Site Open Area"</u>	6

ARTICLE 3.	6
CONSERVATION EASEMENT	6
Section 3.1 <u>Conservation Easement</u>	6
ARTICLE 4	7
USE OF HIDDEN RIVER RANCH	7
Section 4.1 <u>Building Site Use</u>	7
Section 4.2 <u>Ranch Site Open Area</u>	7
Section 4.3 <u>Common Areas</u>	7
Section 4.4 <u>Water and Irrigation</u>	7
Section 4.5 <u>Agricultural Usage</u>	8
Section 4.6 <u>Wildlife</u>	8
Section 4.7 <u>Recreational Activities</u>	8
Section 4.8 <u>Fishing Easement</u>	8
Section 4.9 <u>Partition of Ranch Sites</u>	8
ARTICLE 5	8
USE OF RANCH SITES	8
Section 5.1 <u>Residential Use</u>	8
Section 5.2 <u>Ranch Site 13</u>	9
Section 5.3 <u>Building Site</u>	9
Section 5.4 <u>Limited Use Area</u>	9
Section 5.5 <u>Horse Pasture</u>	9
Section 5.6 <u>Ranch Site Open Area</u>	9
Section 5.7 <u>Caretaker Living Unit</u>	9
Section 5.8 <u>Garage</u>	10
Section 5.9 <u>Approval of Use</u>	10
Section 5.10 <u>No Commercial Use</u>	10
ARTICLE 6	10
DESIGN REVIEW AND APPROVAL	10
Section 6.1 <u>Board</u>	10
Section 6.2 <u>Review and Approval</u>	10
Section 6.3 <u>Submission Requirements</u>	11
Section 6.4 <u>Preapplication Conference</u>	11
Section 6.5 <u>Review Process</u>	11
6.5.1 <u>Application Submission</u>	11
6.5.2 <u>Application Review</u>	11
6.5.3 <u>Hearing on Application</u>	12
6.5.4 <u>Decision on Application</u>	12
Section 6.6 <u>Quorum</u>	12
Section 6.7 <u>Final Decision</u>	12
Section 6.8 <u>Rules and Regulations</u>	12
Section 6.9 <u>Design Review Fee</u>	12
Section 6.10 <u>Limitation of Liability</u>	12
Section 6.11 <u>Building Permit</u>	13
Section 6.12 <u>Variances</u>	13

ARTICLE 7	13
DESIGN REQUIREMENTS	13
Section 7.1 <u>Design Requirements</u>	13
Section 7.2 <u>Building Site</u>	13
Section 7.3 <u>Uniform Building Code</u>	14
Section 7.4 <u>Building Density</u>	14
Section 7.5 <u>Maximum Density</u>	14
Section 7.6 <u>Height</u>	14
Section 7.7 <u>Exterior Building Materials and Style</u>	14
Section 7.8 <u>Service or Utility Areas</u>	15
Section 7.9 <u>Exterior Lighting</u>	15
Section 7.10 <u>Antennae</u>	15
Section 7.11 <u>Water Conservation</u>	15
Section 7.12 <u>Fireplaces</u>	15
Section 7.13 <u>Design Guidelines</u>	15
Section 7.14 <u>Colorado State Forest Service</u>	16
Section 7.15 <u>Fire Sprinkler Systems</u>	16
Section 7.16 <u>Foundation Design</u>	16
ARTICLE 8	16
CONSTRUCTION, USE AND MAINTENANCE REQUIREMENTS	16
Section 8.1 <u>Excavation</u>	16
Section 8.2 <u>Electrical, Telephone and Utility Services</u>	16
Section 8.3 <u>Water and Sewage Disposal Systems</u>	16
Section 8.4 <u>Signs</u>	18
Section 8.5 <u>Drainage</u>	18
Section 8.6 <u>Temporary Structures</u>	18
Section 8.7 <u>Continuity of Construction</u>	19
Section 8.8 <u>Landscaping</u>	19
Section 8.9 <u>Trash</u>	19
Section 8.10 <u>Abandoned or Inoperable Vehicles</u>	19
Section 8.11 <u>Noise</u>	19
Section 8.12 <u>Nuisance</u>	20
Section 8.13 <u>Hazardous Activities</u>	20
Section 8.14 <u>Noxious Weed Control</u>	20
ARTICLE 9	20
ANIMALS	20
Section 9.1 <u>Dogs and Cats</u>	20
Section 9.2 <u>Horses</u>	21
Section 9.3 <u>Other Animals and Pets</u>	21
Section 9.4 <u>Rules and Regulations</u>	21
Section 9.5 <u>Fines and Impoundment of Animals</u>	21
ARTICLE 10.	21
HIDDEN RIVER RANCH ASSOCIATION	21
Section 10.1 <u>Government of Association</u>	21
Section 10.2 <u>Members</u>	22
Section 10.3 <u>Termination of Membership</u>	22

Section 10.4	<u>Voting Rights</u>	22
Section 10.5	<u>Compliance with Documents</u>	22
Section 10.6	<u>Rules and Regulations</u>	22
Section 10.7	<u>Dedication of Common Areas</u>	23
Section 10.8	<u>Management of Common Areas</u>	23
Section 10.9	<u>Roads and Streets</u>	23
ARTICLE 11.		24
MAINTENANCE ASSESSMENTS		24
Section 11.1	<u>Creation of Lien</u>	24
Section 11.2	<u>Purpose of Assessments</u>	24
Section 11.3	<u>Regular Assessments</u>	25
Section 11.4	<u>Special Assessments</u>	25
Section 11.5	<u>Assessment for Each Ranch Site</u>	25
Section 11.6	<u>Default Assessments</u>	25
Section 11.7	<u>Nonpayment of Assessments</u>	25
Section 11.8	<u>Successor's Liability for Assessment</u>	27
ARTICLE 12		27
ENFORCEMENT OF COVENANTS		27
Section 12.1	<u>Violations Deemed a Nuisance</u>	27
Section 12.2	<u>Failure to Comply</u>	27
Section 12.3	<u>Who May Enforce</u>	28
Section 12.4	<u>No Waiver</u>	28
Section 12.5	<u>Right of Gunnison County, Colorado</u>	28
ARTICLE 13		28
DURATION OF COVENANTS		28
Section 13.1	<u>Term</u>	28
Section 13.2	<u>Amendment</u>	29
Section 13.3	<u>Amendment by Declarant</u>	29
ARTICLE 14		29
PRINCIPLES OF INTERPRETATION		29
Section 14.1	<u>Severability</u>	29
Section 14.2	<u>Construction</u>	30
Section 14.3	<u>Headings</u>	30
Section 14.4	<u>Written Notice</u>	30
Section 14.5	<u>Limitation of Liability</u>	30
Section 14.6	<u>Attorneys' Fees</u>	30
Section 14.7	<u>Applicable Law</u>	30
Section 14.8	<u>Interest</u>	31

**DECLARATION OF PROTECTIVE COVENANTS
OF
HIDDEN RIVER RANCH**

THIS DECLARATION AND AGREEMENT is executed the 20th day of August, 1996, by Henrichsen, Inc., a Nevada corporation and PSZ, INC., a Nevada corporation, hereafter termed "Declarant".

**ARTICLE 1.
STATEMENT OF PURPOSE OF DECLARATION**

Section 1.1 Ownership of Property. Declarant is the owner of the real property ("Property") situate in Gunnison County, Colorado described as follows:

The Real Property, together with all improvements situate thereon, as set forth on attached Exhibit A,

Together with all water and water rights as set forth on attached Exhibit B.

Section 1.2 Declaration of Covenants. Declarant hereby makes, declares and establishes the following covenants, restrictions and easements 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 Ranch Sites, lots, tracts or parcels thereof, their heirs, successors and assigns and their employees, guests and invitees and shall inure to and be for the benefit of each Owner of a Ranch Site within the Property.

Section 1.3 Common Interest Community. Declarant further declares the Property to be a Common Interest Community in accordance with the Colorado Common Interest Ownership Act.

Section 1.4 Statement of Purpose. This Declaration of Protective Covenants is imposed for the benefit of all Owners and future owners of Ranch Sites, lots, tracts, and parcels located within the Property and to provide for the preservation of values of the Property and to preserve the covenants, easements, restrictions, assessments and liens hereafter set forth, all of which are for the benefit of the Property.

In construing the purposes of these Protective Covenants primary consideration shall be given to assure the continued agricultural and recreational usage of the Property in harmony with the residential usage of the Ranch Sites.

At all times these Protective Covenants shall be interpreted with and in furtherance of the purposes of the Conservation Easement as set forth in Article 3.

ARTICLE 2. DEFINITIONS

The following terms and words shall have the following definitions:

Section 2.1 **"Assessments"** shall mean regular monthly, quarterly or annual assessments, special assessments or default assessments levied pursuant to the Association Documents to provide the funds required to meet the obligations of the Association, including any expense related to the Conservation Easement.

Section 2.2 **"Association"** shall mean the Hidden River Ranch Association, a Colorado nonprofit corporation, or any successor thereof charged with the duties and obligations set forth herein.

Section 2.3 **"Association Documents"** shall mean this Declaration of Protective Covenants, the Articles of Incorporation and Bylaws of the Association, any amendments thereto, the Design Guidelines adopted by the Association, and any rules, regulations or policies adopted by the Association.

Section 2.4 **"Barn"** shall mean an accessory building located on Ranch Site 13 designed to enclose livestock and to store agricultural products, feed, supplies and agricultural and livestock equipment and property and any incidental use associated therewith, and recreational activities including art work, photography and its production.

Section 2.5 **"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. The Board of Directors is also defined as an Executive Board by the Colorado Common Interest Ownership Act.

Section 2.6 **"Building"** shall mean any structure having a roof supported by columns or walls, or any similar type of Improvement situate and located within the Property.

Section 2.7 "Building Site" or "Building Envelope" shall mean the site, envelope or area within a Ranch Site where the Buildings and other Improvements shall be located within a Ranch Site (except only a stable or Barn within a designated Horse Pasture) and as set forth on the Plat of Hidden River Ranch. Notwithstanding the above and foregoing, all of Ranch Site 13 may be utilized for the construction and location of Buildings and Improvements, including a Barn or Barns, corrals, pens, riding arena and any other usage necessary or incidental to the use of Ranch Site 13 for a residence, Barn, stables, and any equestrian operation and any recreational activity.

Section 2.8 "Caretaker Living Unit" shall mean a living unit attached either directly to the Family Residence or attached by a roofed breezeway, patio, porch or similar structure to the Family Residence and designed for occupancy by the Owner of the Ranch Site and his or her family, the Owner's guests or a caretaker for the Ranch Site. Except a lease to a caretaker, the Caretaker Living Unit shall not be leased or rented to any other occupant.

Section 2.9 "Colorado Common Interest Ownership Act" shall mean the "Colorado Common Interest Ownership Act of the State of Colorado and being Section 38-33.3-101, et seq., Colorado Revised Statutes."

Section 2.10 "Common Area" shall mean all of the Property in which the Association owns any interest or has a leasehold interest, the Property as defined and set forth in the Conservation Easement, and any portion of the Property meant for the common use and enjoyment of its members, as designated on the recorded plat. Such interest may include, without limitation, estates in fee, estates for a term of years, leasehold estates, or easements.

Section 2.11 "Common Interest Community" shall have the definition set forth in the Colorado Common Interest Ownership Act.

Section 2.12 "Conservation Easement" shall mean the Deed of Conservation Easement dated September 5, 1995 from Henrichsen, Inc., a Nevada corporation, and PSZ, Inc., a Nevada corporation, to Colorado Open Lands, a Colorado nonprofit corporation, recorded October 23, 1996 in Book 792 at page 833 of the records of Gunnison County, Colorado.

Section 2.13 "Declarant" shall mean Henrichsen, Inc., a Nevada corporation, and PSZ, Inc., a Nevada corporation, their heirs, personal representatives, successors and assigns.

Section 2.14 "Declaration" or "Declaration of Protective Covenants" shall mean this Declaration of Protective Covenants of Hidden River Ranch and as the same may be hereafter amended, modified or extended.

Section 2.15 "Design Guidelines" shall mean those guidelines, rules and regulations published from time to time by the Design Review Board.

Section 2.16 "Design Review Board" shall mean the Board of Directors of the Association.

Section 2.17 "Driveway" shall mean the driveways as set forth on the Plat for the private use of the Owners of a Ranch Site or Ranch Sites served by such driveway, their guests and invitees.

Section 2.18 "Equestrian and Recreational Facilities" shall mean Barns, stables, corrals, pens, riding arena and other facilities necessary or incidental to equestrian activities and including a recreational or activity building or center.

Section 2.19 "Fishing Easement" or "Fishing and Walking Easement" shall mean those areas set forth on the Plat reserved for the common use and enjoyment of the Owners of Ranch Sites, their families and their guests to walk and to fish the East River.

Section 2.20 "Hidden River Ranch" shall mean all of the Property as set forth on Exhibits A and B, together with any leased land or property, and all licenses or rights appurtenant thereto or associated therewith and shall also mean all of the Property as may be platted or set forth on a plat filed in the records of Gunnison County, Colorado pertaining to Hidden River Ranch.

Section 2.21 "Horse Pasture" shall mean those areas of a Ranch Site denominated as Horse Pasture on the Plat.

Section 2.22 "Family Residence" shall mean the primary residence on any Ranch Site constructed within the Building Site and designed for single-family occupancy by the Owner of the Ranch Site.

Section 2.23 "Garage" shall mean an accessory Building or an accessory portion of a Family Residence designed for the storage of two or more motor vehicles and any incidental use associated therewith. Any Garage, if not within the Family Residence, shall be attached to the Family Residence by a breeze-way, walkway, or other structure having a roof.

Section 2.24 "Improvement" shall mean all buildings, structures, parking areas, loading areas, fences, walls, hedges, plantings, poles, driveways, ponds, lakes, recreational facilities, signs, decks, enclosures, changes 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.

Section 2.25 "Landscaping" shall mean planted areas and plant materials, including trees, shrubs, lawns, flower beds and ground cover and any revegetation or planting over any disturbed land area as provided by the Design Guidelines. Within twelve months from the date of commencement of construction of a Family Residence on any Ranch Site, mandatory landscaping shall be accomplished as provided in the Design Guidelines to screen and minimize the visibility of a Family Residence from Colorado State Highway 135.

Section 2.26 "Limited Use Area" shall mean the area 50 feet in width surrounding the exterior boundary line of a Building Site of a Ranch Site.

Section 2.27 "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. To the extent that any other person or persons utilize any road or street within Hidden River Ranch for access to any other subdivision or developed lots over and across the reserved easements as shown on the Plat, then such additional users will be required to contribute to the Maintenance Fund for their use of any road or street in proportion to their usage.

Section 2.28 "Member" shall mean any person holding membership in the Association.

Section 2.29 "Mortgage" shall mean any mortgage, deed of trust or other document pledging a Ranch Site or any 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.

Section 2.30 "Open Space" shall mean all of the Common Area and all of a Ranch Site except only the Building Site and shall include, but is not limited to, lawns, gardens, walkways, sidewalks, parking areas, driveways and outdoor living, recreation space, or agricultural space.

Section 2.31 "Owner" shall mean the record owner, whether one or more persons or entities, of fee simple title to any Ranch Site; provided, however, that prior to the first conveyance of any Ranch Site for value after this Declaration, the Owner shall mean the Declarant unless the Declarant has designated their successor in ownership of fee simple title to exercise the rights, duties and obligations of ownership.

Section 2.32 "Plat" shall mean the Plat of Hidden River Ranch as filed in the records of Gunnison County, Colorado, which is subject to these Protective Covenants, and as the same may be amended, enlarged or revised from time to time and affecting the Property. As set forth on the Plat, the Declarant has reserved certain easements and Declarant specifically reserves the right to utilize such easements for access to any other subdivision or lots or tracts subject to the condition that the users of such easement pay their proportionate share for the maintenance of such roads or streets as provided in Section 2.27.

Section 2.33 "Property" shall mean and include all of the property subject to this Declaration.

Section 2.34 "Ranch Site" shall mean a tract, lot or parcel of land designated as a Ranch Site on the Plat of Hidden River Ranch and as defined in this Declaration.

Section 2.35 "Ranch Site Open Area" shall mean all of a Ranch Site, except the Building Site, and any Fishing Easement, road or Driveway situate on the Ranch Site as shown and set forth on the Plat. The Ranch Site Open Area is designated for the sole use and enjoyment of the Owner of that Ranch Site, his family and guests, and shall be maintained and utilized by the Owner as the separate Open Space of that Ranch Site and shall not be a part of the Common Area of Hidden River Ranch. The Ranch Site Open Area shall be limited to lawns, gardens, walkways, sidewalks, parking areas, outdoor living, recreation space and for Horse Pasture on designated Ranch Sites. The Ranch Site Open Area may also be utilized for the installation and maintenance of utilities and for the installation and maintenance of underground sewage disposal systems and a water well to serve any Buildings constructed within the Building Site.

ARTICLE 3.

CONSERVATION EASEMENT

Section 3.1 Conservation Easement. It is specifically acknowledged and understood that the portion of the Property denominated Common Area is

subject to the Deed of Conservation Easement recorded in Book 792 at page833 of the records of Gunnison County, Colorado. Any usage of the property subject to the Conservation Easement shall be restricted and limited to those uses denominated in the Conservation Easement.

ARTICLE 4.
USE OF HIDDEN RIVER RANCH

Section 4.1 Building Site Use. The Building Site of each Ranch Site shall be used for the construction, erection and maintenance of all Buildings situate upon a Ranch Site as provided in Article 4 of these Protective Covenants.

Section 4.2 Ranch Site Open Area. The Ranch Site Open Area of each Ranch Site shall be for the exclusive use of the Owner of the Ranch Site for the Owner's personal use and enjoyment. The Ranch Site Open Area shall not be fenced except that the Building Site, Limited Use Area, and Horse Pasture may be separately fenced in the manner provided by the Design Guidelines.

Section 4.3 Common Areas. The Common Areas of Hidden River Ranch, being all of the Property, less the Ranch Sites, shall be used exclusively for:

4.3.1 Agricultural and ranch purposes.

4.3.2 Recreational purposes for the benefit of the Owners.

4.3.3 Equestrian and Recreational Activities.

4.3.4 The permitted uses set forth in the Deed of Conservation Easement.

4.3.5 Roads, Driveways, and installation and maintenance of utilities.

Section 4.4 Water and Irrigation. All irrigation ditches and the water decreed thereto (except only the well and appurtenant water right for each Ranch Site) are owned and controlled by the Association. No Owner, family members, guests, invitees, or employees shall at any time interfere with, obstruct or utilize any irrigation ditch or water unless expressly authorized to do so by this Declaration or the Board of Directors.

Section 4.5 Agricultural Usage. All recreational usage of the Common Areas shall be compatible with the agricultural and ranch operations conducted in the Common Areas and conducted in a manner to not unreasonably interfere with the normal agricultural and ranch operations.

Section 4.6 Wildlife. Wildlife in its natural state within Hidden River Ranch will be encouraged. The recreational and agricultural usage of Hidden River Ranch will be accomplished in a manner to encourage and protect all wildlife and no hunting or taking of any wildlife, except only fishing in the East River and the fishing ponds of Hidden River Ranch shall be allowed within Hidden River Ranch.

Section 4.7 Recreational Activities. All recreational activities within Hidden River Ranch, including but not limited to fishing, snowmobiling, skiing, hiking, bicycling, horseback riding, all terrain vehicles usage and other motorized vehicle usage shall be in accordance with Rules and Regulations adopted by the Board of Directors. All recreational activities shall be solely for the private use and enjoyment of the Owners, members of their family, their guests and invitees. Except only as may be prohibited by law, fishing shall at all times be allowed within Hidden River Ranch but subject to compliance with the Rules and Regulations adopted by the Board of Directors.

Section 4.8 Fishing Easement. In accordance with the Plat, a Fishing and Walking Easement is created as set forth on the Plat for the private use and enjoyment of the Owners, their guests and invitees, in accordance with the Rules and Regulations of the Association for fishing and walking and for the use of the Fishing and Walking Easement.

Section 4.9 Partition of Ranch Sites. No Ranch Site may be partitioned, subdivided nor in any manner divided into two or more tracts of land.

ARTICLE 5. USE OF RANCH SITES

Section 5.1 Residential Use. All Ranch Sites shall be used exclusively for residential purposes and shall be limited to one single-family Family Residence with an attached Garage and an attached Caretaker Living Unit. No additional Buildings, Improvements, or usage shall be permitted except as authorized by this Declaration and the Design Guidelines.

Section 5.2 Ranch Site 13. In addition to the uses set forth in Section 5.1 above, Ranch Site 13 may be utilized for Equestrian and Recreation Activities on that portion of Ranch Site 13 as shown on the Plat.

Section 5.3 Building Site. The Family Residence, with attached Garage and attached Caretaker Living Unit shall be situate within the designated Building Site of the Ranch Site.

Section 5.4 Limited Use Area. The Limited Use Area may be separately fenced by a fence approved by the Design Review Board and may be used for the purposes approved by the Design Review Board.

Section 5.5 Horse Pasture. The Horse Pasture on any designated Ranch Site may be used as follows:

5.5.1 For the pasturage of not to exceed two horses at any one time, but subject to the condition that no overgrazing of any pasture will be permitted.

5.5.2 The designated Horse Pasture may be separately fenced by an appropriate horse fence as approved by the Design Review Board.

5.5.3 A stable, Barn or shed of a size not to exceed two horse stalls, feed storage and tack area and not exceeding 400 square feet in total size may be constructed within the Horse Pasture as approved by the Design Review Board.

Section 5.6 Ranch Site Open Area. The Ranch Site Open Area may not be separately fenced and shall be used for lawns, gardens, walkways, sidewalks, parking areas, Driveways, outdoor living, and recreation space.

Section 5.7 Caretaker Living Unit. One Caretaker Living Unit, attached to the Family Residence, shall be allowed on each Ranch Site.

Such Caretaker Living Unit shall at all times be owned by the Owner of the Ranch Site. At no time may a Caretaker Living Unit be used as a residence of a person or family other than the Owner of the Ranch Site, the Owner's family or guests, or a caretaker and the family of the caretaker caretaking the Ranch Site.

The Caretaker Living Unit shall be served and connected with the same water and sanitation facilities designed and used by the Family Residence of the

Ranch Site and access to the Caretaker Living Unit shall be by the same access driveway as used by the Family Residence, unless otherwise approved by the Design Review Board.

Section 5.8 Garage. One Garage attached to the Family Residence, shall be required on each Ranch Site. Any Garage shall be sufficient in size to park and store all motor vehicles, recreational vehicles, all terrain vehicles, snowmobiles, boats and trailers located upon the Ranch Site.

Section 5.9 Approval of Use. No Improvement shall be constructed on any Ranch Site, except only as approved by the Design Review Board.

Section 5.10 No Commercial Use. No commercial or business enterprise of any nature shall be allowed or permitted on any Ranch Site; provided, however, that the Owner of a Ranch Site may be permitted to conduct an in-home executive office or an in-home occupation, artistic or literary activity on a Ranch Site upon the prior approval by the Design Review Board as to such occupation or activity. No such occupation or activity shall be approved by the Design Review Board which would create a visual, sound or traffic nuisance. Any such occupation or activity shall be subject to a reasonable limitation as to the number of persons and the number and type of motor vehicles involved in such occupation or activity. Certain in-home activities may require a Land Use Change Permit from Gunnison County.

Notwithstanding the above and foregoing, Ranch Site 13 may be utilized as an equestrian center including the boarding of horses for the owners of the Ranch Sites and their guests, and horseback riding lessons and other activities pertaining to the ownership, riding and care of horses by the Owners of Ranch Sites and their guests and invitees, and recreational and social activities of the Association.

ARTICLE 6.

DESIGN REVIEW AND APPROVAL

Section 6.1 Board. The Board of Directors of the Association shall be the Design Review Board, but subject to the condition that the Board of Directors may, at its option, appoint Members of the Association to serve on the Design Review Board under the terms and conditions of any resolution adopted by the Board of Directors as to such appointment.

Section 6.2 Review and Approval. No Family Residence, Caretaker Living Unit, Garage, Building or Improvement shall be commenced, constructed,

erected, maintained, altered or changed upon any Ranch Site, nor shall any Landscaping or fencing be accomplished, nor shall any exterior addition, change or alteration be made, until the plans and specifications therefor have been submitted to and approved in writing by the Design Review Board in the manner hereafter set forth.

Section 6.3 Submission Requirements. Prior to the commencement of any such construction or the accomplishment of any items requiring the approval of the Design Review Board, an application, together with all plans and documents, for such Building, Improvement or item shall be submitted to the Design Review Board for approval. The application shall include, at a minimum, all documents required by the Design Guidelines.

Section 6.4 Preapplication Conference. Prior to the submittal of the plans and specifications as required in Section 6.3 above, it is recommended that the applicant and/or the applicant's architect meet with the Design Review Board to discuss the proposed plans. The purpose of such conference is to permit the applicant and the Design Review Board to informally review the plans before substantial commitments of time and money are made. Any preliminary approvals or disapprovals shall be informational only and are not binding upon either the applicant or the Design Review Board. The Design Review Board is not committed or bound by any preliminary or informal approval or disapproval until the application, together with all required plans and documents, are submitted to the Design Review Board.

Section 6.5 Review Process. The review process shall be as follows:

6.5.1 Application Submission. The applicant shall submit an application containing such information as is required by the Design Guidelines and this Declaration and in particular the application shall show the Building or structure to be constructed, the placement of the Buildings on the Ranch Site, elevations of any Building or structure and the type of materials and color scheme of the exterior and roof of any Building or structure and such other information as the Design Review Board may consider appropriate.

6.5.2 Application Review. Upon the Design Review Board determining that a complete application has been submitted by the applicant, it shall, within 20 days of receipt of the complete application, schedule a meeting with the applicant and/or the applicant's architect or contractor to review the application.

6.5.3 Hearing on Application. The applicant and any person on the applicant's behalf may attend the hearing for consideration of the application and submit such information and documents as may be desired. Any Member of the Association may also be present at the hearing to submit comments or submit in writing any comments.

6.5.4 Decision on Application. Within 14 days after the date of the hearing on the application, the Design Review Board shall render its decision on the application in writing. The Design Review Board may either approve, disapprove or approve with conditions the application submitted to it. In the event the Design Review Board fails to take any action within 14 days after the date of the final hearing or fails to hold such hearing, the application shall be deemed to have been approved.

Section 6.6 Quorum. A majority of the Design Review Board shall constitute a quorum and all decisions of the Design Review Board shall be by a majority vote of the Members present.

Section 6.7 Final Decision. The decision of the Design Review Board as to the application shall be final, subject only to the right of judicial review as provided by the laws of the State of Colorado. The Board shall indicate to any applicant, in the event of disapproval of the application, the reasons why the application was rejected and grant to the applicant an opportunity to resubmit with the revisions and corrections that would bring the request for application approval into conformity with the requirements of this Declaration of Protective Covenants and the Design Guidelines.

Section 6.8 Rules and Regulations. The Design Review Board may adopt such rules and regulations as are appropriate to govern its proceedings as a Design Review Board.

Section 6.9 Design Review Fee. The Design Review Board shall adopt a schedule of fees to be charged for each application submitted to the Design Review Board for review and approval. Such fee shall be in an amount reasonably determined to cover the actual costs and fees of the Design Review Board in processing the application. Such fee shall be paid by the applicant on or before the date of hearing on the application.

Section 6.10 Limitation of Liability. The Design Review Board shall use reasonable judgment in approving or disapproving all plans and specifications submitted to it for review and approval. Neither the Design Review

Board, nor any individual member thereof, shall be liable to any person for any official act of the Design Review Board in connection with the submittal of any plans and specifications for approval, except only to the extent that the Design Review Board, or any individual member thereof, acted with malice or wrongful intent.

Section 6.11 Building Permit. In addition to the approval requirements by the Board, each Owner is responsible for obtaining all approvals, licenses and permits as may be required by Gunnison County, Colorado and any entity or district having jurisdiction over the Ranch Site prior to the commencement of construction.

Section 6.12 Variances. The Design Review Board may grant variances as to the design requirements contained in Article 7 and the location and size of the Building Site and the Ranch Site Open Area under the following conditions:

6.12.1 An application for a variance shall be submitted in the same manner as is required for design review approval. If the requested variance is part of an application for approval of a Building or other structure, such request may be submitted as part of that application.

6.12.2 A variance of the design requirements of this Declaration or the Design Guidelines may be granted if such variance is reasonable, is in keeping with the overall design requirements of Hidden River Ranch, and does not unreasonably detract from the Building Site, the Ranch Site Open Area, any other Ranch Site, or Hidden River Ranch.

6.12.3 No variance as to the location or size of a Building Site shall be granted that would increase the visibility of any Building constructed thereon from Colorado State Highway 135.

ARTICLE 7. **DESIGN REQUIREMENTS**

Section 7.1 Design Requirements. Any Family Residence, Caretaker Living Unit, Garage, Building or Improvement situate within Hidden River Ranch shall comply with the design requirements of this Article.

Section 7.2 Building Site. Any Building or Improvement shall be constructed entirely within the designated Building Site of the Ranch Site, except only for those Improvements that may be constructed and maintained within the

Limited Use Area, a designated Horse Pasture or the Ranch Site Open Area of the Ranch Site.

Section 7.3 Uniform Building Code. All Buildings and Improvements shall meet all of the requirements, including fire protection standards, of the Uniform Building Code and any other building code or fire code of Gunnison County, Colorado then in effect.

Section 7.4 Building Density. The following minimum and maximum building densities are established for all Buildings, unless otherwise approved by the Design Review Board:

Family Residence:	Minimum:	Not less than 2300 square feet of gross residential floor area.
	Maximum:	5000 square feet of gross residential floor area.
Caretaker Living Unit:	Minimum:	Not less than 600 square feet of gross residential floor area.
	Maximum:	1000 square feet of gross residential floor area.
Two Car Garage:	Minimum:	Not less than 576 square feet of gross floor area.
	Maximum:	Not more than 1200 square feet of gross floor area.

Section 7.5 Maximum Density. The maximum gross floor area of all Buildings constructed within the Building Site shall not exceed 7,200 square feet of gross floor area, excluding basements.

Section 7.6 Height. The maximum height of any Building shall be 32 feet, except that no Building situate upon Ranch Sites 1, 2, 12, and 14 through 17 shall exceed 22 feet.

Section 7.7 Exterior Building Materials and Style. All Buildings, including roofs and chimneys, shall be built in an exterior style and with colors and materials harmonious to the area and all Buildings and structures within a single Building Site shall be similar in style. All colors of exterior walls, roofs and chimneys will be natural or earth tones in color to blend with the natural surroundings. The

use of log, log trim, log accents or log structural elements shall be incorporated into and be a visible part of the exterior of any Building.

Section 7.8 Service or Utility Areas. All service or utility areas or yards and including garbage cans and trash storage areas shall be screened from view on all sides.

Section 7.9 Exterior Lighting. All exterior lighting shall be designed and directed in a manner approved by the Design Review Board. All exterior lighting or illumination on any Ranch Site shall be so located, placed, shielded and designed to be architecturally and aesthetically in keeping with the Buildings and surroundings and to have minimum visual pollution or impact on any other Ranch Site within Hidden River Ranch.

Section 7.10 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 Ranch Site unless it is entirely screened from view on all sides and such screening shall be in keeping with the terrain and environment.

Section 7.11 Water Conservation. Water conservation will be encouraged and where possible water efficient devices shall be utilized.

Section 7.12 Fireplaces. Any fireplace or woodburning stove within any Building shall be equipped with emission controls providing maximum protection as to the emission of pollutants and shall comply with all applicable laws, rules and regulations of Gunnison County, Colorado and the State of Colorado. Not more than one wood or solid fuel fireplace or stove shall be permitted in each Family Residence and each Caretaker Living Unit.

Section 7.13 Design Guidelines. The Design Review Board shall adopt Design Guidelines which shall include all design requirements for the construction of any Family Residence, Caretaker Living Unit, Garage, or other Buildings or Improvements within Hidden River Ranch and the method of procedure and the plans and documentation that are required by an applicant to submit an application to the Design Review Board. Such Design Guidelines are in addition to the requirements of this Declaration, are supplemental thereto and are enforceable in the same manner and shall have the same force and effect as this Declaration. Such Design Guidelines may be altered, amended, revised, and changed from time to time as determined by the Design Review Board.

Section 7.14 Colorado State Forest Service. It is recommended that the owner of any Ranch Site comply with the recommendations of the Colorado State Forest Service concerning fire control and at a minimum that grass and sage should not be allowed to grow tall near buildings, combustible grass, sage and other growing materials be mowed to six inches within 30 feet of any building and where slopes between sixteen to thirty percent are located down hill from a Building Site.

Section 7.15 Fire Sprinkler Systems. All Buildings constructed within Hidden River Ranch shall have a fire sprinkler system in accordance with the requirements of NFPA 13D, or as the same may be subsequently amended. The Association shall provide and maintain a dry fire hydrant at the large pond adjacent to Hidden River Ranch for fire protection purposes as approved by the Fire Marshal.

Section 7.16 Foundation Design. Prior to the construction of any Building within Hidden River Ranch, a qualified soils and foundation engineer shall investigate the Building Site and engineer a suitable foundation design for any such Building. The report of the engineer shall be submitted to the Design Review Board as a part of the submittal requirements for design approval of the Building and to the Gunnison County Building Inspector for approval as a condition of issuing a building permit by Gunnison County.

ARTICLE 8.

CONSTRUCTION, USE AND MAINTENANCE REQUIREMENTS

Section 8.1 Excavation. No excavation shall be made on any Ranch Site, except in connection with a Building approved in accordance with these Declaration of Protective Covenants.

Section 8.2 Electrical, Telephone and Utility Services. All electrical, telephone and utility services within any Ranch Site shall be underground.

Section 8.3 Water and Sewage Disposal Systems. The following criteria shall specifically apply to all water and sewage disposal systems within Hidden River Ranch:

8.3.1 All Buildings designed for human occupancy shall initially be connected with individual water and sanitation facilities. All individual water systems and sewage disposal systems shall be constructed, installed and maintained in compliance with all applicable rules and regulations of any

governmental entity having jurisdiction over the Property. All sewage disposal systems shall comply with the following:

8.3.1.1 Any sewage disposal system in Hidden River Ranch shall be located as approved by the Design Review Board.

8.3.1.2 All sewage disposal systems must meet all applicable rules and regulations of Gunnison County, Colorado and the State of Colorado.

8.3.1.3 The Owner of the Ranch Site upon which any individual sewage disposal system is located shall be responsible to at all times maintain and operate such system in accordance with the applicable rules and regulations of Gunnison County, Colorado and the State of Colorado. The Association shall have the responsibility and authority to at all times confirm that individual sewage disposal systems are being adequately maintained and operated.

8.3.2 At such time as the statutes, rules and regulations of the applicable governmental entities require that the Ranch Sites within Hidden River Ranch connect to a Sanitation District capable of providing sewer service to Hidden River Ranch, the Owners of all of the Ranch Sites within Hidden River Ranch shall be compelled and required to connect any building designed for human occupancy to such collector sewer line upon the following conditions:

8.3.2.1 The Sanitation District is ready, willing and able to provide sewer service to Hidden River Ranch and has a collector sewer line within 400 feet of Hidden River Ranch.

8.3.2.2 The connection to such sewer line can be done in accordance with all applicable county, state and federal statutes, rules and regulations and pursuant to any permits, easements or rights of way required by law.

8.3.2.3 Each Owner of a Ranch Site shall be responsible for and shall be required to pay any cost, including tap fees, user fees, and costs of installation within such Owner's Ranch Site, for the connection and use of such sewer services to the extent such costs and fees do not exceed the same fees and costs charged by such Sanitation District to any user within the boundary lines of such Sanitation District

plus an amount equal to the amount that the Owner of a Ranch Site would be required to pay under the mill levy of such Sanitation District. If the Ranch Site were within the District boundaries of the Sanitation District. The Association shall have the power to assess and collect such fees and costs as against the Owners of the Ranch Sites in the same manner as is provided for other assessments of the Association.

8.3.2.4 The Association shall be responsible and required to install any main or collector sewer line within Hidden River Ranch and to the existing collector sewer line of the Sanitation District as may be required to provide sewer service connections to each Ranch Site. The Association shall assess and collect such costs of installation and connection as an assessment against the Owners of the Ranch Sites in the same manner as is provided for other assessments of the Association.

8.3.3 In addition to the foregoing, the Association shall have the power at any future time to require that all Ranch Sites within Hidden River Ranch be connected to and be a part of any sewer system and/or water system whether owned or operated by the Association or owned and operated by any Special District or other governmental or legal entity, which is capable of providing sewer and/or water services to all Ranch Sites within Hidden River Ranch. The Association shall assess and collect such costs to accomplish the same as an assessment against the Owners of the Ranch Sites in the same manner as is provided for other assessments of the Association.

Section 8.4 Signs. No sign of any kind shall be displayed to public view on any portion of any Ranch Site, except only a sign not to exceed four square feet identifying the Owner and/or address of the Ranch Site.

Section 8.5 Drainage. No Owner shall do or permit any work, construct any Improvements or do any Landscaping which shall alter or interfere with the natural drainage for the Property, except to the extent the same is approved by the Design Review Board and as authorized for any surface water discharge easement.

Section 8.6 Temporary Structures. No temporary structure, mobile home, modular home, trailer house, travel trailer or recreational vehicle shall be permitted on any Ranch Site, except only as may be determined to be necessary during the period of construction of the Family Residence and/or Guest House as specifically approved by the Board. Provided, however, a motorhome, travel trailer

or similar vehicle of any Owner or their guests shall be permitted on a Ranch Site for a short term period of time, not to exceed ninety days in any one calendar year.

Section 8.7 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 Board.

Section 8.8 Landscaping. The Ranch Site and all Landscaping thereon shall be maintained in its natural condition to the extent possible. Lawns and artificial Landscaping shall be minimal except only for the mandatory landscaping as provided in Section 2.21 and in no event shall an irrigated lawn and garden exceed one acre in total area. No trees shall be cut or removed from any Ranch Site except only (1) as required to permit ingress and egress to and from the Building Site, (2) to clear the actual construction site for any Family Residence or Garage, (3) to remove any diseased or dead trees, (4) to remove any tree that poses a danger to any Building, (5) limited tree cutting approved by the Board of Directors in the manner that will not be visible to any other Ranch Site or as required for Wildfire Safety and (6) as may be approved by the Design Review Board.

Section 8.9 Trash. No trash, ashes, garbage or other refuse shall be allowed to accumulate or placed on any Ranch Site or area within the Property. There shall be no burning or other disposal of refuse out of doors. Each Owner shall provide suitable 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 disturbance.

Section 8.10 Abandoned or Inoperable Vehicles. Abandoned or inoperable automobiles or motor vehicles of any kind, except as hereinafter provided, shall not be stored or parked on any portion of a Ranch Site. "Abandoned or inoperable vehicle" shall be defined as any vehicle which has not been driven under its own propulsion for a period of three months or longer; provided, however, this shall not include vehicles parked by Owners while on vacation. A written notice describing the "abandoned or inoperable vehicle" and requesting removal thereof may be personally served upon the Owner or posted on the unused vehicle; and if such vehicle has not been removed within seventy-two hours thereafter, the Association shall have the right to remove the same without liability to it, and the expense thereof shall be charged against the Owner.

Section 8.11 Noise. No exterior horns, whistles, bells or other sound devices, except security devices used exclusively to protect the security of

persons and Improvements on any Ranch Site, shall be placed or used on any Ranch Site. No animals shall be kept or maintained on any Ranch Site which create a nuisance by noise, including without limitation, barking dogs.

Section 8.12 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 Board of Directors as to the construction of any Improvements.

Section 8.13 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 except only in approved areas in accordance with Rules and Regulations adopted by the Board of Directors. No outside open fires shall be permitted on any Ranch Site unless contained within a cooking or barbecue type unit or grill.

Section 8.14 Noxious Weed Control. The Association shall adopt a noxious weed control and weed management plan for Hidden River Ranch to regulate and control noxious weeds within all areas of Hidden River Ranch in accordance with the requirements of all federal, state and local requirements including the noxious weed control district of Gunnison County, Colorado, and shall pay any costs incurred by the Gunnison County Weed Specialist in the task of providing onsite evaluation and drafting of a noxious weed control and weed maintenance program for Hidden River Ranch.

ARTICLE 9. **ANIMALS**

Section 9.1 Dogs and Cats. The Owner of a Ranch Site may keep and maintain dogs and cats and other domestic animals as approved by the Board of Directors under the following conditions:

9.1.1 All dogs and cats shall be confined to the Ranch Site Open Area or attached to a leash or other suitable control device.

9.1.2 The owner shall at all times be personally liable and responsible for all actions of any dog or cat and any damage caused by the dog or cat.

9.1.3 No dog or cat shall create a nuisance or noise problem within Hidden River Ranch.

9.1.4 Any dogrun or kennel shall be situate adjacent to the Family Residence.

Section 9.2 Horses. Not to exceed two horses may be kept and maintained on any designated Horse Pasture of a Ranch Site. Not to exceed two horses per Ranch Site may be kept and maintained within the Equestrian Facilities on Ranch Site 13. A reasonable number of horses, as determined by the Association, may be kept and maintained in any Common Area.

Section 9.3 Other Animals and Pets. No other animals or pets may be kept or maintained by any Owner except upon the prior written permission of the Board of Directors.

Section 9.4 Rules and Regulations. The Board of Directors shall adopt suitable rules and regulations as to the keeping and maintaining of animals and pets within Hidden River Ranch. The Board of Directors shall have the sole authority to determine what constitutes a reasonable number of dogs, cats or horses and to determine that any such animal has created a noise, odor or nuisance problem within Hidden River Ranch.

Section 9.5 Fines and Impoundment of Animals. The Association is specifically empowered to levy fines against the owner of any dog which is not contained as set forth in paragraph 9.1 and to impound any animal running at large within the Property, except livestock which are part of the agricultural operation. The lessee of the Conservation Easement has the right to destroy any dogs which are harassing livestock and wildlife within the Conservation Easement. Upon impoundment, the owner of the animal, if known, shall be immediately notified and the animal taken to the nearest facility which accepts impounded animals. It is the duty of the owner of such animal to recover the animal from such facility and to pay all costs and fees incurred in the impoundment of the animal. If the animal is not recovered by the owner in accordance with the rules and regulations of the impoundment facility, the facility may destroy the animal without liability to the facility, any other Owner or the Association by the owner of such animal.

ARTICLE 10.

HIDDEN RIVER RANCH ASSOCIATION

Section 10.1 Government of Association. Hidden River Ranch Association, a Colorado nonprofit corporation, shall be governed by and shall exercise all of the duties, privileges and obligations set forth in this Article, and the Articles of Incorporation and Bylaws of the Association.

Section 10.2 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 Ranch Site owned by such Owner, but all persons owning each Ranch Site shall be entitled to the rights of membership and the use and enjoyment appurtenant to the ownership of each Ranch Site.

Section 10.3 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 Ranch Site. 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 10.4 Voting Rights. All Owners within Hidden River Ranch shall be Members of the Association. Each Ranch Site shall be entitled to one vote in the Association. The one vote for each Ranch Site shall be exercised by the Owner and when more than one person or entity holds an interest in a Ranch Site, the vote for the Ranch Site shall be exercised as the Owners may determine among themselves, but the vote for the Ranch Site shall be cast by only one person.

Section 10.5 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 10.6 Rules and Regulations. The Association shall from time to time adopt, amend and repeal rules and regulations to be known as the "Hidden River Ranch Rules and Regulations" governing, among other things, and without limitation:

- 10.6.1 The use of the Common Area.**
- 10.6.2 The conservation, maintenance, repair and use of all Buildings, structures and uses thereof within the Common Area.**
- 10.6.3 The use and maintenance of all roads within Hidden River Ranch.**
- 10.6.4 The maintenance and keeping of animals within Hidden River Ranch.**

10.6.5 The establishment of easements for walking, hiking, horseback riding, bicycling, all terrain vehicles, snowmobiles, fishing, hunting and skiing. Provided, that no easement shall be created or established through a Ranch Site Open Area.

10.6.6 Repairs, maintenance and upkeep of all Common Area and any property under the jurisdiction of the Association.

10.6.7 Standards for the care, maintenance, and use of all Ranch Sites and all Improvements, Buildings, grounds and Landscaping situate upon such Ranch Sites within the Hidden River Ranch.

10.6.8 All matters delegated to the Association by this Declaration.

Section 10.7 **Dedication of Common Areas.** All Common Areas within the Hidden River Ranch are intended for (1) the common use and enjoyment by the Owners within the Hidden River Ranch, (2) the continuing use of the same for agricultural and ranch purposes, and (3) compliance with the terms and conditions of the Conservation Easements. The Common Areas are hereby dedicated to the above and foregoing uses for the Owners, their families, tenants, employees, guests and invitees, and not to the use of the general public, under the terms and conditions contained in the Association Documents and as provided in the Conservation Easement.

Section 10.8 **Management of Common Areas.** The Association shall be responsible for the management and control of the Common Areas and all Improvements thereon, and shall keep them in a good, clean, attractive and pleasant condition and shall maintain and repair the same consistent with the purposes and uses of the Common Areas as set forth in the Association Documents and the Conservation Easement.

Section 10.9 **Roads and Streets.** The Association, for and on behalf of the Owners of the Ranch Sites within Hidden River Ranch, shall be responsible for the proper maintenance of all private roads and drives, including the resurfacing, grading, drainage and snow removal thereof and including any construction after the initial construction by the Declarant.

ARTICLE 11.
MAINTENANCE ASSESSMENTS

Section 11.1 Creation of Lien. Each Owner of any Ranch Site, 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. The Regular, Special and Default Assessments, together with interest, costs and reasonable attorneys' fees, shall be a charge and continuing lien upon the Ranch Site against which each such Assessment is made until paid. Each such Assessment, together with interest, costs and reasonable attorneys' fees, shall be the personal obligation of the Owner of such Ranch Site at the time when the Assessment became due.

Section 11.2 Purpose of Assessments. The Assessments levied by the Association shall be limited to and used exclusively for the following:

11.2.1 The maintenance and improvement of all Common Areas including the construction, repairs and maintenance of all facilities contained within the Common Areas.

11.2.2 The continued maintenance and use of the Common Areas for agricultural and ranch purposes including all construction, maintenance and repairs as may be necessary or desirable for such uses and purposes.

11.2.3 To comply with the terms and conditions of the Conservation Easement.

11.2.4 To comply with the terms and conditions of any lease or agreement pertaining to the lease of the Common Areas for agricultural and ranch purposes.

11.2.5 The maintenance, repairs, snow removal and improvements of all roads and Driveways within the Property.

11.2.6 Any maintenance, repair or improvement required to be made by any Owner to any improvement on any Ranch Site which the Owner fails to do.

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

11.2.8 Any other purpose approved by a majority vote of all Members of the Association.

Section 11.3 **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 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 11.4 **Special Assessments.** In addition to the Regular Assessments set forth in Section 11.3 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 private roads 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 days prior to the due date.

Section 11.5 **Assessment for Each Ranch Site.** All Regular and Special Assessments shall be apportioned and allocated equally among all Ranch Sites.

Section 11.6 **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 defaulting Owner's Ranch Site 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 days prior to the due date.

Section 11.7 **Nonpayment of Assessments.** Any Assessment, whether Regular, Special, Ranch or Default Assessment, which is not paid within thirty 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 the following actions:

11.7.1 Assess a late charge of not more than 10% of the amount due and owing per each delinquency.

11.7.2 Assess an interest rate charge from the date of delinquency at a rate four points above the base rate or prime rate charged by the Association's bank, or such other rate as shall be established by the Board of Directors.

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

11.7.4 Bring an action against any Owner personally obligated to pay the delinquent Assessment.

11.7.5 File a Statement of Lien with respect to the Ranch Site 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 Gunnison County, Colorado, a written statement with respect to the Ranch Site, setting forth the name of the Owner, the legal description of the Ranch Site, the name of the Association and the amount of the delinquent Assessments then owing, which Statement of Lien 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 Ranch Site at the latest address the Association may have in its records as to the Owner. Thirty 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 have been satisfied and released, together with the Association's attorneys' 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 attorneys' fees with respect to the action.

11.7.6 The Statement of Lien shall be superior to all other liens and encumbrances on such Ranch Site, except only any tax and assessment liens levied by any governmental entity and the lien of any First Mortgage. Provided, however, at all times the lien of the Association shall have priority and status over any other lien or Mortgage as provided by the Colorado Common Interest Ownership Act, as it now exists and as it may hereafter be amended.

Section 11.8 **Successor's Liability for Assessment.** In addition to the personal obligation of each Owner of a Ranch Site to pay all Assessments and the Association's lien on a Ranch Site for such Assessments, all successors to the ownership of a Ranch Site shall be jointly and severally liable with the prior Owner for any and all unpaid Assessments, interest, costs, expenses and attorneys' fees against such Ranch Site.

ARTICLE 12.
ENFORCEMENT OF COVENANTS

Section 12.1 **Violations Deemed a Nuisance.** Every violation of this Declaration of Protective Covenants or the Association Documents shall be deemed to be a nuisance and is subject to all the remedies provided for the abatement thereof.

Section 12.2 **Failure to Comply.** The failure to comply with this Declaration, the Conservation Easement, the Design Guidelines, or any Rules and Regulations adopted by the Board of Directors or the Design Review Board shall be grounds for an action to recover damages, or for injunctive relief or for specific performance, or any of them under the following terms and conditions:

12.2.1 Written notice of any violation or failure to comply with this Declaration, the Conservation Easement, the Design Guidelines or any Rules and Regulations adopted by the Board of Directors or the Design Review Board shall first be given to any Member or person as to such violation or failure to comply.

12.2.2 Such Member or person shall be given ten days from the date of such notice to correct such violation or failure to comply.

12.2.3 In the event that any Member or person believes that he is not in violation or failure to comply, that Member or person may request an opportunity for a hearing by the Board of Directors prior to the Association taking further action or commencing any legal proceeding against such Member or person.

12.2.4 Any action by the Association as against any such Member or person shall be by resolution of the Board of Directors following notice as above provided and granting to such Member or person an opportunity to be heard before the Board of Directors.

Section 12.3 Who May Enforce. Any action to enforce any violation of any provision of these Protective Covenants or the Association Documents may be brought as follows:

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

12.3.2 By the Owner of any Ranch Site.

Section 12.4 No Waiver. The failure of the Board, the Association, an Owner or Gunnison County, Colorado 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.

Section 12.5 Right of Gunnison County, Colorado. The Board of County Commissioners of Gunnison County, Colorado is specifically granted the right to enforce these Protective Covenants and to bring any action as may be required for the violation of these Protective Covenants pertaining as to the following matters:

12.5.1 As may be required to protect Gunnison County, Colorado or its inhabitants.

12.5.2 To enforce any provisions and requirements as to the construction, maintenance and control of all roads and driveways in accordance with the approval of the road permits by Gunnison County, Colorado.

Gunnison County, Colorado may enforce this Declaration at its sole discretion, without assumption of any liability whether or not such enforcement is exercised, and without obligation to exercise such enforcement in any circumstance. The ability of Gunnison County, Colorado to enforce this Declaration is non-exclusive and does not preclude any other authorized party from enforcing the same.

ARTICLE 13. **DURATION OF COVENANTS**

Section 13.1 Term. The term of these Declaration of Protective Covenants, and any amendments or supplements thereto, shall be from the date of recording in the records of Gunnison County, Colorado and until January 1, 2030. Thereafter, these Declaration of Protective Covenants shall be automatically renewed

not affect any other provision or section hereof and all other provisions and sections shall remain in full force and effect.

Section 14.2 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 14.3 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 these Declaration of Protective Covenants.

Section 14.4 Written Notice. All notices required under these Declaration of Protective Covenants shall be in writing. Notice to any Owner shall be considered delivered and effective upon personal delivery or five days after mailing by certified or registered mail, return receipt required, to the latest address of such Owner on file in the records of the Association at the time of such mailing.

Section 14.5 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 these Declaration of Protective Covenants 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 the Bylaws of the Association.

Section 14.6 Attorneys' Fees. If any legal action is commenced or maintained in court, whether in law or in equity, as to the interpretation, enforcement, construction or the determination of the rights and duties of the parties to these Declaration of Protective Covenants or any provision of the Association Documents provided herein, the prevailing party in any such action shall be entitled to reasonable attorneys' fees together with all reasonable costs and expenses incurred in such action.

Section 14.7 Applicable Law. The proper jurisdiction and venue for any action pertaining to the interpretation or enforcement of the Association Documents shall be the District Court of Gunnison County, Colorado, unless otherwise chosen by the Association and shall be interpreted, construed and governed by the laws of the State of Colorado.

Section 14.8 Interest. Unless otherwise provided in these Declaration of Protective Covenants, any sums, amounts or monies due and owing to the Association under the Association Documents shall bear interest at 18% per year from the date due until paid.

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

HENRICHSEN, INC., a Nevada corporation

By: Don Henrichsen
Don Henrichsen, President

PSZ, INC., a Nevada corporation

Phyllis Hollander
Phyllis Hollander, President

STATE OF COLORADO)
) ss.
County of Gunnison)

The above and foregoing Declaration of Protective Covenants was acknowledged before me this 20 day of August, 1996, by Don Henrichsen as President of Henrichsen, Inc., a Nevada corporation, and Phyllis Hollander as President of PSZ, Inc., a Nevada corporation.

Witness my hand and official seal.

My Commission expires:

August 29, 1999



Colette A. Perusek
Notary Public

EXHIBIT A
DECLARATION OF PROTECTIVE COVENANTS
FOR
HIDDEN RIVER RANCH

LEGAL DESCRIPTION

Township 14 South, Range 85 West, 6th P.M.

Section 17: That part of the S1/2SW1/4 lying northerly of the northerly boundary of Colorado State Highway 135, as deeded.

Section 18: That part of the SE1/4SE1/4 lying northerly of the northerly boundary of Colorado State Highway 135, as deeded.

Section 20: That part of the NE1/4NE1/4 described as follows:

Beginning at the SW corner of the NE1/4NE1/4 of Section 20, thence East 664 feet; thence North 33°10' West 177 feet; thence North 11°15' West 380 feet; thence North 34°7' West 860 feet; thence South 1,240 feet to the place of beginning, and being as described in Quit Claim Deed recorded January 10, 1931 in Book 220 at page 436, given by Joseph and Charlie Niccoli to Della M. Delimont,

NW1/4NE1/4;

That part of the NE1/4NW1/4 lying northerly of the northerly boundary of Colorado State Highway 135, as deeded.

That part of the NW1/4NW1/4 lying northerly of the northerly boundary of Colorado State Highway 135, as deeded.

SE1/4NE1/4, SAVE AND EXCEPT that portion described as follows:

Beginning at the NE corner of the SE1/4NE1/4 of Section 20, thence West 592 feet; thence South 6°00' East 277 feet; thence South 23°16' East 307 feet; thence South 32°15' East 820 feet; thence North 1,251 feet to the place of beginning,

That part of the SW1/4NE1/4 lying northerly of the northerly boundary of Colorado State Highway 135, as deeded.

That part of the SE1/4NW1/4 lying northerly of the northerly boundary of Colorado State Highway 135, as deeded.

EXCEPTING THEREFROM that property described in Quit Claim Deed recorded October 19, 1955 in Book 294 at page 376.

County of Gunnison,
State of Colorado.

EXHIBIT B
DECLARATION OF PROTECTIVE COVENANTS
FOR
HIDDEN RIVER RANCH

WATER RIGHTS

19.611 c.f.s. of water in the Lafayette Ditch, Ditch No. 261,
Priority 390, Water Division 4, State of Colorado