

Mountain Lake Ranch

COSTILLA COUNTY, COLORADO

Colorado Land & Ranches, Inc., 2423 E. Main Street, Suite 5, Cortez, Colorado 81321
Telephone: (970) 565-1293 Fax: (970) 565-1405

DISCLOSURE STATEMENT

YOU SHOULD READ THIS DISCLOSURE STATEMENT BEFORE YOU SIGN ANY DOCUMENTS OR AGREE TO ANYTHING.

This Disclosure Statement is intended to provide you with enough information to make an informed decision on the purchase, lease or acquisition of the property described in this statement.

The following disclosures are prepared in accordance with Colorado Real Estate Commission Rule S-23 and Colorado Revised Statute § 12-61-406(25) (a) and § 12-61-406(3)

THE STATE OF COLORADO HAS NOT PREPARED OR ISSUED THIS DOCUMENT NOR HAS IT PASSED ON THE MERITS OF THE SUBDIVISION DESCRIBED HEREIN.

A. NAME AND ADDRESS OF DEVELOPER/SUBDIVISION: Colorado Land & Ranches, Inc., whose business address is 2423 E. Main Street, Suite 5, Cortez, Colorado 81321. Mountain Lake Ranch is located approximately 11 miles south from San Luis, Colorado on Highway 159 to County Road P.6 east to County Road 21 to County Road E-5 northeast within the County of Costilla, State of Colorado. Property is accessed off of County Road E-5.

B. TYPE OF OWNERSHIP: Upon closing under this Contract, Buyer will own fee simple title to the Property.

C. AMENITIES: There are no amenities offered or contemplated available within this subdivision by the Developer. There are a variety of all season recreational facilities located within a 100 mile radius of the subdivision that are open to the public. An "amenity", for purposes of this disclosure, includes such things as swimming pools, tennis courts, riding stables, hiking and bicycle paths, winter snow skiing, lakes, rivers and national and state forests.

D. JUDGMENTS: As of the date hereof, there exist no judgments or administrative orders issued against Colorado Land & Ranches, Inc., or assigns.

E. BROKERAGE: Unless specifically exempted pursuant to C.R.S. 12-61- 10 1(4) (as the same may be amended from time to time), all sales of property within Mountain Lake Ranch will be made by brokers and salespersons licensed by the State of Colorado.

F. RECORDATION: No later than ten (10) business days following the date of closing, Buyer's deed will be delivered to the Clerk and Recorder of Costilla County, Colorado, for recording.

G. BOUNDARY LINES AND CORNERS: All lots have been surveyed by an independent surveyor licensed in the State of Colorado and all corners monumented. For Buyer's convenience, Developer has located the approximate boundaries of all sidelines extending from each monumented corner. Buyer acknowledges that the flagging or ribbon used to designate the line is an approximate location and should not be deemed to be the exact location of the line.

H. TITLE POLICY: The Policy of Title Insurance shall be issued at no expense to Buyer pursuant to this Contract and will be delivered within 60 days following recording of the deed.

I. LEGAL ACCESS, PROVISIONS FOR AND AVAILABILITY OF ROADS "TO" THE SUBDIVISION: Mountain Lake Ranch is located approximately 11 miles south from San Luis, Colorado on Highway 159 to County Road P.6 east to County Road 21 to County Road E-5 northeast within the County of Costilla, State of Colorado. Property is accessed off of County Road E-5 and County Road 21. Access to this subdivision is available by conventional vehicles and ordinarily available in all seasons and under all weather conditions.

J. LEGAL ACCESS AND ROADS "WITHIN" THE SUBDIVISION: Legal access to each parcel within the Subdivision shall be by County Road E.5 and County Road 21. Buyer is responsible for construction and maintenance of the driveways fronting private roads into Buyer's lot. Buyer will have to install an

adequately sized culvert pipe when you install your driveway. The Buyer hereby acknowledges that the Board of County Commissioners of Costilla County, Colorado is not responsible in any fashion for the construction acceptance or maintenance of access drives or roads or streets indicated on the plan. Public service vehicles, emergency vehicles and other vehicles and persons within them having legitimate business to transact shall have the right of ingress and regress along all such drives, roads and streets. The Buyer also acknowledges that the right of such access on roads and streets not constructed for or by, nor dedicated to or accepted by and not maintained by Costilla County does not assure prompt, timely arrival of public safety vehicles or the prompt, timely delivery of public safety services. A Homeowner's Association has been established for the purpose of maintenance of all the private roadways within Mountain Lake Ranch. Each parcel is automatically a member of the Association and responsible for the yearly fees as set forth in the By-Laws. Parcels accessed by a publicly owned and maintained roadway are exempt from being members of the Association but must still adhere to the restrictions set forth within the Declaration of Covenants, Conditions and Restrictions. These parcels are 1,2,3, &4

K. AVAILABILITY OF AND PROVISIONS FOR SEWAGE DISPOSAL: A central sewage system is not available for this Subdivision. Buyer is entirely responsible for the cost of installation, including testing and obtaining approval, of a sewage system for the Buyer's Property. In order to install a sewage system, Buyer must obtain a permit from the Costilla County and Planning Department located at 354 Main Street, San Luis, Colorado 81152, whose telephone number is 719-672-9109. The current permit fees for a septic system total approximately \$375.00 with the possibility of a road access permit being required at \$200.00. Soil tests may be required prior to issuing the permit. A licensed Colorado engineer must engineer all septic systems. To the best of Developer's knowledge the estimated expense for engineering a system may range between \$300 to \$1,000 per system. This is only an estimate and Developer can not and does not warrant the cost, county acceptance or results of soil tests associated with sewage treatment. The estimated cost for installation of an on-site individual sewage system will vary depending on the depth of bedrock, slope or other geographical characteristics. Developer reports that there is no assurance that a "Conventional" or "Standard" septic tank system can be installed. Prior to purchase, Purchasers should contact the state and local planning and health departments for specification requirements. You should satisfy yourself as to all costs of installing a septic system. If an "operational individual sewage disposal system" cannot be installed, lot purchaser will be offered a refund of the purchase price and title of the property will be Deeded back to Developer.

L. AVAILABILITY OF AND PROVISIONS FOR WATER: Developer is not providing potable water. If buyer intends to build a habitable structure and desires potable water, Buyer is responsible for incurring the cost of obtaining a water well permit from the Colorado Division of Water Resources, and for drilling the well and installing all equipment necessary to remove the water. Water permits can be obtained from The Colorado Division of Water Resources, Division 20, 301 Murphy Drive, Alamosa, Colorado 81101, whose telephone number is 719-589-6683. Forms can be also obtained on line at <http://water.state.co.us.org> The current permit fee is \$ 100.00. The cost will range based on approximately a per foot charge by local companies to drill the well shaft and install pumps and piping depending on the depth of the well. Developer does not warrant the quantity or quality of water or the probability of successfully finding water or the associated costs. Developer cannot state what the chemical content and bacteriological purity of any well water will be. Buyer can acquire such information only after the well is drilled and water is obtained from that well for analysis. Bacteriological testing can only take place after the well; pump and piping have been installed. The depth of wells in this area are estimated to be between 300' to over 600' depending on the surface elevation.

M. AVAILABILITY OF, AND PROVISION FOR TELEPHONE: Telephone service within the subdivision is not currently available and the Developer is not responsible for providing telephone service and neither does it represent that it will be available now or in the near future. At this time wireless service is the only service available. For further information please contact Ensignal Communications located at 718 Del Sol Drive, Alamosa, Colorado whose telephone number is 719-587-0107 or Everything Wireless located in the 1307 Main Street, Alamosa, Colorado whose telephone number is 719-589-0300.

N. AVAILABILITY OF, AND PROVISIONS FOR ELECTRICITY: The Developer has arranged for electrical service lines to be installed in an easement adjacent to each lot within the project. If the electrical service lines are not in place at the time of contract, the closing date will be set at a time either 10 days after completion of installation or 5 days after Developer has deposited funds with the rural electrical association. The Developer has signed an agreement with the rural electric association and will pre-pay the costs for installation of overhead power lines immediately after final cost estimate has been provided to Developer. All lines are to be completed by September 30, 2008, unless delayed by any of the conditions that are contained in the written agreement with the rural electric association. In the event, Developer is unable to complete this construction in a timely manner due to acts of God, defaults of contractors or subcontractors or material providers, or other causes beyond the control of Developer, the date for completion of such work shall be accordingly extended. The electrical service and distribution for the lot line to any habitable structure is the sole responsibility, financially and otherwise, of the Buyer.

O. AVAILABILITY OF AND PROVISIONS FOR NATURAL GAS/ PROPANE: A centralized system for piped natural gas service within the subdivision is not available and Developer is not responsible for providing such a gas service. Propane gas utilizing an individual tank storage system is available within the Subdivision and is the sole responsibility, financial or otherwise, of the Buyer. For information on expense and availability of propane gas, contact either AmeriGas, 625 West Avenue, Alamosa, Colorado whose telephone number is 719-589-2545 or San Luis Propane Company, 136 Main Street, San Luis, Colorado whose telephone number is 719-672-4204.

P. PLANNING AND ZONING: There are Planning and Zoning regulations in Costilla County. Purchaser should contact the Costilla County Planning Department before commencing construction of any buildings. Costilla County does require that you obtain permits before construction of driveways or structures. Currently, you must obtain a minor impact permit at the cost of \$250.00. Permit costs for a structure are \$200.00 for a new residence with an additional \$200.00 for the Certificate of Occupancy which is required by County regulations. For permits and further information please contact Costilla County Planning Department located at 354 Main Street, San Luis, Colorado 81152, whose telephone number 719-672-9109.

Q. WILDLIFE: Because of the location, terrain, vegetation, and cover, mountain lions and/or bears could potentially visit this property. Appropriate restraint should be practiced around such animals, and these animals should never be fed.

R. GAS/MINERAL RIGHTS: Colorado has a history of mineral mining as well as gas and oil exploration. The surface estate may be owned separately from the underlying mineral estate, and transfer of the surface estate does not necessarily include transfer of the mineral rights. Third parties may hold interest in oil, gas, other minerals, geothermal energy or water on or under the property which interests may give them rights to enter and use the property. Your title commitment or title policy has an exception (usually found in Schedule B) that allows someone the recorded and legal right to extract minerals and/or oil and gas from the land you own. What this means to you, is that the party(ies) that own these rights, also have a legal right of access and egress across your land in order to extract minerals or drill for oil and gas; and the right to set and operate equipment. Other Colorado laws dictate the responsibilities of the mining or drilling company. The company is generally responsible for damage to real and personal property of surface right landowners that may result from the extraction of minerals. For information on regulation of the oil and gas industry and the protection of public health, safety and welfare, the environment, and mineral owners' correlative rights, contact: The Department of Natural Resources, The Colorado Oil and Gas Conservation Commission at 1120 Lincoln St., Suite 801, Denver, Colorado 80203, Main Office (303) 894-2100. The Colorado Division of Mining and Geology, 1313 Sherman St., Rm 215, Denver, Colorado 80203, (303) 866-3567. Mountain Lake Ranch is subject to the following Oil and Gas leases of record: 1) Reservation in Phillip M. King of all oil, gas and other minerals lying in or under the SW ¼ of Section 6, lying East of the County Road, and the West 25 acres of the SE ¼ of Section 6, as shown in Warranty Deed recorded September 5, 1957, in Book 168 at Page 7 of the Costilla County, Colorado, records. 2) Reservation in Edward Mattingly of an undivided ½ interest in mineral rights as contained in Warranty Deed recorded May 12, 1980, in Book 212 at Page 63 of the Costilla County, Colorado, records. 3) Reservation in R.M. Martin and A.L. Nelson of an undivided three-fourths of all gas, oil and other minerals and mineral rights, together with the full and free right of ingress and egress as may be reasonably necessary for the drilling, operating and marketing of the production thereof, in Warranty Deed from R.M. Martin and A.L. Nelson to C.N. Marsh dated January 20, 1961.

S. SPECIAL ASSESSMENTS AND SPECIAL DISTRICTS: *SPECIAL TAXING DISTRICTS MAY BE SUBJECT TO GENERAL OBLIGATION INDEBTEDNESS THAT IS PAID BY REVENUES PRODUCED FROM ANNUAL TAX LEVIES ON THE TAXABLE PROPERTY WITHIN SUCH DISTRICTS. PROPERTY OWNERS IN SUCH DISTRICTS MAY BE PLACED AT RISK FOR INCREASED MIL LEVIES AND EXCESSIVE TAX BURDENS TO SUPPORT THE SERVICING OF SUCH DEBT WHERE CIRCUMSTANCES ARISE RESULTING IN THE INABILITY OF SUCH A DISTRICT TO DISCHARGE SUCH INDEBTEDNESS WITHOUT SUCH AN INCREASE IN MIL LEVIES. PURCHASERS SHOULD INVESTIGATE THE DEBT FINANCING REQUIREMENT OF THE AUTHORIZED GENERAL OBLIGATION INDEBTEDNESS OF SUCH DISTRICTS, EXISTING MIL LEVIES OF SUCH DISTRICT SERVICING SUCH INDEBTEDNESS, AND THE POTENTIAL FOR AN INCREASE IN SUCH MIL LEVIES.* In addition to real estate taxes payable to the County of Costilla, State of Colorado, the subdivision is affected by and subject to the taxing authority of the following districts or entities: Costilla County School District R-1, Costilla County Water Conservation District, Costilla County Fire Protection District, and Costilla County Ambulance District. This property is considered by the Costilla County Assessor to be non-residential vacant land. Under current law and tax rates, the property tax on vacant, non-agricultural parcels runs approximately 1.7% to 2.4% of the market value per year. As an example, property tax on a 35 acre +/- parcel that is purchased for \$59,900 will be estimated at \$1,437.60 per year. Parcels within this subdivision are eligible to be designated agricultural land. It is the Buyer's sole responsibility

to contact the Costilla County Assessor if Buyer wishes to change the designation of the parcel(s) purchased and to discuss the requirements and various rates with the County Assessor. You must contact the Costilla County Assessor for further information and requirements regarding property taxes. The Costilla County Assessor office is located at 354 Main Street, P.O. Box 344, San Luis, Colorado 81152; telephone number is 719-672-3642. At closing Buyer will assume all responsibility for payment of any fees and taxes assessed to his or her lot. These assessments are not considered closing costs and are in addition to closing costs.

T. SPECIAL DISTRICTS AND SPECIAL ASSESSMENTS: There are no special districts existing or proposed to which developer or Buyer may be subject so neither developer nor Buyer has responsibility to pay any fees or taxes to special districts. No special districts have defaulted on any obligations. The developer has not nor is in default on any obligations to any special district.

U. JUDGMENTS AND ADMINISTRATIVE ORDERS: There are no judgments or administrative orders issued against the Developer.

V. OWNERS' ASSOCIATION: Buyer acknowledges that Developer shall have recorded in the real estate records of Costilla County, Colorado, an instrument entitled Covenants, Restrictions and Easements for Mountain Lake Ranch, (the "Covenants") and the Plat for Mountain Lake Ranch.

Owners of lots within Mountain Lake Ranch shall be members of Mountain Lake Ranch Homeowner's Association, Inc., (the "Association") with the exception of parcels 1,2,3, &4 which are accessed by county maintained Road 21 and/or E-5. The annual average liability of each lot within the Association with respect to common expenses of the Subdivision, exclusive of optional user fees and any insurance premiums paid by the Association, shall not exceed the amount specified from time to time in Section 38-33.3-116 of the Colorado Common Interest Ownership Act, C.R.S. 38-33.3-101 through 38-33.6-116. The amounts so specified as of the date hereof are One Hundred Twenty-five Dollars (\$125.00) per year per parcel. Owners of parcels within Mountain Lake Ranch shall be liable for common expenses upon closing. The Developer shall be responsible for paying association dues and fees to the same extent as any other parcel owner, and shall not derive any income or profit or be authorized to borrow from the Association. The Association shall control and disperse all funds of the Association. The Developer in every contract of sale, shall provide to the purchaser, a written statement of assessments pursuant to 38-33.3-316(8) C.R.S.)

The Association shall provide such services as the Board of Directors deem necessary or appropriate to (i) manage, operate, construct, improve and maintain any of the private roads constructed within the dedicated easements as per the plats filed within the subdivision; (ii) administer and enforce the covenants, conditions, restrictions, reservations and easements created by the Covenants; (iii) promote recreational and social activities for owners and residents of Mountain Lake Ranch and their guests, (iv) protect the general welfare and safety of owners and residents of Mountain Lake Ranch and their guests, (v) regulate and manage Mountain Lake Ranch with the goal of enhancing and protecting its value.

Developer has exclusive right to appoint all members of the Board of Directors of the Association during the period commencing on formation of the Association and ending on the date on which seventy-five (75%) of the parcels within the Subdivision have been sold to persons or entities other than Developer. Thereafter, Developer has the exclusive right to appoint two-thirds (2/3) of the members of the Board of Directors (rounded upward to the nearest whole director) until such time as Developer no longer owns any lot or tract within Mountain Lake Ranch. Developer may relinquish rights of appointment described in this paragraph at any time. All members of the Board of Directors not appointed by Developer pursuant to the exclusive rights described in this paragraph shall be elected by the owners of lots within Mountain Lake Ranch at the annual meeting of the Association as provided in the Bylaws of the Association.

There are no reserve funds established by the Developer or Association nor are there provisions for any maintenance reserve fund or reserve fund of any nature to be established. There are no insurance policies or insurance coverage provided for the benefit of the Buyer.

Developer does not have any financial interest in the Association and will not derive any income or profit from the activities of the Association. All common expenses (homeowner's association fees) collected from Buyer at time of closing shall be held in a trust account with the Escrow Agent until such time as the transition date occurs as set forth above and in the Covenants. At such time, Escrow Agent will release funds to the Association.

W. LEGAL COUNSEL: Buyer acknowledges that Buyer has consulted with or has had the opportunity to consult with and to obtain an attorney to review and advise with regard to the aspects of the transaction contemplated by this Contract, including review of the Covenants which has been delivered to Buyer, examination of title to the Property, and representation at the closing hereunder.

X. VA, FHA, and FHMA: Mountain Lake Ranch has not been approved by VA, FHA, FHMA or similar entities, and Developer shall not seek such approvals for all or any portion of Mountain Lake Ranch Subdivision.

Y. COMMON INTEREST COMMUNITY: The subdivision is not a common interest community. It will be a limited expense planned community.

BUYER HAS THE RIGHT TO CANCEL AND RESCIND THIS CONTRACT WITHIN SEVEN CALENDAR DAYS AFTER THE DATE OF EXECUTION. THIS RIGHT OF RECISION MAY NOT BE WAIVED. BY SIGNING THIS RECEIPT YOU ACKNOWLEDGE THAT YOU HAVE RECEIVED A COPY OF THIS DISCLOSURE STATEMENT AND HAVE READ AND UNDERSTAND EACH AND EVERY ONE OF THE DEVELOPER’S DISCLOSURES WHICH APPEAR ON THIS DISCLOSURE STATEMENT.

RECEIVED BY:

BUYER:	BUYER:
Signature: _____	Signature: _____
Name: _____	Name: _____
Address: _____	Address: _____
_____	_____
Telephone: _____	Telephone: _____
Facsimile: _____	Facsimile: _____
Date:_____ Time: _____	Date: _____ Time: _____
SELLER:	
Colorado Land & Ranches, Inc.	Seller’s Agent:_____
2423 E. main Street, Suite 5	Signature:_____
Cortez, Colorado 81321	Date: _____ Time:_____
Phone: 970-565-1293	
Facsimile: 970-565-1405	