

DECLARATION OF RESTRICTIVE COVENANTS

WHEREAS, NAVAJO WESTERN LAND CO., A Colorado Corporation, is the owner of a certain tract of land located in the County of Huerfano, State of Colorado, known as Navajo Ranch Resorts No. 4, the plat of which is filed of record in the office of the County Clerk and Recorder of Huerfano County, Colorado.

WHEREAS, The said owners intend to sell, convey and dispose of the real property included in the said plat and are desirous to subject all lots in the plat to certain protective restrictions, conditions and covenants, all for the use and benefit of themselves and their grantees, as hereinafter set forth to the end that harmonious and attractive development of the property may be accomplished and that the health, comfort, safety, relaxation, convenience and general welfare of all owners and occupants may be protected and safeguarded, and in order to establish and maintain a carefully protected residential community.

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS: That the above owners do hereby publish, acknowledge and declare that they do by this document establish the following restrictions, covenants and conditions, and that these covenants in their entirety shall apply to all lots in the said Navajo Ranch Resorts No. 4, and further that these covenants shall be deemed to run with the land and shall be binding upon the owners, their heirs, personal representatives, successors and assigns, to wit:

I. SPECIAL AGREEMENTS AND CONDITIONS

As part of the consideration of the sale of the above described real estate, it is specifically agreed by the parties, that:

A. Purchaser agrees not to deface the area or cut live timber from the land except as may be necessary to clear land for the original construction of dwelling, entrance driveway and utilities. Any dead trees or trees that may become diseased, may be cut and removed from the land. Any trees cleared from the land as may be necessary to construct streets, utilities, dwellings or entrance driveways shall not be piled on any lot, but shall be scattered at the rear of the lots for each purchaser's future use as firewood and to minimize the possibility of disease and insects in the dead timber.

B. Purchaser shall furnish, at his own expense, one or more approved culverts of a minimum length of twenty feet and a minimum diameter of fifteen inches or larger if necessary to provide proper drainage along the right-of-way ditch, wherever any private drive or private access road, leading into any lot in said subdivision, crosses the right-of-way drainage ditch. No more than two entrances from the road into any lot shall be permitted.

C. Certain side and rear lot lines are subject to a ten (10) foot utility easement, lying ten (10) feet on either side of designated lot lines as specified and shown on the final plat of record. Certain exterior boundary lines are subject to a twenty (20) foot utility easement, as specified and shown on the final plat of record. Certain parks and natural areas are subject to a twenty (20) foot utility easement over and across designated areas, as specified and shown on the final plat of record. Certain lots are subject to anchor easements as specified and shown on the final plat of record. Said utility easements are granted for the use and benefit of public utility companies, for installation and maintenance of electric service lines, telephone lines or cables and other public utilities that may be necessary or required in the future.

D. All parks and natural areas, as shown on the final plat of record, shall be dedicated to the subdivision, for the use, benefit and enjoyment of all lot owners, and may be dedicated to Huerfano County or to

115

other public entities, at a future date. Owners agree not to litter or deface these areas and to place all trash in disposal barrels, provided by the developer, or in the solid waste disposal area, hereinafter specified.

II. RESIDENTIAL AREA RESTRICTIONS

A. No lot shall be used except for residential purposes, except as specifically otherwise stated in these covenants. No building shall be erected, altered, placed or permitted to remain on any lot other than one single family dwelling of not less than seven hundred twenty (720) square feet, and not to exceed two (2) stories in height, except as hereinafter stated in these covenants.

B. One private garage or carport for not more than two cars shall be permitted, and same shall conform to the general architecture of the dwelling.

C. On lots of five acres or more, one small guest house, not a permanent residence, shall be allowed, providing that the design, construction and materials conform generally to the permanent residence and further that the same sewage system is used which serves the permanent residence on the lot. The same water service line from the water main to the permanent residence on the lot, may be used to serve the guest house and only one water main tap fee shall be charged for both dwellings, by the water district, however, each dwelling shall be subject to the monthly flat rate water charge, by the water district. Said guest house shall not be constructed prior to the construction of the permanent residence.

D. One mobile home shall be permitted on any lot, except lots 1, 3, 5, 6, 7, 31, 32, 33, 36, 38, 39, 40, 41, 42, 43, 44, 45, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 92, 93, 97, 103, 104, 105, 120, 123, 131, 132, 133, 134, 135, 136, 137, 151, 152, 153, 162, 163, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, and 181. Any mobile home placed on any lot, as a permanent dwelling shall have a floor area of not less than seven hundred twenty (720) square feet and shall be designed and manufactured by an approved manufacturer of mobile homes.

E. On lots of five acres or more, except lots 1, 3, 6, 39, 75, 76, and 77, a second mobile home shall be allowed as a guest house, shall have a floor area of not less than seven hundred twenty (720) square feet, shall be of approved design and manufacture and shall use the same sewage system that serves the original mobile home on the lot. The same water service line from the water main to the original mobile home on the lot, may also be used to serve the second mobile home, and only one water tap fee shall be charged by the water district for both units, however, each unit shall be subject to the monthly flat rate water charge, by the water district.

F. Any mobile home placed on any lot in the subdivision, shall have the axles and wheels detached and shall be placed on a foundation or on piers and be fully skirted, in such a manner as to be classified as a permanent dwelling and shall be made subject to ad valorem tax.

G. Domestic water shall be supplied by a quasi public water district and domestic water furnished to any lot, by said water district, shall be restricted to in-house use only. Said water district shall install or cause to be installed, a water system in said subdivision and shall furnish, on the terms and conditions stated, water in a main, installed in front of all lots, down the center line of all streets in said subdivision. The water service line from the water main to each lot shall be the responsibility of the individual lot owner, at the time domestic water is needed or desired. The water service line shall include one (1) main saddle, ditch and service line from main to front property line, one (1) valve and valve box at property line and ditch and service line from front property line to the dwelling location on the lot, all to the specifications as set forth by the water district. No more than one lot shall be served from any one water main tap. Each lot shall require one water main tap when domestic water is needed or desired, regardless of the number of lots owned by any one purchaser.

A water main tap fee shall be paid to the water district prior to tapping into any water main, when domestic water is needed or desired on any lot. After tapping into the water main for a water supply on any lot, a monthly flat rate for water shall be paid to the water district, each and every month thereafter. Said water main tap fee and monthly flat rate for water shall be determined and set by the water district.

H. Sewage disposal shall be accomplished by the construction of an individual sewage disposal system on an lot, however, no private sewage system shall be constructed on any lot until specifications for same have been submitted to, approved by and a permit for the construction of same has been obtained from the Huerfano County Building Inspector. Any individual sewage disposal system on any lot shall be designed, located and constructed in accordance with the requirements, standards and recommendations of the Colorado Department of Health, Water Pollution Control Division. All lavatories, sinks and water closets shall be installed indoors and connected to an outside approved sewage system. No outside toilets shall be permitted, except approved commercial chemical toilets and then only during the period of dwelling construction and prior to the completion of the permanent sewage system.

I. Electricity shall be provided by San Isabel Electric Services, Inc. A main electrical power line shall be constructed at the rear or side of all lots in the subdivision, on the utility easements as shown on the final plat of record. The cost of construction of said electrical power lines shall be the responsibility of the developer. The individual service line, from the main electrical power line to the dwelling location on any lot, shall be the responsibility of the individual lot owner, at the time that electricity is needed or desired. The individual lot owner shall make arrangements direct with San Isabel Electric Services, Inc., Pueblo, Colorado, for the installation of said service line and shall be charged for same in accordance with San Isabel's current policy as approved by the Colorado Public Utilities Commission. The individual lot owner shall acquire a licensed electrical contractor to install the meter loop and service line from San Isabel's service pole to the dwelling.

III. ARCHITECTURAL CONTROL

A. No building shall be erected, placed or altered on any lot until the architectural plans and specifications and a plot plan showing the location of the structure on the lot, have been presented to and approved by the Architectural Control Committee, as to the proposed workmanship, materials, harmony of exterior design with existing structures and location with respect to topography and finish grade elevation. Also, prior to the construction or alteration of any building on any lot, a building permit must be obtained from the Huerfano County Building Inspector.

B. No modular or mobile home shall be erected, placed or altered on any lot until the manufacturer's plans, photographs and specifications have been presented to and approved by the Architectural Control Committee, or until the Architectural Control Committee has inspected the modular or mobile home to be placed on the lot, and has approved same. Also, prior to the placement or alteration of any modular or mobile home on any lot, a building permit must be obtained from the Huerfano County Building Inspector.

C. The Architectural Control Committee shall be composed of the Board of Directors of Navajo Western Land Co. A majority of the committee may designate and appoint a representative to act for it. In the event of death or resignation of any member of the committee, the Board of Directors shall have full authority to appoint his successor. Replacement of any vacant position on the Architectural Control Committee shall

be made by the remaining members. Any replacement member of the committee shall be a property owner in Navajo Ranch Resorts. The committee's approval or disapproval, as required, shall be in writing. In the event that the committee or its designated representative fails to approve or disapprove the owner's submitted plans and specifications within thirty days, or in any event, no suit to enjoin the construction has been commenced prior to the completion thereof, approval shall not be required and related covenants shall be deemed to have been fully complied with.

IV. STRUCTURE LOCATION

A. No building or mobile home shall be located on any lot nearer than thirty (30) feet to any front lot line or nearer than twenty five (25) feet to any side street lot line. No building or mobile home shall be located on any lot nearer than twenty five (25) feet to any interior lot line or nearer than twenty five (25) feet to any rear lot line. For the purpose of this covenant, eaves, steps and open porches shall not be considered as part of the building, providing however, that no portion of any building constitutes an encroachment upon any other lot.

B. No fence shall be constructed on any lot or any front, side or rear lot line, without prior approval of the Architectural Control Committee. Fences constructed of peeled post and rail, vertical or horizontal boards, woven wire or chain link shall be allowed. Barbed wire fences shall be prohibited on any lot.

V. GENERAL RESTRICTIONS

A. No one shall engage in any noxious or offensive activity on any lot, at any time, nor shall anything be done thereon, at any time, which may become an annoyance or nuisance to the neighborhood in general.

B. No structure of a temporary nature, basement, shack, garage, barn or other out buildings shall be used on any lot, at any time as a residence, either temporarily or permanently.

C. Prior to construction of a permanent residence or placement of a modular or mobile home on any lot, one self contained camper or camp trailer shall be allowed on any lot for weekend use or during vacation periods, but in no event shall said camper or camp trailer remain on any lot for more than thirty (30) days, for any one period of time.

D. One small trailer or one construction shed shall be allowed during the period of construction of a dwelling on any lot, but not to exceed one (1) year from date of commencement of construction of a permanent dwelling. Construction begun on any lot shall be completed within one (1) year.

E. Incinerators of generally accepted design, if allowed by state and county law, shall be required for the disposal of any garbage or trash upon the premises. No lot shall be used for the dumping of trash or garbage, and the premises shall be kept in a clean and sanitary condition at all times. A solid waste disposal area has been provided by the developer, as shown on the final plat of record of Navajo Ranch Resorts No. 2 and all solid waste shall be disposed of in this land fill area.

F. No sign of any kind shall be displayed to the public view on any lot, except that one (1) sign of not more than five (5) square feet shall be allowed on any lot, advertising the property for sale or rent, or signs used by a builder to advertise the property during construction and sales period.

4/5

G. No animals, livestock or poultry of any kind shall be raised, bred or kept on any lot, except that dogs, cats or other household pets may be kept, providing that they are not kept, bred or maintained for any commercial purposes. All dogs, cats and other household pets must be kept in the dwelling, in a pen or on a leash and under no circumstances shall they be allowed to run loose in the development.

H. Lot 77, Navajo Ranch Resorts No. 4, has been set aside as an equestrian area and any lot owner in Navajo Ranch Resorts Nos. 1, 2, 3, or 4, who desires to keep a horse or horses in the development, shall stable and board same at this commercial equestrian park. The development and maintenance of this equestrian area shall be the responsibility of the developer, or subsequent lessees or owners of said lot 77, Navajo Ranch Resorts No. 4.

I. The discharge of firearms of any kind, on any lot, in any park or in any public area, shall not be permitted, at any time.

VI. GENERAL CONDITIONS

A. These covenants are to run with the land and shall be binding on all persons claiming under them for a period of ten (10) years from date that these covenants are recorded, after which time, said covenants shall be automatically extended for successive periods of ten (10) years, unless an instrument signed by a majority of the then owners of the lots, has been recorded, agreeing to change said covenants in whole or in part.

B. If the parties hereto or any of them or their heirs or assigns shall violate or attempt to violate any of the covenants herein, it shall be lawful for any other person owning real estate, situated in said subdivision, to prosecute under proceedings in law or in equity against the person or persons so violating the covenants, in order to restrain or enjoin in the violation and thereby to enforce these covenants or recover damages for the violations thereof.

C. Invalidity of any of these covenants by judgement or court order, shall not in any way affect any of the other provisions, which shall remain in full force and effect.

IN WITNESS WHEREOF, The undersigned have affixed their hands and seals on the day shown on the acknowledgement hereof:

NAVAJO WESTERN LAND CO.

BY: A. Dean Spears
A. Dean Spears, President

William A. Freeman
William A. Freeman, Secretary

STATE OF GEORGIA)
COUNTY OF FULTON) SS

The foregoing instrument was acknowledged before me this 16th day of April, 1980 A.D., by A. Dean Spears as President and William A. Freeman as Secretary of Navajo Western Land Co., a corporation.

My notarial commission expires: Notary Public, Georgia, State At Large
My Commission Expires June 6, 1982

Witness my Hand and Seal: J. Scott Smith
Notary Public

5/5