

DECLARATION OF
CONDITIONS COVENANTS,
RESTRICTIONS
AND EASEMENTS FOR
MAJESTIC PINES

DRAFT

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AND EASEMENTS FOR

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RECITALS

A. Blue Heron Spring LLC, a Colorado limited liability Company (hereinafter called "Declarant" is the sole owner of the real property described on Exhibit "A" hereto (Lots 1 through 13 inclusive, Majestic Pines Filing No. 1. Such property is hereinafter called the Subdivision" which term shall include any real property known as Majestic Pines Filing No. 1 (except that portion known as Tract "A" and Tract "B") and also any real estate subsequently added to and submitted to this Declaration by Declarant (including, if added, such Tracts. Dean M. Couture and Kristina M. Couture are the owners of the real property described on Exhibit "C" hereto (Tracts A and B Majestic Pines Filing No. 1) and join in the execution of this document because it references certain obligations relating to such property in particular in regard to the Maintenance Agreement and the Water Decree hereafter defined.

B. In the event Blue Heron Spring LLC or any subsequent Declarant transfers substantially all of its remaining vacant lots in the Subdivision to another person and specifically transfers its rights under this Declaration, such transferee shall become the Declarant hereunder and Blue Heron Spring LLC or such transferring Declarant shall no longer be the Declarant.

C. Declarant desires to place protective covenants, conditions, restrictions, reservations, liens and charges upon the Subdivision to protect the Subdivision's quality residential living environment and also to protect its desirability, attractiveness and value.

D. The Declarant hereby declares that all of the Subdivision as hereinafter described, with all appurtenances facilities and improvements thereon, shall be held sold, used, improved, occupied, owned, resided upon, hypothecated, encumbered, liened, and conveyed subject to the following easements, reservations, uses, limitations, obligations, restrictions, covenants, provisions and conditions, all of which are for the purpose of enhancing and protecting the value, desirability and attractiveness of the Subdivision and all of which shall run with the land and be binding on and run to the benefit of all parties having any right, title or interest in the Subdivision or any part thereof: their heirs, successors and assigns.

E. Certain documents are recorded in the real estate records of the Clerk and Recorder of El Paso County, Colorado at the reception noted below, and referred to in this Declaration of Covenants. These include the Findings of Fact, Conclusions of Law, Judgment and Decree of the District Court, State of Colorado, in Case No. 07CW113 (Water Division #1) and 07CW52 (Water Division # 2) recorded at Reception 214037594 ("Augmentation Plan" or "Water Decree"); and the Private Detention Basin/Stormwater Quality Best Management Practice Maintenance Agreement and Easement recorded at Reception _____ ("Maintenance Agreement").

F. Declarant has formed a nonprofit corporation "Majestic Pines Owners Association" (the "Association") under Colorado law to perform the functions of the

Association under this Declaration of Covenants. Purposes of the Association shall include, without limitation, managing, operating, cleaning, maintaining and repairing the Detention Basins, administering and enforcing covenants, conditions, restrictions, agreements, reservations and easements contained in the Maintenance Agreement; and levying, collecting and enforcing the assessments, charges, and liens imposed herein and under the Maintenance Agreement, and carrying out the provisions of the Augmentation Plan and Water Decree.

G. The Declarant is causing the Subdivision to be platted as a portion of "Majestic Pines Filing No. 1," which plat includes a total of 13 single-family Lots (the "Lots") and tracts A and B (the "Tracts") situate in the County of El Paso and State of Colorado. The Subdivision is part of a larger development known as "Majestic Pines" whose current legal description is all of Majestic Pines Filing No. 1, but which term shall include any additions to Majestic Pines as stated in covenants later recorded in the real estate records of El Paso County, Colorado provided such additions are submitted to these Covenants. The Declarant specifically reserves the right to add the any and all of rest of the property included in Majestic Pines No. 1. Any reference herein to "Lots" or "Tracts" shall include any lots or tracts included in any such additions to these Covenants. The Lots are sometimes referred to herein by number which is the number of such Lot as shown on the final plat of Majestic Pines Filing No. 1 unless otherwise indicated and the Tracts are sometimes referred to herein by letter, which is the number of such tract as shown on the final plat of Majestic Pines Filing No. 1, unless otherwise indicated.

Article One

COVENANTS TO PRESERVE THE RESIDENTIAL CHARACTER OF THE SUBDIVISION

Section 1.01 Property Uses.

All single family residential Lots in the Subdivision shall be used exclusively for private residential purposes only for "custom designed homes" as determined herein. No dwelling erected or maintained within the Subdivision shall be used or occupied for any purpose other than for a single-family dwelling. No trade, business profession, commercial activity or other activity conducted for gain shall be carried on or within any Lot, except as provided in Section 107 and Quiet Home Businesses. Quiet Home Businesses shall mean businesses that (1) limit deliveries to common couriers such as Federal Express and UPS, (2) restrict parking to no more than one on-street parked vehicle and off-street parking to no more than two vehicle spaces, (3) limit staff: other than residents of the Lot, to no more than two temporary employees (or similar contract workers) and no more than one employee (or similar contract worker), which employee shall work less than 20 hours per week, (4) curtail customer, vendor and business associate visits to no more than ten total vehicle visits per week, (5) do not produce noise beyond normal household noise, (6) have no outdoor storage, (7) do not park visibly

commercial vehicles on the Lot, and {8} retain the residential neighborhood nature of the Subdivision. The construction of separate guest quarters may be allowed on a Lot on a case-by-case basis if approved by the Approving Authority and the appropriate zoning authority, subject to any conditions in such approvals. No Lot shall be used for a human services home, human service residence, human services facilities and human services shelter, health care support facility, hospice, or youth home, generally as such facilities and uses are defined in the zoning code of the El Paso County, or if not so defined, the zoning code of the City of Colorado Springs. In-home child care shall be permitted provided the operation is licensed under regulations of the State of Colorado and has no more than four children at any one time who are not residents of the Lot.

Section 1.02 Structures.

No Structure shall be erected within the Subdivision except single-family dwellings and those Accessory Buildings and other Structures that have been approved by the Approving Authority. Other than a dwelling, no Structure, trailer, tent or other similar or temporary quarters may be used for living purposes. No Structure may be placed on any Lot except with the permission of the Approving Authority after its review and approval of the Structure's location on the Building Site.

Section 1.03 Construction Type.

All construction shall be new. No building previously used at another location nor any building or Structure originally constructed as a mobile dwelling or manufactured housing may be moved onto a Lot, except as expressly hereinafter provided for temporary buildings. Panels and minor house components may be manufactured off-site, provided that the assembly is conducted on-site and does not have the appearance generally associated with manufactured housing. All homes shall be “custom designed homes” as that term is interpreted by the Approving Authority.

Section 1.04 Storage.

No building materials shall be stored on any Lot except temporarily during continuous construction of a building or its alteration or improvement.

Section 1.05 Substantial Completion.

A Structure shall not be occupied in the course of original construction until substantially completed and approved for occupancy by the appropriate governmental authorities. All work of construction shall be prosecuted diligently and continuously from the time of commencement until fully completed.

Section 1.06 Construction Completion

The exterior of all buildings or other Structures must be completed within one year after the commencement of construction except where such completion is impossible or would result a great hardship due to strikes, fires, national emergency or natural calamities. If not so completed, or if construction shall cease for a period of sixty days without permission of the Approving Authority, the Approving Authority will give the Owner

thereof Due Notice of such fact, and if construction on such Structure is not diligently completed within thirty days after such notice, the unfinished Structure or unfinished portion thereof shall be deemed a nuisance and shall be removed forthwith by and at the cost of the Owner. Erosion control Structures must be installed prior to the commencement of construction upon any Lot.

Section 1.07 Construction of Sales Offices.

Temporary buildings for construction or administration purposes or for sales offices may be erected or maintained only by Declarant or with the written permission of the Approving Authority. Model homes may be used and exhibited only by Declarant or with the permission of the Approving Authority.

Section 1.08 Drilling Structures and Tanks.

The only drilling Structures and tanks permitted shall be during the construction phase of a single family residential home, in order to place a household well and septic system in place and for extraction of water as permitted for Declarant's retained water rights and the Association's water obligations under the Water Decree and for the extraction of minerals by the owners thereof, and provided such extraction is conducted in accordance with best practices to minimize disturbance of residents. All tanks shall be installed underground and the surrounding area shall be left free and clear of debris and returned to its natural state. Water tanks and cisterns shall be permitted for landscaping purposes, provided they are appropriately screened as may be required by the Approving Authority.

Section 1.09 Easement.

There are hereby reserved to Declarant, its successors and assigns, perpetual, alienable, divisible and releasable easements and the right from time to time to grant such easements to others over, under, in and across the portions of Majestic Pines as shown on the plat of Majestic Pines for lines for transmission of electric current or impulses or electronic signals, for water, heat, natural gas and other minerals and fuel lines, for utility lines, for drainage and for other similar or dissimilar facilities and purposes, and for any one or more of such purposes, including wind power facilities and communications towers. There is also reserved to the Declarant, its successors and assigns, and to the Association perpetual, alienable, divisible and releasable easements for drainage and maintenance of drainage ways as required by the Maintenance Agreement, and Declarant reserves the right to exercise all of the rights required for Declarant to accomplish its obligations under the Maintenance Agreement. There are hereby reserved to Declarant, its successors and assigns, perpetual, alienable, divisible and releasable easements and the right from time to time to grant such easements to others over, under, in and across the portions of Majestic Pines as shown on the plat of Majestic Pines Filing No.1 for construction and maintenance of entry monuments on Lots 1 and 13, Majestic Pines Filing No.1.

Section 1.10 Underground Utilities.

All utilities, except lighting standards and customary service devices for meters, transformers, access, control or use of utilities, shall be installed underground.

Section 1.11 Maintenance Agreement/Drainage.

Declarant hereby adopts the Private Detention Basin Maintenance Agreement (referred to in these Covenants as "Maintenance Agreement") and said Maintenance Agreement is incorporated herein by this reference. The Maintenance Agreement touches and concerns each and every Lot within the Subdivision. The Association shall adopt the Maintenance Agreement and shall clean, maintain and repair the detention basins as provided in the Maintenance Agreement.

(a) Retention and Drainage Ways

Retention and or detention structures exist on some Lots and Tracts, and drainage easements and areas may exist on portions of certain Lots and Tracts as shown on the recorded plat. The purpose of these structures, easements and areas is to maintain historic drainage flows, since home and road construction may slightly increase drainage flow. No structures, landscaping or other materials shall be placed within any drainage easements so as to potentially obstruct drainage. Declarant, El Paso County, Soil Conservation entities, the Association, and their successors and assigns reserve the right to enter upon said easements and areas periodically for purposes of inspection, maintenance and related matters. All Lots and all Lot Owners may be subject to an obligation as set forth in the Maintenance Agreement. The Maintenance Agreement requires the Association to maintain the drainage facilities within the area described as Exhibit B thereto. The Association shall maintain all such detention and drainage structures and shall include the cost of maintenance, including reasonable reserves for major maintenance and replacement, in Assessments charged to the Lot Owners. Except for such maintenance by the Association, the individual Lot Owners are responsible for minor regular maintenance of drainage ways and structures located on their Lots and may not redirect or impede the drainage flows therein. Structures, fences, materials or landscaping that could impede the flow of runoff shall not be placed in drainage easements.

(b) Excavation.

All excavation and construction activities must comply with the County approved drainage report and storm water management plan and excavation activities on individual Lots must comply with best management practices and obtain any County required erosion control and storm water quality permit.

Article Two

DENSITY SETBACK AND QUALITY STANDARDS

Section 2.01 Resubdivision.

No more than one dwelling Structure and a private garage shall be erected or maintained within any Lot. No Lot shall be subdivided into additional Lots without the prior written approval of the Approving Authority. This covenant shall not preclude any further subdivision or replatting by Declarant or any minor Lot line adjustments to resolve building hardships, as long as such adjustments meet all legal requirements and are approved by Declarant and the Approving Authority in writing.

Section 2.02 Setback Areas.

Dwellings, Structures and buildings, including Accessory Buildings, shall not be constructed within the "No Build Areas" as shown on the plat approved by El Paso County and any setbacks included in the zoning. Any variance from such provisions must be approved by the Approving Authority and in addition must be approved by El Paso County probably through a change to the zoning or zoning variance. In addition, all buildings shall be set back from property lines as follows: 75 feet from front lot lines, 35 feet from side lot lines and 50 feet from rear lot lines. Front lot lines shall be as determined by County regulations. Setbacks shall be measured perpendicularly from property line to the foundation line for any building. Subject to County zoning, the Approving Authority may reduce the front lot line setback on flag lots. Except with approval of the Approving Authority, no building, porch, eaves, overhang, projection or other part of a building shall be located closer to Lot Lines than permitted by these Covenants or the zoning requirements. The Approving Authority's approval may be given for (a) fireplace projections integral with the building; (b) eaves and overhangs; and (c) construction, which extends less than one foot into the setback area and which the Approving Authority determines to be minor in nature and to be consistent with the Lot's shape, topography and in the interest of superior design. Lot owners are encouraged to place garage doors with minimal exposure to the street and to use designs that minimize garage doors' visual impact on any elevation.

Section 2.03 Dwelling Area Requirements.

Dwelling Structures shall have (1) a minimum 2,200 square feet on the main floor and a full basement of a minimum of 2,200 square feet, or (2) at least 2,000 square feet on the main floor, a full basement of a minimum of 2,000 square feet, plus at least 800 square feet above the main floor. Decks, porches, eaves and garages shall not be counted to meet these area requirements. Attached garages are required for all homes and shall be of size to accommodate not less than three full-sized cars and must contain a minimum of 800 square feet. The Approving Authority may vary these requirements due to specific site conditions.

Section 2.04 Height Restrictions.

No dwelling or other Structure shall exceed 34 feet in height or be more than two stories high, measured as set forth in County regulations. The Approving Authority may set height limitations on particular Lots or portion of Lots in order to secure views.

Section 2.05 Roofs.

All roof areas shall be of "concrete" tile, slate, and/or copper, asphalt shingles are not allowed unless they are three-dimensional or are otherwise approved by the Approving Authority on a case by case basis. Other roofing materials may also be used, but only if approved by the Approving Authority. Roofing must meet the requirements of the fire protection district.

Section 2.06 Building Material Standards.

At least 35% of the front facade shall consist of stone, manufactured stone, brick, heavy timber or a combination of these materials. Stone, brick, and heavy timbers are encouraged on any portions of sides noticeable from the street. Long walls without windows or other distinguishing ornamental features are discouraged. Siding, such as aluminum, steel and vinyl; is not permitted. Lap siding shall be no more than 6 inches. Aluminum clad wood windows are the preferred window type. Wood or vinyl clad windows may be permitted. All aluminum windows shall be anodized and painted or coated with a color to blend with or compliment the color of the dwelling. Wood decking and hand rails are not allowed unless approved by the Approving Authority, but composite decking and rails or powder coated metal rails is encouraged. Deck and porch columns should be stone, brick or stucco at a minimum to the top of the handrail. Gutters, if installed, shall be painted the same color as the adjoining trim color of the dwelling. Erosion control Structures must remain in place until disturbed ground has been returned to its natural state. All exterior building materials in combination must meet the requirements for fire protection recommended by the applicable fire district.

Section 2.07 Accessory Buildings and Yard Items.

Accessory Buildings or Structures and yard items, whether movable or immovable, including, without limitation, children's play or swing sets, basketball hoops, equipment or appliances, fountains, yard ornaments, masonry figures, and above-ground swimming pools, shall be permitted only if approved by the Approving Authority in its sole discretion. Metal and pre-manufactured storage sheds will not be allowed. All accessory Structures shall be architecturally consistent with the main Structure. Exterior fireplaces and fire pits must be natural gas or propane. No wood burning is allowed.

Section 2.08 Antennas.

No aerial, antenna, satellite dish or other device for reception or transmission of radio or television or other electronic signals shall be maintained on the roof of any building, nor shall they be maintained at any other exterior location unless screened in a manner approved by the Approving Authority. Devices 28 inches in largest dimension or smaller shall be permitted. Plans for other such Structures must be submitted to and approved by the Approving Authority prior to installation. If the Approving Authority disapproves, the

party requesting approval may modify its plans to eliminate the Approving Authority's objections and resubmit them for approval.

Section 2.09 Owner Maintenance.

Each Owner shall maintain the exterior of the dwelling, any Accessory Building and all other Structures, lawns and landscaping, walks and driveways, in good condition as determined by the Approving Authority, shall cause dead or diseased landscaping to be promptly replaced, and shall cause such other items to be repaired or replaced as the effects of damage or deterioration become apparent. Exterior building surfaces and trim shall be repainted, sealed or stained periodically and before the surfacing has a weather-beaten or worn appearance as determined by the Approving Authority.

Section 2.10 Rebuilding or Restoration.

Any dwelling or building which may be destroyed in whole or in part by fire, windstorm or from any other cause or act of God must be rebuilt or all debris must be removed and the Lot restored to a sightly condition; such rebuilding or restoration shall be completed with reasonable promptness and in any event within six months from the time the damage occurred.

Section 2.11 Fences.

Fencing is generally discouraged. Animal control is encouraged to be by invisible fence (electric collar), but must be sufficient to effectively control the animal.

- a) The height, location and material of all fences, dog runs and other similar items must be approved by the Approving Authority. Split rails are encouraged as the primary fencing material.
- b) Chain link or similar wire or wire-mesh fencing shall not be allowed as the primary fencing material.
- c) No privacy fences shall be allowed, except surrounding an area not to exceed 800 square feet and set within the designated building area of the Lot. Any such fences shall be brick, stone or stucco. Dog runs may not exceed 800 square feet, shall be constructed of a maximum four-foot high split rail with wire screen and shall not be located in front yards, and unless otherwise permitted by the Approving Authority shall be at least 50 feet from Lot lines.
- d) All fencing shall comply with the requirements of El Paso County and shall be submitted for prior written approval by the Approving Authority. Fences are generally not permitted in the 100 year flood plain and may not be such as to obstruct free flow of drainage.
- e) The Association shall maintain the fence along State Highway 83 as a common expense and shall have an easement to access such fence for that purpose.
- f) Owners of Lots at the perimeter of the Subdivision shall either (a) maintain the existing wire fence along the perimeter of such Lot; (b)

replace such wire fence with a standard fence approved by the Approving Authority, which standard fence shall be consistent from one Lot to the next; or (3) remove such fence.

Section 2.12 Driveways.

All drives, driveways and walks for vehicular or pedestrian ingress and egress shall be constructed of black asphalt or concrete. Asphalt or concrete shall be installed within six months of substantial completion of the house on the Lot. Owners of Lots are advised that neither the County nor the Association has responsibility for and will not plow snow or otherwise maintain driveways whether on flag Lots or other Lots or common driveways. Such responsibility is solely that of the Lot Owners individually. Metal flared end extensions with additional stone, rock, brick or other masonry treatment are required on all driveway culverts, or alternatively, concrete or masonry headwalls must be used to prevent bent and exposed driveway culverts and consequently unattractive appearance. Owners must submit plans to the Approving Authority to include the manner in which the driveways will be constructed and must obtain approval prior to start of construction.

Common Driveways serving multiple Lots shall be maintained as follows.

- a) The “Common Portion” of each driveway shall be the portion from the pavement of the public road to where the driveway serves only one Lot. The portion of the driveway that serves only that Lot is not part of the Common Portion. The Declarant shall initially install the Common Portion of the Common Driveway, excluding the asphalt, but including the associated drainage structure(s).
- b) The portion of the driveway not included in the Common Portion shall be maintained by the individual owner of that Lot. Except as may be otherwise stated in the Covenants, each of the Lot Owners whose Lot is served by the Common Driveway shall be responsible for, and shall share equally in the cost of, maintaining the Common Portion (including the drainage initially installed by the Declarant).
- c) The Association shall be responsible to maintain the drainage structures within the area defined by Exhibit B to the Maintenance Agreement but the pavement in that area shall be maintained as the Common Portion of a Common Driveway in Majestic Pines Filing No. 2.
- d) Each of the Lot Owners served by a particular Common Driveway may initiate a request for maintaining the Common Portion of the Common Driveway. If the Owners of a majority of such Lots agree, then such Initiating Lot Owner may cause such maintenance to be done and request reimbursement for the proportionate share from the other Lot Owners served by the Common Driveway, and shall include with such request for reimbursement evidence that such expense has been paid. If such reimbursement is not provided within 30 days, the Initiating Lot Owner may request the Association to assess the non-reimbursing Lot a Special Assessment for such unpaid portion and the Association shall make such special assessment. The Association shall have the authority to enforce the

Special Assessment as provided in these Covenants. In addition, the Initiating Lot Owner shall also have the authority to act on behalf of the Association to enforce the Special Assessment. The Association shall specially allocate reimbursement received to such Initiating Lot Owner's account with the Association and shall reimburse such Initiating Lot Owner any expenses advanced by the Initiating Lot Owner on behalf of the Association to enforce or collect such special assessment.

- e) The Owners of Lots which share a Common Driveway shall make their own arrangements for snow removal, and may share in such arrangements as they may agree.
- f) The Association shall maintain as a Common Expense the Emergency Access Easement as shown on the Final Plat, except to the extent the Owners of Lots are required to maintain it as a Common Driveway.
- g) Driveways must meet the requirements of the fire protection district including possibly adequate arrangements for fire equipment to turn and exit.

Section 2.13 Approval by Approving Authority.

Homes shall be subject to review and approval by the Approving Authority, which may require that a \$125 non-refundable filing fee be paid with each submission, plus a \$500 refundable compliance fee. No home may begin construction until plans are approved in writing by the Approving Authority and erosion control structures are in place.

Section 2.14 Relief from Violations.

If any object, including, without limitation, aerial, antenna, solar collector, satellite dish or other device or any fence, Accessory Building, or improvement is installed or placed without the approval of the Approving Authority, or any action is taken in violation of these Covenants, Declarant or the Approving Authority or both shall have the right (but not the obligation) after Due Notice, to enter the Lot in question and remove the object or correct the action, Declarant and the Approving Authority shall not be liable for any losses; costs or damages to any Owner of the Lot on account of such removal of the offending object or corrective action, except for any such loss, cost or damage caused by Declarant or the Approving Authority's gross negligence or willful misconduct. Declarant and the Approving Authority may delegate their entry and removal rights hereunder to agents and independent contractor. In the event Declarant or the Approving Authority elects to remove an object or correct the action pursuant to this section, Declarant or the Approving Authority will submit to the Owner of the Lot, from which the object was removed, a written statement of the costs incurred by Declarant or the Approving Authority in removing the object or action corrected. These costs shall be paid to Declarant or the Approving Authority within twenty days after receipt of such notice. If the costs of Declarant or the Approving Authority have not been paid after expiration of this twenty-day period, Declarant or the Approving Authority may thereafter record a lien against the Lot involved for all costs (including without limitation reasonable attorneys' fees and expert witness fees) incurred by Declarant or the Approving Authority in removing the object and correcting the action and in collecting such costs and enforcing

and foreclosing upon the lien, which lien shall be junior to, other liens or encumbrances of record with respect to the Lot on the date this lien is recorded. This lien may thereafter be foreclosed upon in the manner provided by Colorado law for foreclosed upon real estate mortgages. This lien shall provide that all sums expended by Declarant or the Approving Authority in foreclosing the; lien and collecting the amount due Declarant or the Approving Authority (including reasonable attorneys' fees, expert witness fees and other expenses) shall be additional indebtedness secured by the lien.

Section 2.15 Compliance with Zoning and other Laws.

In the construction of any Structure or use of any Lot, the Owner shall comply with any and all federal, state and local laws and regulations, all of which are incorporated herein by this reference and may be enforced as part of these Covenants. Such laws and regulations shall include without limitation the notes and restrictions of the recorded Plat and the subdivision regulations of El Paso County. All construction must also conform to the building codes, zoning codes and subdivision regulations of El Paso County and the Regional Building Department, which regulations may vary from provisions of these Covenants. In the event of any conflict, the most restrictive requirements shall prevail and control. Owners are specifically advised to meet the requirements of the fire protection district including such items as driveways, defensible space, building materials and landscaping.

Section 2.16 Design Guidelines.

The Approving Authority may adopt Design Guidelines dealing with technical and aesthetic issues that set forth the Approving Authority's guidance and expectations on such issues to assist applicants with obtaining approval. Such Design Guidelines may include such issues as color, style, decorative motifs, and similar aesthetic issues. Nothing in such Design Guidelines shall restrain the Approving Authority from approving design elements that do not conform to such Design Guidelines; however, the Approving Authority may require adherence to such Design Guidelines and may vary such Design Guidelines from time to time.

Article Three

LIVING ENVIRONMENT STANDARDS

Section 3.01 Building and Grounds Conditions.

Each Owner shall prevent the development of any unclean unsightly or unkempt conditions or building or grounds on his Lot that tend to substantially decrease the beauty of the neighborhood as determined by the Approving Authority in its sole discretion.

Section 3.02 Garage Doors.

All garage doors shall be equipped with automatic remote-control openers and shall be kept closed except when being used to permit immediate ingress or egress to or from the garage.

Section 3.03 Maintenance Equipment.

All maintenance equipment shall be stored in an enclosed building or otherwise adequately screened so as not to be visible from neighboring property or adjoining streets. All Structures shall be approved by the Approving Authority.

Section 3.04 Clotheslines.

All outdoor clothes poles, clotheslines or other facilities for drying or airing clothing or household goods are prohibited, unless completely screened from view on adjoining Lots and public streets.

Section 3.05 Refuse.

No ashes, trash, rubbish, garbage, grass or shrub clippings, scrap material or other refuse, or receptacles or containers therefor shall be store accumulated or deposited outside the residential dwelling or Accessory Building, except during refuse collections. Containers or other equipment for the storage or disposal of garbage, trash, rubbish or other refuse shall be kept in a clean, sanitary condition. All garbage or trash containers shall be kept at all times in a closed garage, except on the day of trash pickup. The Association may contract for trash pickup on behalf of all Lot Owners, in which case the Association may charge a fee for such service in addition to all other fees. Bottled gas tanks, if any, must be under ground or concealed behind walled-in areas designed to blend in With the house, and must file approved by the Approving Authority and may be subject to the approval of the Fire Department. No trash, litter, junk, equipment, boxes or other such items shall be permitted to remain exposed upon any Lot where visible from public streets or from other Lots within the subdivision. Construction dumpsters shall be removed within seven days of occupancy or completion of the house on the Lot, whichever occurs first. Daily fines may be assessed for any violation of this Section or other sections of the Declaration or rules and regulations. Such fines or special assessments for violations may only be imposed after written notice and opportunity for a hearing in front of the Board, and may be enforced by legal action including without limitation recovery of the Association's legal fees and expenses of enforcement, or by lien, or both. The failure to enforce any right, reservation, restriction or condition contained herein however long or continued, shall not be deemed a waiver of the right to do so thereafter as to the same breach or as to a breach occurring prior to or subsequent thereto and shall not bar or affect its enforcement. The invalidation by any court of any restriction contained in these Covenants shall not in any way affect any of the other restrictions, but they shall remain in full force an effect.

Section 3.06 Nuisances.

No noxious or offensive activity shall be carried on upon any Lot or anything done thereon tending to cause embarrassment, discomfort, annoyance or nuisance to the neighborhood. No offensive or hazardous activities may be carried on any Lot or in any living unit. No annoying lights, sounds or odors shall be permitted to emanate from any living units. No floodlights, spotlights or other bright lights shall be allowed which are visible from the roads or Lots; indirect lighting shall be required. Any exterior lighting on any Lot shall either be indirect or of such controlled focus and intensity as not to unduly

disturb residents of adjacent or nearby property. Nothing shall be done on the Subdivision that pollutes or threatens to pollute any well. No trail bikes, mini-bikes, motorcycles, all-terrain vehicles, snowmobiles, or other such noise causing vehicles shall be operated within the Subdivision other than on County roads and going to and from residences. No activity shall be permitted which will generate a noise level sufficient to interfere with the reasonable quiet enjoyment of the persons on any adjoining or nearby Lots. Neither hunting of any kind nor the discharge of firearms shall be permitted in the Subdivision.

Section 3.07 Sound Devices.

No exterior speakers, horns, whistles, bells or other sound devices, except for built-in speakers on the rear decks and for security devices used exclusively for security purposes, shall be located, used or placed on any Structure or within any Building Site.

Section 3.08 Weeds.

Lot Owners shall keep all yards and open spaces and the entire area of every Lot, whether or not a Structure has been constructed thereon, free from plants, thistle or weeds infected with noxious insects or plant diseases and from weeds or thistle which, in the reasonable opinion of the Approving Authority or as specified by governmental authorities, are likely to cause the spread of infection or weeds to neighboring property and shall keep such Lot free from brush or other growth or trash which in the reasonable opinion of the Approving Authority causes danger of fire, pests or vermin. The Association may require Owners to spray for noxious weeds on their Lots. The Association may remove any infected trees or noxious weeds from Lots and recover the cost of removal from the Owner.

Section 3.09 Mowing and Pruning.

In order to control pest, insect, weed and fire dangers and to prevent and remove nuisances, the Owner of any Lot, whether or not a Structure has been constructed thereon, shall mow, cut, prune, clear and remove from the Lot any unsightly brush, weeds and other unsightly growth and shall remove any trash which may collect or accumulate on the Lot. Declarant and the Association shall have the right (but not the duty) to enter any Lot and perform this work after Due Notice to the Owner, at such Owner's expense. No fence, wall, hedge, tree, shrub planting or other structure which unduly obstructs lines-of-sight shall be placed or permitted to remain on any corner formed by the intersection of a driveway with another driveway or street. The Approving Authority shall be the sole and exclusive judge of whether said lines-of-sight are unduly obstructed. However, Owners and their guests must also observe the line-of-sight obstruction restrictions on the Plat. Lot Owners shall mow all open grasslands areas of their Lots at least one time between July 1 and August 15 of each year. If such Lot Owners do not accomplish such mowing, the Association shall provide it and shall require reimbursement for the cost thereof from the Lot Owner. If such reimbursement is not made within 30 days of the request, the Association shall make a Special Assessment against such Lot Owner and shall have the authority to enforce such Special Assessment as set forth herein. Lot Owners shall maintain the trees and shrubs on their Lot consistent with the fire protection district's recommendations for implementation of FireWise practices in Majestic Pines. Such guidelines may include trimming lower branches of

trees to prevent a fuel ladder, separation of trees, preventing trees from overhanging buildings, and use of non-combustible or combustion resistant landscape and building materials near buildings, and other measures intended to reduce the danger of fires in and around Majestic Pines.

Section 3.10 Grading Patterns.

No material change may be made in the ground level, slope, pitch or drainage patterns of any Lot as fixed by any development or drainage plan approved by El Paso County or the Approving Authority for said Lot. Erosion control Structures shall be required prior to commencement of construction and anyone undertaking construction on such Lot shall maintain "best practices" as determined by El Paso County to avoid transport of silt and sediment.

Section 3.11 Animals.

No animals, except domesticated birds or fish and other small domestic animals permanently confined, and except an aggregate of not more than three domesticated dogs and cats shall be maintained in or on any Lot within the Subdivision and then only if kept as pets. No animal of any kind shall be permitted which in the opinion of the Approving Authority makes an unreasonable amount of noise or odor or is a nuisance. No animals shall be kept, bred or maintained within the Subdivision for any commercial purposes. No kennels whether breeding or sale, shall be allowed. No farm animals shall be permitted. The Association may adopt reasonable rules and regulations that may regulate, restrict or prohibit particular animals or animal related activities within the Subdivision. Barking dogs and loose cats may harm wildlife and disturb the peace of the Subdivision, and so are prohibited; the Association may require the immediate removal of any animal or pet which violates these Covenants or the rules or both. Dogs shall not be permitted to run loose and shall be kept under control of Owners at all times. The Association may require any animal considered intimidating by the neighbors to be kept behind solid fencing at least six feet high, and may designate breeds and types of animals requiring such fencing. No exterior doghouses or kennels will be permitted unless fully screened from all adjacent streets and houses.

Section 3.12 Trailers, Canoes, Boats and Other Vehicles.

No boat, trailer; camper (on or off supporting vehicles) tractor, commercial vehicle, mobile home, motor home, recreational vehicle, motorcycle, or any towed trailer unit or truck, excepting only pickup trucks solely for the private use of residents of a dwelling, shall be parked for more than three days, as determined by the Approving Authority in its sole discretion, within any Lot or Common Driveway, except in a completely enclosed Structure. All such enclosed Structures shall require the approval of the Approving Authority. If any such vehicle is not removed from the Subdivision or placed in a completely enclosed Structure within three days after Due Notice to the Owner of the Lot on or adjacent to which the offending vehicle is parked, then Declarant or the Approving Authority both shall have the right, but not the obligation, to enter the Lot in question, remove or cause to be towed the offending vehicle and may store the same; any expenses thereat: including, without limitation, reasonable attorneys' fees, shall be paid by the owner of the offending vehicle. Declarant and the Approving Authority shall not be liable

from any losses, costs or damages to any Owner of the Lot or the owner of the vehicle on account of such removal of the offending vehicle, except for any such loss, cost or damage caused by Declarant's or the Approving Authority's gross negligence or willful misconduct.

Section 3.13 Vehicle Violations.

No stripped down, abandoned, unlicensed, partially wrecked or junk motor vehicle or part thereof, as determined by the Approving Authority in its sole discretion, shall be permitted to be parked on any Lot or Common Driveway in such a manner as to be visible at ground level from any neighboring property or street. Residents shall generally park inside garages vehicles they own or use and generally no vehicles other than temporary guest vehicles and one or two vehicles regularly used by residents of the Lot may be parked in the driveway where visible from the street or adjacent Lots.

Section 3.14 Vehicle Repairs.

No maintenance, servicing, repair, dismantling or repainting of any type of vehicle, boat, machine or device may be carried on within the Subdivision except within a completely enclosed Structure which screens the sight and sound of the activity from the street and from adjoining property.

Section 3.15 Signs.

The only signs permitted on any Lot or Structure shall be:

- a) One sign of a maximum of three square feet for offering the signed property for sale or for rent;
- b) One sign of a maximum of one square foot for identification of the occupant and address of any dwelling, which sign shall be visible from the public road at the driveway entrance and meet the requirements of the fire protection district (additional identification shall be permitted and may be required on the Structure to meet the requirements of the fire protection district);
- c) Multiple signs for information, sale, administration and directional purposes installed by or with the permission of Declarant during development and sales of Lots and/or homes and project identification signs installed by Declarant or builders authorized by Declarant;
- d) Signs as may be necessary to advise of rules and regulations or to caution or warn of danger;
- e) Such signs as may be required by law;
- f) Signs approved by the Approving Authority.
- g) Except for permitted signs, there shall not be used or displayed on any Lot or Structure any signs or any banners, streamers, flags, lights or other devices calculated to attract attention whether for sale or rental or otherwise unless approval thereof is granted by the Approving Authority. All permitted signs must be professionally painted, printed, lettered and constructed.
- h) The Declarant and the Association may construct, maintain, repair and replace entry monuments for the Subdivision on Lots 1 and 13 where Entry Monuments Easements exist. Such entry monuments and related landscaping and facilities

(including landscaping in the median of the public street at the entry to the Subdivision) shall be Common Elements and (except for the initial cost of installation by the developer) the Association's cost of maintenance, repair and replacement shall be a common expense.

Section 3.16 Mailboxes.

Mailboxes may be initially installed by the Declarant in accordance with the U.S. Postal Service design specifications. The U.S. Postal Service may require mailboxes to be clustered in one or more central locations. Declarant hereby reserves easements for any mailboxes and signs located by Declarant upon any Lot or Tract. Mailboxes and their support structures must be approved by the Approving Authority and in compliance with requirements of the United States Postal Service and El Paso County Department of Transportation. Colored plastic or metal newspaper boxes are not permitted; U.S. Postal Service rules prohibit placing newspapers or anything other than U.S. mail in a mailbox. Unless otherwise assumed by the Association maintenance of mailboxes is the sole responsibility of the individual Lot Owner.

Section 3.17 Solar Collectors.

Solar collectors or other devices are permitted so long as they are designed and installed to blend in with the overall architecture of other improvements on the Lot. Any roof or wall-mounted collectors or solar devices must be built-in to the roof or wall, be flush with and of the same pitch as the adjacent portions of the building, and be architecturally compatible with the building upon which they are affixed. Ground level freestanding solar collectors or devices will be permitted so long as they are designed or screened a manner accepted by the Approving Authority so as to be visually compatible with the buildings and landscape on the Lot involved and do not impact views from adjacent Lots. Plans or any such solar collectors or other devices must be submitted to the Approving Authority for its review and approval prior to installation. If the Approving Authority disapproves, the party requesting approval may modify its plans to eliminate the Approving Authority's objections and resubmit them for approval.

Section 3.18 Owners Association.

The Association shall operate as a Colorado nonprofit corporation pursuant to its Articles of Incorporation and Bylaws, which may include, without limitation, provisions for the indemnification of officers and directors. Every Owner of a Lot shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot. If additional Lots are added to the Association, membership shall automatically be expanded thereby. Members shall have the right to cast votes for all matters to be voted on by the members, as provided in the Association's Articles of incorporation and Bylaws. Each Lot shall be entitled to one vote. When more than one person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they determine and as set forth in the Bylaws, but in no event shall more than one vote be cast with respect to any Lot. The Approving Authority shall be appointed as set forth in Section 501. The Association's Board of Directors may adopt rules and regulations, not in conflict with Design Guidelines adopted by the Approving Authority. Such rules and regulations may include, without limitation, provisions relating

to and for use of the Common Elements and fines for violations of rules and these Covenants, to supplement and interpret these Covenants, and any rule or decision of the Board shall be final, conclusive and binding on all Owners and other persons or parties. Pursuant to CRS 38-33.3-116 (Exception for new small cooperatives and small and limited expense planned communities), the Association and the Subdivision shall be subject only to C.R.S. 38-33.3-105 (Separate titles; separate taxation), 38-33.3-106 (Applicability of local ordinances, regulations, and building codes) and 38-33.3-107 (Eminent domain), and no other sections of Article 33.3, the Colorado Common Interest Ownership Act.

Article Four

ARCHITECTURAL CONTROL

Section 4.01 Building Approval.

No Structure, construction or improvement shall be commenced, erected or replaced on any Lot, permitted to remain on any Lot or altered in any way so as to materially change the Lot's previously existing exterior appearance, except in accordance with plans, specifications and other information submitted to the Approving Authority and approved by the Approving Authority no more than one year before start of the construction, alteration or installation. Matters which require the approval of the Approving Authority include but are not limited to the exterior appearance, material, color, height and location of each Structure, construction or improvement on any Lot. In granting or withholding approval, the Approving Authority shall consider among other things, the adequacy of the materials for their intended use, the harmonization of the external appearance with the surroundings, the proper relation of the Structure, construction or improvement to the environment and to surrounding uses, the degree to which the proposed Structure preserves existing natural vegetation the degree, if any, to which the proposed Structure or covering will cause intrusions of sound, light or other effect, including, without limitation, any blockages of view corridors established by the Declarant or the Approving Authority on neighboring sites beyond those reasonably to be expected in a quality residential area from considerate neighbors. Notwithstanding the foregoing or any provision of these Covenants, the Structures, houses and improvements, which exist on the Subdivision when these Covenants are recorded and in particular those on Tract A, shall not be subject to architectural review and standards hereunder.

Section 4.02 Development Approval.

No Structure, construction or improvement shall be commenced, erected, or placed on any Lot, nor shall any land be graded or otherwise disturbed for purposes of development for any other purpose unless such disturbance is undertaken in accordance with a plan submitted to the Approving Authority and approved by the Approving Authority no more than one year before start of the disturbance and erosion control Structures are in place. The requirements for the plans, including grading plan, erosion control and reclamation, landscaping plans, and any other requirements, may be set forth in rules and design standards adopted by the Approving Authority and must not conflict with the laws and

regulations of El Paso County. The Association is not responsible for enforcing the laws and regulations of El Paso County except as expressly set forth herein and in any other agreement between the County and the Association. The Lots shall be maintained in a state compatible with the natural surroundings, except as approved by the Approving Authority, and except that reasonably sized lawns and/or gardens may be planted around the house. The Approving Authority may require the grass to be mowed. The objectives of such plans are:

- a) To conserve the unique natural features and aesthetic qualities of the Subdivision;
- b) To minimize land disturbance;
- c) To protect natural plant and animal communities;
- d) To minimize water runoff and soil erosion problems incurred in adjustment of the terrain to meet development needs;
- e) To assure proper restoration of disturbed areas;
- f) To assist in protecting the Subdivision from fires and other hazards.
- g) To avoid or reasonably mitigate visual impacts upon offsite areas. Mitigation measures may be included but are not limited to:
 - i) Alternative siting of Structures so that there is a mountain, hillside or forest backdrop to the Structure from areas where the Structure is visible. However, this shall not preclude siting of Structures on ridgelines where alternative siting is not available.
 - ii) Use of existing vegetation to soften structural mass when Building Sites are located in highly visible areas.
 - iii) Use of supplementary native landscaping to soften structural mass when Building Sites are located in highly visible areas.
 - iv) Use of visually compatible stabilization measures for cuts and fills.

Section 4.03 Tree Management and Landscaping Program.

(a) Trees and Shrubs.

Within one calendar year of completion of the home, Owners shall install at least five ten-foot coniferous trees (other than ponderosa pines), two 2.5 inch caliper deciduous trees, twelve #5 gallon shrubs in front areas of the house, five #5 gallon shrubs on each side of the house, and eight #5 gallon shrubs in the rear of the house. The perimeter of the house shall have a minimum of five feet boarder of rock or mulch beds. All plants must be cared for and be replaced if dead.

The trees within the Subdivision are an important asset to the entire community. Therefore, the Approving Authority (and in the absence of the Approving Authority doing so, the Association Board of Directors) shall maintain an ongoing and perpetual program of inspection to identify potential insect and disease problems in a timely manner. The Approving Authority (or Association Board) shall also be responsible to maintain a

program for proper thinning of trees for better fire control, to promote a healthy growth of existing trees, to maintain views, which may be defined as view corridors in the Association's design standards and to provide for the growth of new trees to perpetuate the forest. The thinning process is not intended to create a tree farm look or to replicate perfect fire protection recommendations. The object is to create a natural look to assist nature and promote an environment as healthy, beautiful and safe as possible. Owners shall not remove any tree taller than twenty feet without the prior written approval of the Approving Authority. The foregoing inspection and thinning programs shall be administered by the Approving Authority with funding provided by assessments against the Lots as provided in Article VII hereof. The Approving Authority shall retain the services of a professional forester or an experienced landscape professional to prescribe appropriate thinning and maintenance programs. A perpetual easement is hereby reserved to Declarant, its successors and assigns and the Approving Authority over and across each Lot for the purpose of instituting, maintaining and administering the aforementioned tree inspection and thinning programs. The Approving Authority shall generally provide the information of the requirements and recommendations of the program to the affected Lot Owners, who shall have primary responsibility to implement the requirements and recommendations of the program. However, in the event the Lot Owner fails to implement the requirements and recommendations within a reasonable time, the Approving Authority and the Association shall have the authority to enter onto the affected Lot to perform such implementation.

(b) Landscaping.

All disturbed areas outside the landscaping shall be seeded. Any areas to be seeded with a slope greater than 25% shall have an erosion control blanket or hydro seed application to stabilize the soil until the seed takes. The use of railroad ties is not permitted. The use of local materials is encouraged, including boulders instead of manufactured blocks, for example. Bright colored dyed mulch will not be allowed. All landscapes must be approved by the Approving Authority. A drawing of planned landscaping and tree placements must be submitted and receive approval before work is commenced. Irrigated areas including lawn and garden may not exceed a total of 3,500 square feet per Lot.

Section 4.04 Approval Process.

All action required or permitted to be taken by the Approving Authority shall be in writing, and any such written statement shall establish the action of the Approving Authority and shall protect any person relying on the statement. If the Approving Authority does not execute and acknowledge such a statement within sixty days after delivery of all the required materials to the Approving Authority, the materials so delivered shall be deemed approved for the purpose of these Covenants. The Approving

Authority may charge reasonable fees to cover expenses incurred in review of plans, samples and materials submitted pursuant to these Covenants, exclusive of reimbursement to the members of the Approving Authority for their services. The Approving Authority shall be entitled to retain one copy of all approved plans as part of its files and records.

Section 4.05 Variances.

The Approving Authority shall have the authority to grant a Lot a variance from the terms of these Covenants, including without limitation, Sections I06, 110, and 202 through 212, subject to terms and conditions which may be fixed by the Approving Authority and which will not be contrary to the interests of the Owners and residents of the Subdivision where owing to exceptional and extraordinary circumstances, literal enforcement of any section will result in unnecessary hardship. Separate variances from the El Paso County Land Development Code may also be required (not available from the Approving Authority).

Following an application for a variance:

- a) The Approving Authority shall, within sixty days after the request for the variance was delivered, determine whether to grant or deny the variance. If the Approving Authority fails to act on the request for a variance within this sixty day period, the variance will be deemed granted.
- b) A variance granted hereunder shall run with the Lot for which granted.
- c) A variance shall not be granted unless the Approving Authority shall find, in its sole discretion, that all of the following conditions exist.
 - i) The variance will not authorize the operation of a use other than as specified herein;
 - ii) Owing to the exceptional-and extraordinary circumstances, literal enforcement of the section above enumerated will result in unnecessary hardship;
 - iii) The variance will not substantially or permanently injure the use of other property in the Subdivision;
 - iv) The variance will not alter the essential character of the Subdivision;
 - v) The variance will not weaken the general purposes of these Covenants
 - vi) The variance will be in harmony with the spirit and purpose of these Covenants;
 - vii) The circumstances leading the applicant to seek a variance are unique to the Lot or its Owner and are not applicable generally to Lots in the Subdivision or-their Owners.
- d) If the Approving Authority denies the request for a variance, the applicant may request a meeting of the Owners be held to reconsider the denial. In this case, the Approving Authority shall call a meeting of Owners of Lots in the Subdivision, to be held after Due Notice at the Approving Authority's principal office, at which meeting all Owners shall have an opportunity to appear and express their views.

Whether or not anyone appears at the meeting in support of or in opposition to the application for variance, the Approving Authority shall within one week after the meeting either grant or confirm its denial of the variance. The decision to grant or deny the variance shall always rest with the Approving Authority.

- e) If a variance is denied, another application for a substantially similar variance for the same Lot may not be made for a period of six months after submittal of the original request.

Article Five

APPROVING AUTHORITY

Section 5.01 Composition of Approving Authority.

The Approving Authority shall consist of three individuals, but may be increased to a maximum of five individuals by resolution of the Board of Directors. Until the Declarant has conveyed all of the Lots to residential purchasers or January 1, 2024, whichever occurs earlier ("Period of Declarant Approval"), the Declarant may appoint and remove all members of the Approving Authority. Following such Period of Declarant Approval, or sooner with Declarant's written consent, the Board of Directors of the Association may, by majority vote, appoint or change the membership of the Approving Authority, so long as the members of the Approving Authority, which may consist of the Board itself, are Owners of Lots within the Subdivision. After the Period of Declarant Approval, whenever a member of the Approving Authority shall be deceased or unwilling or unqualified to act, the Board of Directors of the Association shall appoint an Owner of Lot within the Subdivision as a member of the Approving Authority so as to fill the existing vacancies.

Section 5.02 Authority of Approving Authority.

- a) The Approving Authority is empowered to approve or disapprove in writing all matters delegated to it under these Covenants, including, without limitation, all plans for construction, site locations, clearing, plantings, fencing, addition to existing Structures, remodeling that alters the exterior, replacement of natural environment of Lots or appearance of homes in the Project. Disapproval of submissions by the Approving Authority may be based upon any grounds, including purely aesthetic grounds. If such submissions are disapproved, the Approving Authority shall give written reason for the requirements of the applicant including, but not limited to, submission of additional plans> specifications and material samples, and may require such changes as it deems necessary to conform to the overall intent as herein expressed.
- b) The Approving Authority shall have the right to alter site locations, as shown on the submitted site plan, or deny construction if, in the opinion of the Approving Authority, the proposed site locations will unduly interfere with adjoining Lots as to view, intrusions of sound or light, sanitation, proximity or type of construction, actual or proposed, or unduly damage the natural growth and terrain.

- c) The Approving Authority may prohibit the construction of fences, Structures, houses or any other improvements to any Lot, and is empowered to order their removal if written application was not made by the Owner, or if approval was not granted in accordance with these Covenants, or if actual construction is different from the approved plans.
- d) The Approving Authority shall be the sole and exclusive judge of whether or not plans or Structures comply with these Covenants. It is the intent of these Covenants that the Approving Authority shall exercise broad discretionary powers hereunder. The Association's Board of Directors shall resolve all questions and interpretations of these Covenants, which shall be interpreted in accordance with their general purpose and intent as herein expressed; the Board's decisions shall final and conclusive.
- e) The Approving Authority may delegate to one or more of its members to act on its behalf.

Section 5.03 Delivery of Items.

Any item required or permitted to be delivered to the Approving Authority shall be deemed properly delivered when actually received by the Approving Authority at such address as it may from time to time designate.

Section 5.04 Non-Liability.

The Association, Declarant, the Approving Authority, members of the Approving Authority and the Association's Board of Directors shall not be liable to any party whatsoever for any act or omission unless the act or omission is in bad faith and amounts to wanton and willful misconduct. Members of the Approving Authority appointed by the Declarant shall be entitled to exercise their judgment, on the basis of the best interests of the Declarant, and shall owe no fiduciary duty to other Owners or the Association. Members of the Approving Authority not appointed by Declarant shall owe a fiduciary duty to act in the best interests of the Association and Lot Owners. The Association, Declarant, the Approving Authority, members of the Approving Authority and the Association's Board of Directors shall not have any responsibility or liability for construction quality, nor compliance with building codes or governmental requirements. The Association shall indemnify the Approving Authority and its members, to the fullest extent allowed by law, and may provide insurance to cover such indemnification as a common expense.

Article Six

WATER AND LANDSCAPE FEATURES

Section 6.01 Water Augmentation Plan.

All Lots (for purposes of this Article Six, the term "Lot" shall include Tract "A") shall be subject to the obligations and requirements as set forth in the Judgment and Decree Granting Underground Water Rights and Plan for Augmentation of the District Court,

State of Colorado, in Case No. 07CW113 (Water Division No.1) and 07CW52 (Water Division No.2) as recorded at the reception number set forth on the first page of these Covenants which is incorporated by reference (the "Water Decree" or "Augmentation Plan").

The Augmentation Plan concerns the water rights and water supply for the Subdivision and creates obligations upon the Owners, the Lots, Tract A and the Association that run with the land. The water supply for the Subdivision shall be by individual wells under the Augmentation Plan. Each Lot and Tract A shall have the right to one well permit under the Augmentation Plan Well locations shall be shown on the site plan provided to the Approving Authority. Each Lot owner and the owner of Tract A waives the 600 foot well separation rule provided under Colorado Revised Statutes Section 37-90-137(2)(b)(I) for wells located in the Subdivision, but must satisfy the provisions of Section 37-90-137(4) with respect to wells owned by others on adjacent properties.

Section 6.02 Water Rights Ownership.

- a) Declarant will assign to the Owners all right, title and interest in the Augmentation Plan and water rights thereunder except set forth below. Those water rights assigned to Owners shall be 7.7 acre-feet per year and a total of 2310 acre-feet in the not nontributary Dawson aquifer (based on a 300 year supply and 14 residential Lots at 0.55 Acre-feet per year) as adjudicated in the Augmentation Plan. Each Lot's proportionate share in the water rights so assigned shall be the proportion of a fraction the numerator of which is the number one and the denominator of which is the total number of Lots under the Augmentation Plan within the Subdivision, Declarant shall retain Ownership of all Dawson, Denver and Arapahoe aquifer water rights in the Decree not required for individual Lot water supplies (including post-pumping reserve requirements) according to the Decree. In the event additional Lots are added to the Subdivision, the Declarant shall increase the amount of water such Dawson water allocated to the Owners in proportion to the number of Lots added, at the same rate.
- b) The Declarant will assign to the Association all Declarant's right and interest in ground water rights in the nontributary Laramie-Fox Hills aquifer (19.8 acre-feet per year) and all of Declarant's right and interest in the nontributary Arapahoe aquifers (26.8 acre-feet per year) under the Augmentation Plan for purposes of meeting post pumping stream depletions under the Augmentation Plan, together with all obligations and responsibilities for compliance with the Augmentation Plan. In the event the Declarant exercises its right to expand the Subdivision to 22 Lots, the Declarant shall be deemed to have satisfied the obligation to assign post-pumping replacement water to the Association pursuant to the Augmentation Plan with respect to such additional Lots for purposes of meeting the additional post pumping stream depletions under the Augmentation Plan.
- c) The Association agrees to assume and perform these post pumping obligations and responsibilities. By this assignment to the Association, the Declarant is relieved of any and all responsibilities and obligations for the administration enforcement and operation of the Augmentation Plan. Such conveyance shall be subject to the obligations and responsibilities of the Augmentation Plan, and said

water rights may not be separately assigned, transferred or encumbered by the Association, provided, however, to the extent the Lannie-Fox Hills and Arapahoe ground water rights conveyed to the Association are not needed to meet post pumping depletions under the Augmentation Plan, those ground water rights shall be reconveyed to the Declarant upon demand by the Declarant or to the Lot Owners.

- d) Each Lot Owner's water rights under the Augmentation Plan shall transfer automatically upon the transfer of title to a Lot as an appurtenance, including the transfer by the Declarant to the initial Owner of a Lot. The ground water rights under the Augmentation Plan cannot and shall not be severable from their respective Lot, and each Owner covenants that it cannot sell or transfer such ground water rights to any party separate from the conveyance of the Lot.
- e) The Water Decree requires that sewage treatment be provided by on-site non-evaporative septic systems.

Section 6.03 Administration.

- a) The Association was formed for the purpose, among others, of carrying out the provisions of the Augmentation Plan and thus shall administer and enforce the Augmentation Plan. Such administration shall include, without limitation, accountings to the Colorado Division of Water Resources under the Augmentation Plan and taking all necessary and required actions under the Augmentation Plan to protect and preserve the ground water rights for all Lot Owners. The Association shall have the right to specifically enforce by injunction if necessary, the Augmentation Plan against any Lot Owner failing to comply with the Owner's obligations under the Augmentation Plan, including the enforcement of the terms and conditions of well permits issued pursuant to the Augmentation Plan. A Lot Owner shall also have the individual right to enforce, administer and require specific performance of the Augmentation Plan upon the failure of the Association to do so. The use of the ground water rights by each Owner is restricted and regulated by the terms and conditions of the Augmentation Plan, including, without limitation, that each Lot Owner is subject to the maximum annual well pumping limitations under the Augmentation Plan of 0.55 acre-feet per year for a total of 165 acre-feet based on a 300 year supply. Failure of the Association or the Owners to comply with the terms of the Augmentation Plan may result in an order from the Division of Water Resources under the Augmentation plan to curtail use of ground water rights.
- b) Each Owner shall promptly and fully provide to the Association any and all information necessary for the Association to comply with its obligation to administer and enforce the Augmentation Plan. The frequency of such accounting shall be in the Association's discretion, whether monthly, quarterly or annually. The Association shall have the power to impose fines upon any Owner who fails to provide well diversion records or otherwise fails to comply with the Augmentation Plan or these Covenants, in such reasonable amounts as determined

by the Association to compensate it for its time and expenses and to discourage non-compliance by Owners.

Section 6.04 Well Permits.

- a) Each Owner shall be responsible for obtaining a well permit for the water supply to their respective Lot and for the physical delivery of water to their Lot. All wells shall be constructed and operated in compliance with the Augmentation Plan, the well permit obtained from the Colorado Division of Water Resources, and the applicable rules and regulations of the Colorado Division of Water Resources. The costs of the construction, operation, maintenance and repair of such well, all associated equipment, including a meter, and delivery of water to the Lot shall be at the Owner's expense. Owners shall comply with any requirements to log their well and shall install and maintain in good working order an accurate totalizing flow meter on the well in order to provide the diversion information necessary for the accounting and administration of the Augmentation Plan.
- b) No one is able to guarantee to the Owners the physical availability or the adequacy of water quality from any well to be drilled under the Augmentation Plan. The Denver Basin aquifers, which are the subject of the Augmentation Plan, are considered a nonrenewable water resource, and due to anticipated water pressure and level declines, the useful or economic life of the aquifers' water supply may be less than the 100 years allocated by State statutes or the 300 years of the El Paso County water supply requirements.
- c) Well locations within each Lot are required to be approved by the Approving Authority in accordance with the spacing and location requirements of the Water Decree and as may be shown on the plat.

Section 6.05 Compliance.

The Association and the Lot Owners shall perform and comply with the terms, conditions and obligations of the Augmentation Plan, and the Owners shall further comply with the terms and conditions of the well permits issued to them under the Augmentation Plan.

Section 6.06 Rules and Regulations.

The Association may adopt and enforce reasonable rules and regulations for the administration and enforcement of the Augmentation Plan. Those rules and regulations may include, without limitation, fines for an Owner's noncompliance with the Augmentation Plan or this Declaration, provision for pro rata rationing of water usage between Lot Owners in the event of water shortage or other emergency, and the recovery of the costs and expenses of the Association, including reasonable attorney fees, in the enforcement of the Augmentation Plan against an Owner.

Section 6.07 Amendments.

No changes or deletions to this Article may be made which would alter, impair or in any manner compromise the Augmentation Plan or the water rights of the Owners without the written approval of said parties, the Water Court and El Paso County. The Owners agree

not to request or permit any change in the Augmentation Plan without the consent of the Declarant as long as the Declarant owns any Lots. To be effective, any such changes in the Augmentation Plan shall require approval by the Water Court. The Declarant may seek changes to the Augmentation Plan without approval of the Association or the Owners or El Paso County provided that such changes do not concern any water rights conveyed to the Lot Owners or the Association to meet the requirements for platting such Lots. If the requested change is to the plan upon which the approved water supply for the Lots is based, then El Paso County must approve the change.

Section 6.08 El Paso County Requirements.

El Paso County may enforce the provisions regarding the Augmentation Plan as set forth in this Declaration.

Section 6.09 Landscaping.

The Declarant and the Association may landscape and maintain landscaping including entry monuments and associated facilities at the entry to the Subdivision, including in the public right of way and in the Entry Monument Easements located on Lots 1 and 13, so as to enhance the attractiveness of the Subdivision area and to preserve its appearance and value. The Declarant and the Association may make arrangements with the Lot Owners of Lots 1 and or 13 to provide the electricity and water for such landscaping, which water, if any, shall count as a portion of the water allocated for landscaping on such Lot. The cost of such landscaping and its maintenance, including related water use and electricity shall be a Common Expense.

Article Seven

COVENANTS FOR ASSESSMENTS

Section 7.01 Assessments.

The Association shall assess the Owners for the costs of common expenses as determined by the Association's Board of Directors. The assessments hereunder shall be imposed equally upon each Lot and each Owner, provided however, notwithstanding any contrary provision, any assessments hereunder shall commence upon the earlier of (a) the completion of a residential dwelling unit upon the Lot, as demonstrated by final governmental approval, or (b) 12 months from the date on which the Lot is conveyed by the Declarant, and provided further, that the Association's Board of Directors may impose an assessment which shall be applicable only to a particular Lot or particular Owner or both for any violation of the Association's rules or any violation or expense under these Covenants, including without limitation Sections 2.12 and 2.16 hereof. Until a house is completed on such Lot, or 48 months after such Lot is platted, whichever is earlier, the Declarant shall not be obligated to pay assessments on any Lots owned by it nor shall Declarant's Lots be subject to lien hereunder.

Section 7.02 Purpose of Assessments.

Assessments may also be levied by the Association's Board of Directors for promoting the health, safety, property values, welfare and convenience of the members, including the enforcement of these Covenants, and to pay for the costs of the ownership, maintenance, taxes, watering, mowing, fertilization and landscaping of the entry features, and any other common expenses as determined by the Association's Board of Directors. In particular, the Association shall sponsor such activities as are appropriate to promote the Subdivision as a Firewise Community in accordance with the local fire department. Such common expenses shall include (1) administrative, legal and insurance expenses (including without limitation, insurance on Common Elements and Association activities, which insurance shall generally to the extent reasonably appropriate, available and practical, meet the requirements of C.R.S..38-33.3-313, now existing or hereafter amended, and as may be required by First Mortgagees) (2) maintenance and repair expenses of (a) common fences including the perimeter fence along SH 83 (but not including wire fences along the perimeter of the Subdivision), (b) entry monument signs and landscaping, (c) drainage and detention facilities, (3) tree inspection and thinning programs; (4) the creation of adequate reserve funds for maintenance, repairs and replacement of the entry features; (5) expenses of the Approving Authority hereunder; and (6) other activities of the Association including especially any amounts which are based on the Association's obligations as set forth in (a) this Declaration, (b) the Maintenance Agreement and (b) the Augmentation Plan and Water Decree and related court decree(s). At a minimum, the annual assessment shall be adequate to clean, maintain and repair (to include replacement as may be necessary) the Detention Basin. The Association shall perform any obligations required of it under the recorded Maintenance Agreement with El Paso County recorded at the reception number set forth on the pages of these Covenants. The Association shall not make any assessments for legal expenses or costs associated with or respecting any lawsuit or other legal action against the Declarant, or the Approving Authority or its members appointed by the Declarant and acting as the Approving Authority and this provision may not be modified without the express consent of the Declarant and the Approving Authority.

Section 7.03 Assessments are Liens and Personal Obligations.

Each Owner, by acceptance of a conveyance of his Lot, whether or not it shall be so expressed in the conveyance, shall be deemed to covenant and agree to pay to the Association annual assessments and other assessments authorized by these Covenants. Each such assessment and charge, together with the interest thereon and costs of collection, shall be a continuing lien upon the Lot against which it is made and shall also be the personal obligation of the person who owned the Lot at the time the assessment or charge fell due, except Declarant.

Section 7.04 Procedure and Payment of Assessments.

The foregoing assessments shall be payable in advance in annual or other installments as the Association's Board of Directors may fix. The Board may set the annual assessments in any amount which does not exceed the maximum amount set forth in Section 705 hereof The Association's Board of Directors shall give each member written notice of

each assessment at least ten days in advance of the due date. Such notice shall state the amount of the assessment and if the assessment is payable in other than in a single payment and the amount and due dates of each installment as fixed by the Association's Board of Directors. Failure to give such notice shall not affect or impair the assessment but shall postpone its effective date. The Association may furnish an Owner, upon written request delivered to the Association's registered agent and payment of a reasonable fee therefor, a written statement setting forth the amount of any unpaid Assessments levied against a Lot, and the statement may be relied upon by all Owners acting in good faith as conclusive evidence of the status of such assessments with respect to such Lot. Fines or special assessments for violations may only be imposed after written notice and opportunity for a hearing in front of the Board, and may be enforced by legal action including without limitation recovery of the Association's legal fees and expenses of enforcement, or by lien, or both. The failure to enforce any right, reservation, restriction or condition contained herein, however long continued, shall not be deemed a waiver of the right to do so thereafter as to the same breach or as to a breach occurring prior to or subsequent thereto and shall not bar or affect its enforcement. The invalidation by any court of any restriction contained in these Covenants shall not in any way affect any of the other restrictions, but they shall remain in full force and effect.

Section 7.05 Limit on Annual Assessments.

The annual average common expense liability of each Lot, exclusive of optional user fees and any insurance premiums paid by the Association, may not exceed the amount required to qualify with the requirements for exemption from the application of provisions of the Colorado Common Interest Ownership Act set forth in C.R.S. 38-33.3-116. At the time of this Declaration that amount was expressed as follows:

§ 38-33.3-116. Exception for new small cooperatives and small and limited expense planned communities

... (2) ... If a planned community created in this state after July 1, 1998, provides, in its declaration, that the annual average common expense liability of each unit restricted to residential purposes, exclusive of optional user fees and any insurance premiums paid by the association, may not exceed four hundred dollars, as adjusted pursuant to subsection (3) of this section, it is subject only to sections 38-33.3-105 to 38-33.3-107, unless the declaration provides that this entire article is applicable.

(3) The four-hundred-dollar limitation set forth in subsection (2) of this section shall be increased annually on July 1, 1999, and on July 1 of each succeeding year in accordance with any increase in the United States department of labor bureau of labor statistics final consumer price index for the Denver-Boulder consolidated metropolitan statistical area for the preceding calendar year. The limitation shall not be increased if the final consumer price index for the preceding calendar year did not increase and shall not be decreased if the final consumer price index for the preceding calendar year decreased.

It is the Declarant's stated intent that pursuant to CRS 38-33.3-116 (Exception for new small cooperatives and small and limited expense planned communities), these Covenants, the Association and the Subdivision shall be subject only to C.R.S. 38-33.3-

105 (Separate titles, separate taxation), 38-33.3-106 (Applicability of local ordinances regulations, and building codes) and 38-33.3-107 (Eminent domain), and no other sections of Article 33.3, the Colorado Common Interest Ownership Act. Any references herein to that Act are only for the purposes of describing or imposing similar rights and duties and do not make said Act generally applicable hereto.

Section 7.06 Collection of Assessments.

(a) Personal Liability.

Assessments shall be the personal liability of each Owner of a Lot against which such Assessment is made. Any assessment which is not paid when due shall be delinquent, and the Association may impose a late charge for each month any assessment is delinquent, may charge interest at a pre-stated rate, not to exceed 18% annual percentage rate, and may also collect the attorneys' fees, costs and expenses of any collection. Additionally, the Association may bring an action at law against any Owner personally obligated to pay any assessment and, in the event of any lawsuit, the delinquent Owner shall pay all attorneys, fees, expert witness costs, court costs and any expenses of such lawsuit. Venue shall be proper in El Paso County District Court.

(b) Lien.

Additionally, any such unpaid assessment, together with all expenses of collection (including attorneys' fees and expenses) shall be a continuing lien upon the Lot against which such assessment was made. The Association may enforce such lien by filing with the Clerk and Recorder of El Paso County a statement of lien with respect to said Lot, setting forth such information as the Association may deem appropriate. Said lien shall run with the land and shall additionally secure all assessments and expenses which become due after its filing. Said lien may be foreclosed by the Association in the manner provided for foreclosures of mortgages under the laws and statutes of the State of Colorado. All rights and remedies of the Association are cumulative, and foreclosure of the lien shall not prevent a lawsuit against the Owner personally liable therefor whether taken before, after or during such foreclosure. Such lien may be released by recording an appropriate document executed by art officer or agent of the Association. Such lien is in addition to any statutory lien allowed to the Association by any law or statute. Such lien shall be superior and prior to any homestead rights or similar exemption now or hereafter provided under state or federal law to any Owner, whose acceptance of a deed to a Lot shall constitute waiver of such homestead or other rights.

Section 7.07 Protection of Lenders.

The lien for any assessment provided for herein shall be subordinate to the lien of a First Mortgage recorded before the delinquent assessment was due. Sale or transfer off any Lot shall not affect the lien for said assessment except that sale or transfer of any Lot pursuant to foreclosure of any such First Mortgage, or any proceeding in lieu thereof, including deed in lieu of foreclosure, shall, except to the extent of six months' Assessments, extinguish the lien of any assessment which became due prior to any acquisition of title to such Lot by the First Mortgagee pursuant to any such sale or transfer, or foreclosure, or any proceeding in lieu thereof including, without limitation, any deed in lieu of foreclosure,. No such sale, transfer, foreclosure or any above-described proceeding in lieu thereof shall relieve any Lot from liability for any assessment becoming due after such acquisition of title, nor from the lien thereof, nor the personal liability of the Owner of such Lot for assessments due during the period of his ownership.

Section 7.08 Funding Fees/Enforcement Account.

(a) Initial Funding Fee.

Upon conveyance from Declarant to the initial Owner; that Owner shall pay to the Association an Association Funding Fee of \$200.00. By agreement with a builder, the Declarant may defer this fee until occupancy. This fee shall be paid to the Association to provide initial working capital and to meet unforeseen expenditures or acquire additional equipment or services deemed necessary or desirable by tube Board. Furthermore payment of such sum shall not relieve an Owner from making the regular payment of assessments as the same become due.

(b) Transfer Fee.

In addition to the Association Funding Fee, the purchaser of a Lot and the seller of a Lot (including Declarant) shall each pay matching fees of \$50.00 each at closing of each Lot, and such funds shall be kept in a separate account (the "Enforcement Account") by the Approving Authority to be used for enforcement of the protective covenants. Any Covenant violation penalties that may be collected from time to time shall also be placed in the Enforcement Account. The Approving Authority shall use the Enforcement Account for paying legal and other expenses involved in enforcing-these covenants, and Declarant is hereby authorized to use the Enforcement Account on behalf of the Approving Authority during the Period of Declarant Approval. In addition, the Approving Authority may transfer a portion of the Enforcement Account into the Association treasury and may be used at the discretion of the Association for continuing common expenses. However, such transfers shall not deplete the Enforcement Account to the extent that insufficient funds are available to enforce the covenants. In like manner, the Board of Directors of the Association may transfer Association funds into the Enforcement Account if needed to enforce covenants. The Association and/or any

individual Lot Owner desiring to use the Enforcement Account for the enforcement of these covenants, shall make written request of Approving Authority for the use of monies in the Enforcement Account, and the Approving Authority shall have sole authority to approve or deny any such request. Denial of such request shall not preclude an individual Owner from bringing suit to enforce these covenants. During the Period of Declarant Approval, the Enforcement Account shall be kept by the Declarant in an interest-bearing account. After the Period of Declarant Approval, such funds shall be turned over to and kept by the Association for the uses provided herein.

Article Eight

GENERAL PROVISIONS FOR EFFECT OF THE COVENANTS

Section 8.01 Definitions.

The following words and expressions used in these Covenants have the meanings indicated below unless the context clearly requires another meaning:

Accessory Building. Detached garages, patios, swimming pools, covers, enclosures, dressing rooms or other similar Structures, spas, hot tubs, gazebos, recreation facilities and other buildings customarily used in connection with the single family residence.

Approving Authority. The architectural review board established pursuant to Section 501 of these covenants.

Association. The Majestic Pines Owners Association, a Colorado nonprofit corporation organized under the laws of the State of Colorado, its successors and assigns.

Building Site. The location within a Lot on which a Structure may be erected with the prior written approval of the Approving Authority and in conformity with the provisions of this Declaration and the Plat.

Common Elements. All real property and improvements deeded or otherwise transferred to the Association for the use and benefit of its Owners, which may include easements, erosion control and drainage Structures (specifically those in the drainage and detention easement shown on the plat) and the water rights for replacement of post-pumping depletion pursuant to the Water Decree. The Declarant may also deed easements to the Association for construction, maintenance and replacement of a monument or monuments at the entrance to the subdivision, and for maintenance of common mail facilities. The Association shall have an easement on the Subdivision to discharge the Association's responsibilities in connection with the Augmentation Plan and the forest health and wildfire mitigation plan. Unless and until the Declarant deeds any tracts or fee interest in any portion of the Subdivision to the Association, and unless the Association acquires such fee interest by other means, the Common Elements will consist solely of

easements and Structures thereon, related landscaping and facilities, and the water rights deeded to the Association pursuant to the Water Decree. Declarant has not made and will not make any representation or guarantee what Structures or whether any Structures or Facilities will be constructed.

Covenants. This Declaration of Conditions, Covenants Restrictions And Easements For Majestic Pines and the provisions contained in them and any amendments thereto.

Declarant. Blue Heron Spring LLC, a Colorado limited liability company , its agents, employees, contractors, successors and assigns to whom it .expressly transfers all or any part of its rights as Declarant hereunder.

Detention Basin. As defined in the Maintenance Agreement.

Entry Monuments Easements. As shown on the Plat, easements on Lots 1 and 13 for the benefit of the Declarant and the Association for the purpose of constructing and maintaining entry monuments and related landscaping.

Lot. Each area designated as a Lot in any recorded Plat of the Subdivision, including any lot in any addition to the Subdivision as set forth herein.

Lot Lines. Front, side and rear Lot Lines shall be the same as defined in the zoning regulations of El Paso County in effect from time to time. In the absence of such a definition, a front Lot Line is each boundary line (whether one or more) between the Lot and any public street. A side Lot Line is any boundary line which meets and forms an angle with a public street except that, for a comer Lot with two front Lot Lines, the side Lot Line is the boundary which forms an angle with the street which affords the principal access to the Lot.

Plat. The plat which has been or will be recorded for this Subdivision.

Mortgagee. Any person or entity, or any successor or assign thereof, which holds or owns a deed of trust, mortgage or similar encumbrance. The term shall also include the Administrator of the Department of Veterans Affairs, an office of the United States of America, and his assigns under any executed land sales contract wherein the said Administrator is identified as the seller, whether such contract is recorded or not, but if not recorded, then written notice thereof shall be delivered to the Board. First Mortgagee shall mean a mortgage upon a Lot having priority of record over all other recorded encumbrances and liens thereon, except those governmental liens made superior by statute (such as general ad valorem tax liens and special assessments). "First Mortgagee" means a mortgagee whose encumbrance is a First Mortgage.

Owner. Person or entity having fee simple legal title to a Lot. If more than one person has such title, all such persons are referred to collectively the "Owner" and shall exercise their rights as an Owner through such one of them as they may designate from time to time. A vote of Owners shall be determined on the basis of one vote for each Lot.

Structure. Any thing or device, including related improvements, such as Accessory Buildings, painting, fences, trees and Landscaping, the placement of which upon any Lot or Building Site might affect its architectural appearance, including, by way of illustration and not limitation, any dwelling, building, garage, porch, shed, greenhouse, driveway, walk, patio, swimming pool, tennis court, fence, wall, tent, covering, antenna,

mailbox, solar collector or outdoor lighting. Structure shall also mean an excavation or fill, the volume of which exceeds five cubic yards, or any excavation, fill, ditch, diversion dam or other thing or device which affects or alters the natural flow of surface waters upon or across any Lot or which affects or alters the flow of any waters in any natural or artificial stream, wash or drainage channel upon or across any Lot.

The Subdivision. The area described in Exhibit A hereto and any property added subsequently by Declarant or by the Association as provided in these Covenants.

Tract. Any area designated as a "tract" on the recorded plat of the Subdivision.

Enumerations Inclusive. A designation which describes parcels or other things as from one number, letter or other designation to another includes both such numbers, letters or other designations and all in between.

Gender and Number. Whenever the context permits, Owner or Owners shall be deemed to refer equally to persons of both sexes and to entities or corporations, singular to include plural and plural to include singular.

Due Notice. Due Notice means written notice sent by the United States mails, either first class or certified mail, delivery confirmation or return receipt requested, or by hand delivery to the Lot or the Owner at least ten days prior to the action required by-the notice.

Section 8.02 Captions.

Captions, titles and headings in these Covenants are for convenience only and do not expand or limit the meaning of the section and shall not be taken into account in construing the section.

Section 8.03 Association Resolves Questions of Construction.

If any doubt or questions shall arise concerning the true intendment or meaning of any of these Covenants, the Association's Board of Directors shall determine the proper construction of the provision in question; the Board may set forth its decision in written instruments duly acknowledged and filed for record with the Clerk and Recorder of El Paso County, those decisions will thereafter be binding on all parties so long as they are not arbitrary or capricious. Matters of interpretation involving Declarant shall not be subject to this Section 803.

Section 8.04 Covenants Run with the Land.

These Covenants shall run with the land and shall inure to and be binding on each Lot and upon each person or entity hereafter acquiring ownership or any right, title and interest in any Lot in the Subdivision. The Declarant, its successors or assigns, may assign any and an of its rights, powers, obligations and privileges as Declarant under this instrument to any other corporation, business organization, association, committee or person by instrument specifically assigning its interest as Declarant under this Declaration of Covenants.

Section 8.05 Covenants are Cumulative.

Each of these Covenants is cumulative and independent and is to be construed without reference to any other provision dealing with the same subject matter or imposing similar or dissimilar restriction. A provision shall be fully enforceable although it may prohibit an act or omission sanctioned or permitted by another provision. Any and all rights and remedies of the Association and the Approving Authority are distinct and cumulative to any other right or remedy hereunder or afforded by law or equity and may be exercised concurrently, independently or successively without affect or impairment upon one another.

Section 8.06 Waivers.

Except as these Covenants may be amended or terminated in the manner hereinafter set forth, they may not be waived, modified or terminated and a failure to enforce shall not constitute a waiver or impair the effectiveness or enforceability of these Covenants: Every person bound by these Covenants is deemed to recognize and agree that it is not the intent of these Covenants to require constant, harsh or literal enforcement of them as a requisite of their continuing vitality and that leniency or neglect in their enforcement shall not in any way invalidate these Covenants or any part of them or operate as an impediment to their subsequent enforcement, and each such person agrees not to plead as a defense in any civil action to enforce these Covenants that these Covenants have been waived or impaired or otherwise invalidated by a previous failure or neglect to enforce them.

Section 8.07 Enforcement.

These Covenants are for the benefit of the Owners (including the owners of the Tracts) jointly and severally, the Association, and the Approving Authority and may be enforced by action for damages, suit for injunction, mandatory and prohibitive, and other relief, and by any other appropriate legal remedy instituted by one or more Owners, the Association, or the Approving Authority, or any combination of these. Until January 1, 2024, these covenants shall also be for the benefit of Declarant, and Declarant may also enforce these Covenants in any manner as Declarant is permitted herein or by law or statute. All costs, including reasonable attorneys' fees, incurred by the Association or by the Approving Authority in connection with any successful enforcement proceeding initiated by them (alone or in combination with Owners) or, during the period it is permitted to enforce these Covenants, incurred by Declarant, shall be paid by the party determined to have violated these Covenants. Any party exercising its right to enforce these Covenants shall not be required to post any bond as a condition to the granting of any restraining order, temporary or permanent injunction or other order. The rights and remedies for enforcement of these Covenants shall be cumulative, and the exercise of any one or more of such rights and remedies shall not preclude the exercise of any of the others. Any amounts collected through enforcement efforts shall reimburse the party that may have advanced the money for the enforcement action. Except as may otherwise be required by these Covenants, any fines or special assessments collected shall be paid to the Enforcement Fund. The Board of Directors shall set the amount of any fines or special assessments. If the Board of Directors, the Approving Authority determines to

enforce these Covenants by legal action, the violating Owner shall be subject to a Special Assessment of One Thousand Dollars, unless otherwise determined by the Board of Directors.

Section 8.08 Duration of Restrictions.

Unless sooner terminated as provided in Section 810, the restrictions and other provisions set forth in these Covenants shall remain in force until January 1, 2031, and shall be automatically renewed for successive periods of ten years unless before January 1, 2031, or before the end of any ten year extension, there is filed for record with the Clerk and Recorder of El Paso County an instrument stating that extension is not desired signed by and acknowledged by Owners of at least two-thirds of the Lots in the Subdivision. However, the provisions of Section 601 (and to the extent controlled by the Water Decree, the provisions of Section 602 through 608 inclusive) shall not terminate or be amended except by both (1) order of the Water Court, which may amend, modify or change such provisions by judicial order, and (2) approval of at least two-thirds of the Lots in the Subdivision. Neither this Section 808 nor Section 814 shall be terminated without the consent of the Declarant.

Section 8.09 Amendment and Extensions.

From time to time Owners of at least two-thirds of the Lots may amend any one section of these Covenants (except Sections 109, 601 [and to the extent controlled by the Water Decree, the provisions of Section 602 through 608 inclusive] and 814) or add a new section to these Covenants, provided an instrument certifying such approval certified by the President and Secretary of the Association is filed for record with the Clerk and Recorder of El Paso County. Such amendment shall be effective upon such recording, unless a later date for effectiveness is stated in such instrument. Such amendments may not be inconsistent with the Augmentation Plan, or any water court approved amendments thereto, and shall comply with all applicable zoning and subdivision requirements of El Paso County, Colorado regarding the water supply. All changes shall be legally drawn and formally recorded in El Paso County. Notwithstanding the above, any provisions regarding the obligations of the Declarant (except as otherwise provided in the Detention Basin Agreement), the Association and the Lot Owners with respect to the Maintenance Agreement and the provisions regarding the Augmentation Plan shall neither terminate nor be amended except by written agreement of the Board of County Commissioners of El Paso County, Colorado. Notwithstanding the foregoing, provisions regarding the Declarant's rights and for the Declarant's benefit shall not be amended without the Declarant's written consent.

Section 8.10 Termination.

All sections of these Covenants (except Sections 109, 601 [and to the extent controlled by the Water Decree, the provisions of Section 602 through 608 inclusive] and 814) may be terminated at any time by an instrument signed and acknowledged by the Association's Board of Directors certifying approval by Owners of at least two-thirds of the Lots and filed for record with the Clerk and Recorder of El Paso County. Section 601 (and to the extent controlled by the Water Decree, the provisions of Section 602 through 608 inclusive) shall not terminate or be amended except by both (1) order of the Water Court,

which may amend, modify or change such provisions by judicial order and (2) approval of at least two-thirds of the Lots in the Subdivision. Notwithstanding the above any provisions regarding the obligations of the Declarant (except as otherwise provided in the Maintenance Agreement), the Association and the Lot Owners with respect to the Maintenance Agreement and the provisions regarding the Augmentation Plan shall not terminate except by written agreement of the Board of County Commissioners of El Paso County, Colorado. Notwithstanding the foregoing, provisions regarding the Declarant's rights and for the Declarant's benefit shall not be terminated without the Declarant's written consent.

Section 8.11 Severability.

If any of these Covenants shall be held invalid or become unenforceable, the other Covenants shall not be affected or impaired but shall remain in full force and effect.

Section 8.12 Action in Writing.

Notices, approval, consents, applications and other action provided for or contemplated by these Covenants shall be in writing and shall be signed on behalf of the party who originates the notice, approval, consent, applications or other action.

Section 8.13 Notices.

Any notice or writing described in these Covenants, including but not limited to any communication from the Approving Authority to an Owner, shall be sufficiently served if delivered by mail or otherwise: (a) to the dwelling situated on the Lot owned by the Owner; (b) if there is no dwelling, then to the address furnished by the Owner to the Approving Authority and if the Owner has not furnished an address then to the most recent address of which the Association has a record.

Section 8.14 Rights of Declarant.

Notwithstanding any contrary provision of these Covenants, the Declarant, its successors or assigns, expressly reserves the following rights and privileges, which may or may not be exercised in Declarant's sole discretion:

- a) Declarant may on any number of occasions amend or change the Subdivision by adding additional property to the Subdivision, change Lot Lines or subdivide Lots into more Lots combine Lots into fewer Lots, grant utility or other easements and any combination of the foregoing.
- b) Declarant, or any builder authorized by Declarant, may construct and maintain sales offices, management offices, advertising signs, model homes, construction yards and construction materials within the Subdivision.
- c) Declarant may grant easements for utilities or public purposes through the Subdivision and make improvements or changes necessitated by such easements.
- d) Until the Declarant has conveyed 67% of the Lots to residential purchasers or December 31, 2020, whichever occurs earlier ("Period of Declarant Control"), the Declarant may appoint and remove all officers and members of the Board of Directors of the Association. Upon termination of the Period of Declarant

Control, the Owners shall elect one member of the Board of Directors for a two-year term as an Additional Member of the Board of Directors, in addition to the members appointed by the Declarant, thereby expanding the Board to four members. One year following termination of the Period of Declarant Control, the Owners shall elect a second member of the Board for a two-year term as an Additional Member of the Board of Directors, thereby expanding the Board to five members. Two years following the termination of the Period of Declarant Control, at least one of the Directors appointed by the Declarant (as determined by the Declarant) shall leave the Board. Then the Owners shall elect two members of the Board of Directors to serve two-year terms, and, if necessary to bring the Board to five members, the Owners shall elect a third member to serve a one-year term, thereby maintaining the Board at five members, at least three of which have been elected by the Owners. Three years following the termination of the Period of Declarant Control the Owners shall elect two members to serve two-year terms, and the number of Directors appointed by the Declarant shall be reduced to one, thereby maintaining the Board at five Directors. Thereafter each year the Owners shall elect two or three members to replace members whose terms are ending, maintaining the number of Directors at five. The Declarant shall continue to have the right to appoint one member of the Board of Directors until the end of the Period of Declarant Approval, as set forth in the Declaration.

- e) Until the Declarant has conveyed all of the Lots to residential purchasers or January 1, 2024, whichever occurs earlier, or such earlier date determined by the Declarant ("Period of Declarant Approval"), the Declarant may appoint and remove all members of the Approving Authority. Following such Period of Declarant Approval, the Association's Board of Directors shall appoint the Approving Authority as provided in these Covenants, the Articles of Incorporation and the Bylaws.
- f) Notwithstanding any contrary provisions of these Covenants or any other document, the Declarant hereby reserves the right, until January 1, 2018, but without approval or vote of the Members or Mortgagees, to amend these Covenants, the Articles of Incorporation and/or the Bylaws, as may be necessary to correct typographical errors or make clarifications or as may be approved or required by any governmental entity or as may be approved in writing by Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Federal Housing Administration, or the Department of Veterans Affairs so as to induce any of such organizations to make, purchase, sell, insure or guarantee First Mortgages covering any portion of the subdivision, and each Owner and Mortgagee by accepting a deed, mortgage or other instrument affecting a Lot appoints Declarant as his attorney-in-fact for purposes of executing in said Owner's or Mortgagee's name and recording any such amendments to these Covenants or other document, and each deed, mortgage, trust deed, other evidence of obligation or other instrument affecting a Lot and the acceptance thereof shall be deemed to be a grant and acknowledgment of and a consent to the reservation of the power to the Declarant to make, execute and record any such amendments.

- g) Declarant may enter into agreements with the purchase of any Lot or Lots (without the consent of the purchasers of other Lots or adjoining or adjacent property) to deviate from any those conditions, restrictions, limitations and agreements herein set forth, and any such deviation which shall be manifested by agreement in writing shall not constitute a waiver of any such condition, restriction, limitation, or agreement as to the remaining Lots in the Subdivision, and the same shall remain fully enforceable on all other Lots located in the Subdivision by Declarant, its successors or assigns, and the Association or other Owners, except as against the Lot where such deviation is permitted.
- h) Until January 1, 2024 Declarant reserves the right to expand the Subdivision, without approval of the Owners or Mortgagees, to include additional real property and improvements, and specifically without limitation, Tract A and/or B. Such expansion may be accomplished by recording a supplement or supplements to these Covenants with the Clerk and Recorder of El Paso County, Colorado containing a legal description of the real property thereby annexed and any additional provisions deemed appropriate by Declarant, which may annex the property in phases, but shall not be liable or obligated to annex any property. Upon annexation, the additional property and the owners thereof shall be bound by these Covenants, the Association's Articles of Incorporation, Bylaws and Rules, and any additional provisions in the annexation supplement, which may include, without limitation, additional designations of additional custom home areas. By accepting a deed to any Lot or a Mortgage, each Owner and Mortgagee grants Declarant a right to expand the Subdivision and consents to such annexation expanding the Subdivision and will not oppose or hinder Declarant's right to expand and annex additional real property and improvements or to develop adjoining properties and improvements. The right to annex additional property shall pass to the Association after the expiration of Declarant's rights stated above, and the Association may undertake such annexation upon approval of at least two-thirds of the Owners present at a meeting duly called for such purpose.

Article Nine

COMMON ELEMENTS

Section 9.01 Title to the Common Elements.

It is not anticipated that the Association will hold a fee interest title in real estate. The tracts ("Tracts") as shown on the Plat of the Subdivision are not intended to be deeded to the Association but to remain in private ownership. The Association may hold an interest in certain other property, such as easements on property the fee interest of which is held, by others, including the Declarant and the Lot Owners. The Association on behalf of the Lot Owners, will be the beneficiary of the Entry Monument Easements. The Association on behalf of the Lot Owners will also be the beneficiary of the Emergency Access Easement. Along with the residual water rights for post pumping depletion replacement water, these easements are referred to as the Common Elements. The Common Elements

shall be maintained and insured by the Association, which shall also maintain, repair and replace the Structures on the Common Elements, common fences, common signs and all other expenses described in Section 702 hereof.

Section 9.02 Non-Division of Common Elements.

The Common Elements shall remain undivided and shall not be subject to partition by the Owners. By the acceptance of his deed or other instrument of conveyance or assignment, each Owner specifically waives his right to institute and/or maintain a partition action or any other action designed to cause a division of the Common Elements. Each Owner specifically agrees not to institute any action therefor. Further, each Owner agrees that this Section may be pleaded as a bar to the maintenance of such an action. A violation of this provision, or any other provision of these Covenants, shall entitle the Association to personally collect, jointly and severally, from the parties violating the same, the actual attorney fees, costs and other damages the Association incurs in connection therewith. It is agreed by all Owners that the foregoing restrictions are necessary to preserve rights of all Owners regarding the operation and management of the Common Elements.

Section 9.03 Owners' Common Elements Easement of Enjoyment.

Subject to the rights of the owner of the fee interest underlying the Common Elements that are easements, and to the limitations and restrictions of these Covenants, every Owner shall have an equal, nonexclusive right and easement of enjoyment in and to the Common Elements, and such easement shall be appurtenant to and shall pass automatically with the title to every Lot without the necessity of additional reference. Except as specifically set forth herein, such easement shall not permit the Common Elements to be used for individual purposes, but only for the common purposes. For instance, any easement on a Lot for drainage or detention purposes shall be simply for such purposes and not for access or recreation. Any easement on a Lot for maintenance of an entrance monument shall be solely for the maintenance of such monument and related landscaping and facilities and not available for individual Lot Owners to maintain a private sign.

Section 9.04 Extent of Owner's Common Elements Easement.

The rights and easements of enjoyment created hereby in the Common Elements shall be subject to the following:

- a) The right of the Association to enforce the restrictions, contained in these Covenants, and to promulgate and publish rules and regulations with which every Owner, his family members, guests, tenants, and contractors shall strictly comply. During the Period of Declarant Approval, such Rules and Regulations and the enforcement thereof shall be by the Approving Authority;
- b) The right of the Association, as provided in its Articles or Bylaws, to suspend an Owner's voting rights and the right to the use of the Common Elements for any period during which such Owner is in default under these Covenants, including without limitation the nonpayment of any assessment levied by the Association, and to make such suspensions for a period not to exceed 60 days for any infraction of its published Rules and regulations;

- c) The right of the Association to close or limit the use of the Common Elements while improving, maintaining, repairing and making replacements in the Common Elements;
- d) The right of the Association to dedicate or transfer all or any part of the Common Elements to any public agency, authority, or utility for such purposes, subject to such conditions as may be imposed by the public entity, for example, if any drainage Structures are private and have not been built to County specifications and so might not be accepted by them;
- e) The rights of the Association as set forth in the Association's Articles of Incorporation and Bylaws, including, without limitation, to borrow money for purpose of improving the Common Elements and to mortgage said property as security for any such loan;
- f) The right of the Association to take such steps as are reasonably necessary to protect the Common Elements against foreclosure;
- g) The right of the Declarant to construct improvements on the Common Elements and, notwithstanding any provision of these Covenants to the contrary, Declarant reserves the right to create, grant and transfer non-exclusive easements in, under, over, across, through and upon the Subdivision for the purpose of installing, maintaining, repairing and replacing any utilities or related services, including but not limited to any gas, electric, water or sewer line, wells, mains or laterals, any telephone, internet, cable television lines and other communication lines and communications towers any heating or cooling installations, any master television antenna system, any drainage or retention areas, or for other public purposes consistent with the intended use of the Subdivision under these Covenant. The foregoing easements shall include, without limitation, the right of ingress and egress, the right to erect and maintain the necessary pipes, wires, poles and other equipment and the right to enter into agreements relating to such utility service and easements: all of which shall be binding upon the Association and the Owners.
- h) Should any person or party furnishing a service covered by the general easement herein provided request a specific easement by separate recordable document, Declarant shall have the right to grant such easement on the Subdivision without conflicting with the terms hereof. The foregoing easements shall be in addition to any other recorded easements on the Subdivision, including, but not limited to, any easements granted in the recorded subdivision plat. The rights reserved herein for Declarant shall pass to the Association when the Declarant no longer owns any Lot or real property in the Subdivision, and any and all of the covenants, terms, provisions, rights and duties arising from such easements granted by the Declarant and any related agreements shall thereupon pass to the Association and be assumed by it in place of the Declarant. Any consideration for any such easement shall be delivered to and become the property of the Association, whether the grant of easement was made by the Declarant or by the Association; and

- i) If the Association or Declarant should need to construct any wells pursuant to the requirements of the Augmentation Plan to access and withdraw water, the Association and Declarant shall have an easement within the Common Elements to allow the Association and Declarant to use necessary easements therefor in a manner reasonably determined to meet the Association's or Declarant's requirement under the Augmentation Plan.

Section 9.05 Delegation of Use.

Any Owner may delegate, in accordance with the Bylaws, his right of enjoyment to the Common Elements to the members of his family, his tenants, his guests, invitees or contract purchasers who reside on his Lot. Each Owner shall to the maximum extent permitted by law, be liable for any damage done to the Common Elements by his family, tenants, guests, invitees or contract purchasers and for any breach of the Association's rules and regulations by such persons.

Section 9.06 Non-Dedication of Common Elements.

Declarant, in recording these Covenants, has designated certain portions of the Subdivision for use as Common Elements intended for the common use of Owners for specified purposes. Nothing contained in these Covenants shall be deemed to dedicate the Common Elements for use by the general public.

Section 9.07 Association Maintenance.

The Association shall provide all repair, replacement, improvement and maintenance of the Common Elements and all improvements located thereon, including without limitation, if applicable, all landscaping, sprinkler system, any wells, parking, roadways, driveways, utility lines ponds, recreational areas, trail easements, any drainage Structures or facilities or public improvements to the extent applicable and any light fixtures, sidewalks, and pathways, or other improvements located on the Common Elements. The Association shall maintain and be responsible for keeping the common drainage areas and Structures clear and free of silt to insure the areas drain properly. The Association shall advise the El Paso County Highway Department when maintenance of drainage areas and Structures is needed, under the terms of the Maintenance Agreement.

In Witness whereof, Declarant has executed these Covenants this ____ day of _____, 2014.

Declarant:

Blue Heron Spring LLC

By _____

Dean Couture, its Manager.