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**DECLARATION OF COVENANTS, CONDITIONS,
AND RESTRICTIONS
FOR
COYOTE COVE**

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR COYOTE COVE, Archuleta County, Colorado is made as of June __, 2006 by COYOTE COVE, LLC, a Colorado limited liability company ("Declarant") located at 329 Hatcher Circle, Pagosa Springs, Colorado 81147.

RECITALS

A. Declarant is the owner of certain real property located in Archuleta County, Colorado, more particularly described on Exhibit "A" attached hereto and incorporated herein (the "Property").

B. Declarant desires to create a residential planned community pursuant to the Colorado Common Interest Ownership Act as set forth in Colorado Revised Statutes §§ 38-33.3-116 (2) (the "Act"), the name of which is Coyote Cove.

C. Declarant desires to protect and maintain the planned community as a residential area of high quality and value; to enhance and protect its desirability and attractiveness; and to provide for the maintenance of the common access and utilities serving the community, pursuant to this Declaration of Covenants, Conditions and Restrictions for Coyote Cove (the "Declaration").

**ARTICLE I
DECLARATION AND SUBMISSION**

Declarant hereby declares that the Property shall be held, sold, and conveyed subject to the following covenants, restrictions, and easements, which are for the purpose of protecting the value and desirability of the common interest community, and which shall run with the land and be binding on all parties and heirs, successors, and assigns of parties having any right, title, or interest in all or any part of the Property. Additionally, Declarant hereby submits the Property to the provisions of the Act.

RETURN TO: LORIN ENTERPRISES LLC
P.O. BOX 4425
PAGOSA SPRINGS CO 81157

**ARTICLE II
DEFINITIONS**

The following terms when used in this Declaration or any amendment or supplement hereto shall have the following meanings:

Section 2.1 "Act" means the Colorado Common Interest Ownership Act, C.R.S. §§ 38-33.3-101, et seq., Colorado Revised Statutes, as it may be amended from time to time.

Section 2.2 "Allocated Interests" means a fraction or percentage of the Common Expenses of the Association and a portion of the votes in the Association allocated to each Lot in accordance with Article XII.

Section 2.3 "Articles" means the Articles of Organization for Coyote Cove Owners Association, Inc. which are on file with the Colorado Secretary of State, and any amendments made to those Articles from time to time.

Section 2.4 "Assessments" means the Annual, Special, and Default Assessments levied pursuant to Article VIII.

Section 2.5 "Association" means Coyote Cove Owners Association, Inc.

Section 2.6 "Association Documents" means this Declaration, the Articles of Incorporation, and the Bylaws of the Association, and any design guidelines, procedures, rules, regulations, or policies adopted under such documents by the Association.

Section 2.7 "Bylaws" means the Bylaws adopted by the Association, as amended from time to time.

Section 2.8 "Common Elements" means all the real property and improvements thereon, if any, in which the Association owns an interest for the common use and enjoyment of all of the Owners on a nonexclusive basis. Such interest may include, without limitation, easements for ingress and egress, the access road referred to on the plat as Incline Circle, signage or entrance features, gates, trails, fencing, and open space designated on the plat.

Section 2.9 "Common Expense" means (i) all expenses expressly declared to be common expenses by this Declaration, or the Bylaws of the Association; (ii) all other expenses of administering, servicing, conserving, managing, maintaining, or repairing the Common Elements; the fees or contract arrangements for the maintenance and snow plow of Incline Circle or other common roads; (iii) insurance premiums for the insurance carried under Article VII; and (iv) all expenses lawfully determined to be common expenses by the Executive Board of the Association, including, but not limited to, any allocations to reserves.



Section 2.10 "Common Interest Community" means the planned community created by this Declaration, consisting of the Property and all of the improvements constructed on it and otherwise known as the Coyote Cove.

Section 2.11 "Declarant" means Coyote Cove, LLC and/or its successors and assigns, and is further defined in § 103(12) of the Act.

Section 2.12 "Declaration" means and refers to this Declaration of Covenants, Conditions, and Restrictions for Coyote Cove, including any amendments.

Section 2.13 "Director" means a member of the Executive Board of the Association.

Section 2.14 "Environmental Control Committee" means the committee formed pursuant to Article XVI to maintain the quality and architectural harmony of improvements and structures within Coyote Cove.

Section 2.15 "Executive Board" means the governing body of the Association elected to perform the obligations of the Association relative to the operation, maintenance, and management of the Common Interest Community and all improvements on or within the Common Interest Community.

Section 2.16 "First Mortgage" means any Mortgage the priority of which is not subject to any monetary lien or encumbrance except liens for taxes or other liens that are given priority by statute; "First Mortgagee" means any person named as mortgagee in a First Mortgage.

Section 2.17 "Improvements" means any construction, structure, equipment, fixture or facilities existing or to be constructed in the Common Interest Community, including but not limited to, buildings, fences, gates, trees and shrubbery planted by the Declarant or the Association, utility wires, pipes, meters and any water facilities.

Section 2.18 "Lot" means a parcel of the real property which is designed for separate ownership or occupancy, the boundaries of which are shown on the Plat. For purposes of the Act, "Lot" shall have the same definition as the term "Unit" has under the Act. "Lot Owner" or "Owner" means the Declarant or any other Person who owns a Lot by virtue of a fee simple deed. Lot Owner does not include a Person having only a security interest or any other interest in a Lot solely as security for an obligation. The Declarant is the initial owner of each and every Lot created and defined by this Declaration and the Plat.

Section 2.19 "Master Association" means the Pagosa Lakes Property Owners Association.

Section 2.20 "Member" means every person or entity that holds membership in the Association.

Section 2.21 "Mortgage" means any mortgage, deed of trust, or other document pledging any Lot or interest therein as security for payment of a debt or obligation. Mortgage is also defined as a Security Interest under the Act. "Mortgagee" means any person named as a mortgagee or beneficiary in any Mortgage, or any successor to the interest of any such person under such Mortgage.

Section 2.22 "Person" means an individual, corporation, trust, partnership, limited liability company, association, joint venture, government, government subdivision or agency or other legal or commercial entity.

Section 2.23 "Plat" means the land survey plat that has been filed in the Office of the Clerk and Recorder of Archuleta County, which plat is identified as the Plat of Coyote Cove. The boundaries of each Lot shall be designated on the Plat, with each Lot identified by the number noted on the Plat.

Section 2.24 "Sub-Association" means a property owners association that may be formed by Declarant or an Owner for the purpose of creating a multi-family community, including but not limited to, townhomes, patio homes or condominiums within the Project. All Sub-Associations must be approved by the Declarant and shall be subject to this Declaration and any assessments due hereunder. Sub-Associations may create subdivision declarations and impose assessments with respect to the common elements governed by it, (i.e., building exteriors, shared parking areas or common landscaping etc) within the multi-family or condominium community. Notwithstanding the fact that a Sub-association may impose assessments, all units within the Sub-association, shall also be subject to the periodic assessments imposed hereunder as provided in Section 8.4. Any reference to a "Unit" shall also have the same meaning as a "Lot" within this Declaration.

Section 2.25 "Successor Declarant" means any party or entity to whom Declarant assigns any or all of its rights, obligations or interest as Declarant, as evidenced by an assignment or deed of record in the office of the Archuleta County Clerk and Recorder, designating such party as a Successor Declarant. Upon such recording, Declarant's rights and obligations under this Declaration shall cease and terminate to the extent provided in such documents.

Each capitalized term not otherwise defined in this Declaration or in the Plat shall have the same meanings specified or used in the Act.

ARTICLE III NAME, LOCATION, NUMBER AND SIZE OF LOTS

Section 3.1 Name. The name of the common interest community is Coyote Cove.

Section 3.2 Description. The entire Common Interest Community is situated in the County of Archuleta, State of Colorado, is located on the Property, and is a planned community as defined in the Act.

Section 3.3 Association. The name of the association is Coyote Cove Owners Association, Inc. Declarant has caused the Association to be organized under the laws of the State of Colorado as a nonprofit corporation with the purpose of exercising the functions as herein set forth.

Section 3.4 Number of Lots. The number of Lots in Coyote Cove is 35. The Lots are identified on the Plat as Lots 1 through 35. Declarant reserves the right to utilize Lot 35 for multifamily residential purposes and add up to 10 multifamily units on Lot 35 in which case, the number of Lots within Coyote Cove may be increased to the maximum number of 44.

ARTICLE IV
MEMBERSHIP, VOTING RIGHTS; ASSOCIATION OPERATIONS

Section 4.1 Membership in Association. 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. An Owner shall not transfer, pledge or alienate his membership in the Association in any way, except upon the sale or encumbrance of his Lot and then only to the purchaser or Mortgagee of his Lot.

Section 4.2 Voting. The Association shall have one class of voting membership, which shall consist of all Owners. Except as otherwise provided in this Declaration, each Member shall be entitled to vote in Association matters on the basis of his Allocated Interests, defined in Article XIII. When more than one Person holds an interest in any Lot, all such Persons shall be Members; however, the vote for such Lot shall be exercised by one Person or alternative Person appointed by proxy in accordance with the Bylaws. In the absence of a proxy, the vote allocated to the Lot shall be suspended in the event more than one Person or entity seeks to exercise the right to vote on any one matter. Any Owner of a Lot that is leased may assign his voting right to the tenant, provided that a copy of a proxy appointing the tenant is furnished to the Secretary of the Association prior to any meeting in which the tenant exercises the voting right. In no event shall more than one vote be cast with respect to any one Lot.

Section 4.3 Period of Declarant Control. Declarant and any Successor Declarant shall have exclusive power to appoint and remove members of the Executive Board and officers of the Association to the fullest extent permitted by § 303 of the Act. This Period of Declarant Control shall terminate no later than the earlier of: (i) 60 days after conveyance of 75% of the Lots that may be created in the Common Interest Community to Lot Owners other than a Declarant; (ii) two years after the last conveyance of a Lot by the Declarant in the ordinary course of business; or (iii) two years after any right to add Lots was last exercised.

A. Declarant may voluntarily surrender the right to appoint and remove officers of the Association and members of the Executive Board before termination of the Period of Declarant Control. In that event, the Declarant may require, for the duration of the Period of Declarant Control, that specified actions of the Association or Executive Board, as described in a recorded

instrument executed by the Declarant, be approved by the Declarant before they become effective.

B. Not later than 60 days after conveyance of 25% of the Lots that may be created to Lot Owners and/or the Expansion Property to purchasers, at least one member and not less than 25% of the members of the Executive Board shall be elected by Lot Owners other than the Declarant. Not later than 60 days after conveyance of 50% of the Lots that may be created to Lot Owners other than a Declarant, not less than 33-1/3% of the members of the Executive Board must be elected by Lot Owners other than the Declarant. Not later than the termination of the Period of Declarant Control, the Lot Owners shall elect an Executive Board of at least three members, at least a majority of whom shall be Lot Owners. The Executive Board shall elect the officers. The Executive Board members and officers shall take office upon election.

C. Notwithstanding any provision of this Declaration or the Bylaws to the contrary, following notice in accordance with § 308 of the Act, the Lot Owners, by a vote of 67% of all Lot Owners present and entitled to vote at a meeting of the Lot Owners at which a quorum is present, may remove a member of the Executive Board with or without cause, other than a member appointed by the Declarant.


Section 4.4 Books and Records. The Association shall make available for inspection, upon request, during normal business hours or under other reasonable circumstances, to Owners and to Mortgagees, current copies of the Association Documents, the books, records, and financial statements of the Association prepared pursuant to the Bylaws, and minutes of Executive Board and committee meetings. The Association may charge a reasonable fee for copying such materials. The Association shall maintain such books and records as may be required under the Act or by other applicable law.

Section 4.5 Manager. The Association may employ or contract for the services of a manager to whom the Executive Board may delegate certain powers, functions, or duties of the Association, as provided in the Bylaws of the Association.

Section 4.6 Implied Rights and Obligations. The Association may exercise any right or privilege expressly granted to the Association in the Association Documents, and every other right or privilege reasonably implied from the existence of any right or privilege given to the Association under the Association Documents or reasonably necessary to effect any such right or privilege. The Association shall perform all of the duties and obligations expressly imposed upon it by the Association Documents, and every other duty or obligation implied by the express provisions of the Association Documents or necessary to reasonably satisfy any such duty or obligation.

Section 4.7 Powers of the Association. The Association shall have the power to:

A. administer and enforce the covenants, conditions, restrictions, easements, uses, limitations, obligations, and all other provisions set forth in the Declaration, and supplements thereto;

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- B. adopt and amend Bylaws and Rules;
 - C. adopt and amend budgets for revenues, expenditures and reserves in accordance with the Act;
 - D. collect Assessments from Lot Owners;
 - E. collect delinquent assessments by suit or otherwise and to impose liens, or enjoin or seek damages from an Owner as provided in the Declaration and these Bylaws;
 - F. hire and discharge managing agents;
 - G. hire and discharge independent contractors, employees and agents other than managing agents;
 - H. institute, defend or intervene in litigation or administrative proceedings or seek injunctive relief for violations of or otherwise enforce the Association's Declaration, Bylaws or Rules in the Association's name, on behalf of the Association or two or more Lot Owners on matters affecting the Common Interest Community;
 - I. make contracts and incur liabilities;
 - J. regulate the use, maintenance, repair, replacement and modification of the Common Elements;
 - K. incur such costs and expenses, to designate and remove personnel, and to enter into contracts as may be necessary to keep in good order, condition, and repair all of the Common Elements and items of common personal property as provided herein and in the Declaration;
 - L. establish a bank account or accounts for the common treasury and for all separate funds which are required or may be deemed advisable;
 - M. keep and maintain full and accurate books and records showing all of the receipts and disbursements and to permit examination thereof at any reasonable time by each of the Owners and their mortgagees.
 - N. meet at least annually;
 - O. cause additional Improvements to be made as a part of the Common Elements;
 - P. acquire, hold, encumber and convey, in the Association's name, any right, title or interest to real estate or personal property, but Common Elements may be conveyed or subjected to a security interest only pursuant to this Declaration and § 312 of the Act;

- Q. grant easements, leases, licenses and concessions through or over the Common Elements;
- R. impose a reasonable charge for late payment of Assessments and levy reasonable fines for violations of the Declaration, the Bylaws, or the Rules;
- S. impose a reasonable charge for the preparation and recording of amendments to the Declaration and for a statement of unpaid assessments;
- T. provide for the indemnification of the Association's officers and Executive Board, and maintain Directors' and officers' liability insurance;
- U. assign the Association's right to future income, including the right to receive Assessments;
- V. adopt and publish rules and regulations governing the use of the Common Elements and governing the personal conduct of the Members and their guests, and the Association may establish penalties, including, without limitation, the imposition of fines for the infraction of such rules and regulations;
- W. suspend the voting rights of a Member during any period in which such Member is in default on payment of any Assessment;
- X. borrow monies for Association purposes and the right to pledge future income in order to secure such borrowings. The term "pledge of future income" shall include the right to impose a Special Assessment for repayment of such borrowings and to assign such Special Assessment (and all lien and collection rights appurtenant thereto) to the lender as security for repayment thereof.
- Y. exercise any other powers conferred by the Declaration, these Bylaws or the Act;
- Z. exercise any other power that may be exercised in the state by a legal entity of the same type as the Association; and
- AA. exercise any other power necessary and proper for the governance and operation of the Association.

Section 4.8 Executive Board Powers and Duties; Limitations. The Executive Board shall have, subject to the limitations contained in this Declaration and the Act, the powers and duties necessary for the administration of the affairs of the Association and of the Common Interest Community. The Executive Board may not act on behalf of the Association to amend this Declaration, to terminate the Common Interest Community or to elect Members of the Executive Board or determine the qualifications, powers and duties or terms of office of



Executive Board Members, but the Executive Board may fill vacancies in its membership for the unexpired portion of any term.

**ARTICLE V
LOT DESCRIPTIONS**

Section 5.1 Lot Boundaries. Boundaries of each Lot created by the Declaration are shown on the Plat, and may hereafter be transferred by using the following legal description:

Lot _____, Coyote Cove, according to the plat recorded at Reception No. _____ on _____, 2006, in the office of the Clerk and Recorder of Archuleta County, Colorado.

Section 5.2 Relocation of Lot Boundaries. The boundaries between adjoining Lots may be relocated by an amendment to the Declaration and the Plat upon application to the Association by the Owners of the Lots affected by the relocation. If the Owners of the adjoining Lots have specified a reallocation between their Lots, the application shall state the proposed reallocation. Unless the Association determines, within 60 days after receipt of the application, that the reallocations are unreasonable, the Association and the appropriate Lot Owners shall prepare and record an amendment that identifies the Lots involved, shows the boundaries as altered, states the reallocations of interests, if applicable, and indicates the Association's consent. The applicants will pay for the costs of preparation of the amendment and its recording, as well as the reasonable consultant fees incurred by the Association if the Association deems it necessary to employ a consultant.

**ARTICLE VI
MAINTENANCE OF THE COMMON INTEREST COMMUNITY**

Section 6.1 Maintenance of Lots.

A. Each Owner shall be solely responsible for all maintenance and repair of his Lot, including all fixtures and improvements located therein or on, and is required to maintain the Lot and any improvements located thereon in a condition of good order and repair. No Owner shall unreasonably damage the value of other Lots by the shoddy upkeep of his Lot. Specifically, each Owner shall be responsible for maintenance, snow plowing and improvement of his or her driveway, and the maintenance and upkeep of landscaping therein.

B. Utility or service connections, facilities, or other utility equipment and property located in, on, or upon a Lot used solely to supply a service or utility to such Lot shall be owned by the Lot Owner using such utility or service, and all expenses and liabilities for repair and maintenance shall be borne solely by the Lot Owner, who shall have a perpetual easement in and to that part of such other Lots containing such property for purposes of maintenance, repair, and inspection.

C. No Owner shall construct any structure or improvements or make or suffer any structural or design change, either permanent or temporary and of any type or nature whatsoever to the exterior of his Lot or construct any addition or improvement to his Lot without first obtaining the prior written consent of the ECC pursuant to Article XVII.

Section 6.2 Owner's Failure to Maintain or Repair. In the event that a Lot and the improvements thereon are not properly maintained and repaired by an Owner, or in the event that the improvements on the Lot are damaged or destroyed by an event of casualty and the Owner does not take reasonable measures to diligently pursue the repair and reconstruction of the damaged or destroyed improvements to substantially repair, replace or reconstruct the same condition in which they existed prior to the damage or destruction, then the Association, after 30 days prior written notice to the Owner and with the approval of the Executive Board, shall have the right to enter the Lot to perform such work as is reasonably required to restore the Lot and the buildings and other improvements thereon to a condition of good order and repair. All costs incurred by the Association in connection with the restoration shall be reimbursed to the Association by the Owner of the Lot, upon demand. All unreimbursed costs shall be a lien upon the Lot until reimbursement is made. The lien may be enforced in the same manner as a lien for an unpaid assessment levied in accordance with Article VIII.

Section 6.3 Maintenance by Association. The Association shall maintain and keep the Common Elements in good repair, and the cost of such maintenance shall be funded as provided in Article VIII. This maintenance shall include, but shall not be limited to, upkeep, repair and replacement, subject to any insurance then in effect, of any common landscaping, entrance signage and gates, common roads, and the Trail. This maintenance also includes maintenance, repair, snowplowing, dust control, weed control, and general supervision of the foregoing.

Section 6.4 Maintenance Contract. The Association or Executive Board may employ or contract for the services of an individual or maintenance company to perform certain delegated powers, functions, or duties of the Association to maintain the Common Elements. In addition, the Board has the right to contract for maintenance of the road, landscaping and weed control. The employed individual or maintenance company shall have the authority to make expenditures upon prior approval and direction of the Executive Board. The Executive Board shall not be liable for any omission or improper exercise by the employed individual or management company of any duty, power, or function so delegated by written instrument executed by or on behalf of the Executive Board.

ARTICLE VII INSURANCE

Section 7.1 Coverage. To the extent reasonably available, the Association shall obtain and maintain insurance coverage as set forth in this Article. If such insurance is not reasonably available, and the Association determines that any insurance described in this Article will not be maintained, the Association shall cause notice of that fact to be hand delivered or sent prepaid by United States mail to all Owners and at their last known addresses. The Association shall obtain



and maintain:

A. **Property Insurance.** Property insurance that will cover the Common Elements, any personal property owned by the Association, and the Improvements on the Common Interest Community for broad form covered causes of loss. The property insurance will be for an amount equal to 100 % of the actual cash value at the time the insurance is purchased and at each renewal date. The maximum deductible shall be one percent of the policy face amount.

B. **Liability Insurance.** The Association shall obtain and maintain commercial general liability insurance against claims and liabilities arising in connection with the ownership of the Common Elements in an amount to be determined by the Association, but in no event shall it be less than \$1,000,000. The insurance shall cover all occurrences commonly insured against for death, bodily injury, and property damage arising out of or in connection with the use, ownership, or maintenance of the Common Elements and the activities of the Association.

Insurance policies required by this Section shall provide that: (a) the insurer waives the right to subrogation under the policy against an Owner; (b) an act or omission of an Owner will not void the policy or be a condition of recovery under the policy; (c) if at the time of loss, there is other insurance in the name of an Owner which covers the same risk, the Association's policy provides primary insurance; (d) losses must be adjusted with the Association; (e) insurance proceeds shall be paid to the Association, or its designated Trustee, to be held in trust for each Owner; and (f) the insurer may not cancel or refuse to renew the policy until 30 days after notice of the proposed cancellation or nonrenewal has been mailed to the Association.

Section 7.2 Fidelity Insurance. A blanket fidelity bond may be provided at the option of the Association to protect against dishonest acts on the part of its officers, directors, trustees, and employees, and on the part of all others who handle or who are responsible for handling the funds belonging to or administered by the Association. In addition, if responsibility for handling funds is delegated to a Manager, such bond shall be obtained for the Manager and its officers, employees, and agents, as applicable. Such fidelity coverage shall name the Association as an obligee and shall be written in an amount equal to at least 150% of the estimated annual operating expenses of the Association, including reserves. Such bonds shall contain waivers by the issuers of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees", or similar terms or expressions.

Section 7.3 Personal Liability Insurance of Officers and Directors. To the extent obtainable at reasonable cost, appropriate personal liability insurance shall be maintained by the Association to protect the officers and directors from personal liability in relation to their duties and responsibilities in acting as such officers and directors on behalf of the Association.

Section 7.4 Other Insurance. The Association may obtain insurance against such other risks, including workman's compensation insurance, of a similar or dissimilar nature as it shall deem appropriate with respect to the Association's responsibilities and duties.

Section 7.5 Insurance Obtained by Owners. Each Owner may obtain physical damage and liability insurance for such Owner's benefit, at such Owner's expense, covering the Owner's Lot and improvements, personal property, and personal liability (except to the extent any such Lot is encumbered by an easement conveyed to the Association as Common Elements). In addition, an Owner may obtain such other and additional insurance coverage on the Lot as such Owner, in the Owner's sole discretion, shall conclude to be desirable; provided, however, that none of such insurance coverage obtained by the Owner shall operate to decrease the amount which the Association, on behalf of all Owners, may realize under any policy maintained by the Board or otherwise affect any insurance coverage obtained by the Association or cause the diminution or termination of that insurance coverage. Any insurance obtained by an Owner shall include a provision waiving the particular insurance company's right of subrogation against the Association and other Owners, including Declarant, should Declarant be the Owner of any Lot. No Owner shall obtain separate insurance policies on the Common Elements. The Association may require an Owner who purchases insurance coverage for the Owner's Lot (other than coverage for the Owner's personal property) to file copies of such policies with the Association within 30 days after purchase of the coverage to eliminate potential conflicts with any master policy carried by the Association.

Section 7.6 General Insurance Provisions. All insurance coverage obtained by the Association shall be governed by the following provisions:

A. As long as Declarant owns any Lots, Declarant shall be protected by all such policies as an Owner. The coverage provided to Declarant under the insurance policies obtained in compliance with this Article shall not be deemed to protect or be for the benefit of any general contractor engaged by Declarant, nor shall such coverage be deemed to protect Declarant for with respect to such claims.

B. The deductible amount, if any, on any insurance policy purchased by the Association may be treated as a Common Expense payable from Annual Assessments or Special Assessments, or as an item to be paid from working capital reserves established by the Association; or alternatively, the Association may treat the expense as an assessment against an Owner whose Lot is specifically affected by the damage or whose negligence or willful act resulted in damage.

C. The insurance coverage described in this Article shall be considered minimum coverage and the Association shall be obligated to secure and maintain such other or additional coverage as may be required by law, including, without limitation, § 313 of the Act.

D. Except as otherwise provided by the Association pursuant to this Article, insurance premiums shall be a Common Expense to be paid by regular Assessments levied by the Association.

E. The named insured under any such policies shall include Declarant, until all the Lots have been conveyed, and the Association, as a trustee for the Owners and their Mortgagees,

as their interests may appear, or the authorized representative of the Association who shall have exclusive authority to negotiate losses and receive payments under such policies.

F. In no event shall the insurance coverage obtained and maintained pursuant to this Article be brought into contribution with insurance purchased by the Owners or their Mortgagees.

ARTICLE VIII ASSESSMENTS FOR COMMON EXPENSES

Section 8.1 **Obligation.** Declarant, for each Lot owned by Declarant, hereby covenants, and each Owner, by accepting a deed for a Lot, is deemed to covenant to pay to the Association: (i) the Periodic Assessments imposed by the Executive Board as necessary to meet the Common Expenses of maintenance and management of the Common Elements and to perform the functions of the Association; (ii) Special Assessments for capital improvements and other purposes as stated in this Declaration, if permitted by law; and (iii) Default Assessments which may be assessed against a Lot for the Owner's failure to perform an obligation under the Association Documents or because the Association has incurred an expense on behalf of the Owner under the Association Documents.

Section 8.2 **Purpose of Assessments.** The Assessments shall be used exclusively to promote the health, safety, and welfare of the Owners and occupants of the Common Interest Community, and for the improvement and maintenance of the Common Elements, all as more fully set forth in this Declaration.

Section 8.3 **Budget.** Within 30 days after the adoption of any proposed budget for the Association, the Executive Board shall mail, by ordinary first class mail, or otherwise deliver a summary of the budget to all Owners and shall set a date for a meeting of the Owners to consider ratification of the budget not less than 14 or more than 60 days after mailing or other delivery of the summary. Unless at that meeting 67% of all Owners reject the budget, the budget is ratified, whether or not a quorum is present. In the event the proposed budget is rejected, the periodic budget last ratified by the Owners must be continued until such time as the Owners ratify a subsequent budget proposed by the Executive Board.

Section 8.4 **Periodic Assessments.** Periodic Assessments for Common Expenses made shall be based upon the estimated cash requirements as the Executive Board shall from time to time determine to be paid by all of the Owners, subject to this Article. Estimated Common Expenses shall include, but shall not be limited to, the cost of routine maintenance of the Common Elements, including, but not limited to, road maintenance and snow plowing of common roads; maintenance and repair of common fencing along Piedra road; maintenance of common landscaping (if any); expenses of management; any taxes and special governmental assessments pertaining to the Common Elements and insurance premiums for insurance coverage as deemed desirable or necessary by the Association; wages; legal and accounting fees; management fees; expenses and liabilities incurred by the Association under or by reason of this Declaration; payment of any default remaining from a previous assessment period; and the creation of a

reasonable contingency or other reserve or surplus fund for general, routine maintenance of the Common Elements on a periodic basis, as needed. Periodic Assessments shall be payable on a prorated basis each year in advance and shall be due on the first day of each year, or such other periods as the Executive Board may determine. The omission or failure of the Association to fix the Periodic Assessments for any assessment period shall not be deemed a waiver, modification, or release of the Owners from their obligation to pay the same. The Association shall have the right, but not the obligation, to make prorated refunds of any Periodic Assessments in excess of the actual expenses incurred in any fiscal year.

Section 8.5 Apportionment of Periodic Assessments. Each Owner shall be responsible for his share of the Common Expenses in accordance with the Allocated Interests, subject to the provisions of this Article.

Section 8.6 Special Assessments. In addition to the Periodic Assessments authorized by this Article, the Association may levy in any fiscal year one or more Special Assessments, if permitted by applicable law, payable over such a period as the Association may determine, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of improvements within the Common Elements, or for any other expense incurred or to be incurred as provided in this Declaration. This Section shall not be construed as an independent source of authority for the Association to incur expense, but shall be construed to prescribe the manner of assessing expenses authorized by other sections of this Declaration and in acting under this Section, the Association shall make specific references to this Section. Any amounts assessed pursuant to this Section shall be assessed to Owners in the same proportion as provided for Periodic Assessments, subject to the requirements that any extraordinary maintenance, repair, or restoration work on fewer than all of the Lots shall be borne by the Owners of those affected Lots only; and any extraordinary insurance costs incurred as a result of the value of a particular Owner's residence or the action of a particular Owner (or his agents, servants, guests, tenants, or invitees) shall be borne by that Owner. Notice in writing in the amount of such Special Assessments and the time for payment of the Special Assessments shall be given promptly to the Owners, and no payment shall be due less than 30 days after such notice shall have been given.

Section 8.7 Default Assessments. All monetary fines assessed against an Owner pursuant to the Association Documents, or any expense of the Association which is the obligation of an Owner or which is incurred by the Association on behalf of the Owner pursuant to the Association Documents, shall be a Default Assessment and shall become a lien against such Owner's Lot which may be foreclosed or otherwise collected as provided in this Declaration. Notice of the amount and due date of such Default Assessment shall be sent to the Owner subject to such Assessment at least 30 days prior to the due date.

Section 8.8 Effect of Nonpayment; Assessment Lien. Any assessment installment, whether pertaining to any Periodic, Special, or Default Assessment, which is not paid within 30 days of its due date shall be delinquent. If an Assessment installment becomes delinquent, the Association, in its sole discretion, may take any or all of the following actions:

- A. Assess a late charge for each delinquency in such amount as the Association deems appropriate;
- B. Assess a default interest charge from the date of delinquency at the yearly rate established by the Executive Board, not to exceed 21% per annum;
- C. Suspend the voting rights of the Owner during any period of delinquency;
- D. Accelerate all remaining Assessment installments so that unpaid Assessments for the remainder of the fiscal year shall be due and payable at once;
- E. Bring an action at law against any Owner personally obligated to pay the delinquent Assessments; and
- F. File a statement of lien with respect to the Lot and proceed with foreclosure as set forth in this subsection (F). Assessments chargeable to any Lot shall constitute a continuing lien on such Lot, including any improvement on the Lot. To evidence the lien created under this Section, the Association may, but is not required to, prepare a written notice setting forth (i) the address of the Association, (ii) the amount of such unpaid indebtedness, (iii) the amount of accrued penalty on the indebtedness, (iv) the name of the Owner of the Lot, and (v) a description of the Lot. The notice shall be signed and acknowledged by the President or Vice President of the Association, the Association's attorney, or by the Manager, and the Association shall serve the notice upon the Owner by mail to the address of the Lot or to such other address as the Association may have in its files for such Owner. At least ten days after the Association mails the Owner such a notice, the Association may record the notice in the office of the Clerk and Recorder of Archuleta County, Colorado. Such lien for Assessments shall attach from the due date of the Assessment. Thirty days following the date the Association mails the notice, the Association may institute foreclosure proceedings against the defaulting Owner's Lot in the manner for foreclosing a mortgage on real property under Colorado law. In the event of any such foreclosure, the Owner shall be liable for the amount of unpaid Assessments, any penalties and interest thereon, the cost and expenses of such proceedings, the cost and expenses for filing the notice of the claim and lien, and all reasonable attorneys' fees incurred in connection with the enforcement of the lien. The Association shall have the power to bid on the Lot at a foreclosure sale and to acquire and hold, lease, mortgage, and convey the same.

The Association shall be entitled to costs and reasonable attorney fees in any action brought by the Association under this Section.

Section 8.9 Personal Obligation. The amount of any Assessment chargeable against any Lot shall be a personal and individual debt of the Owner of the Lot. No Owner may exempt himself from liability for the Assessment by abandonment of his Lot or by waiver of the use or enjoyment of all or part of the Common Elements. Suit to recover a money judgment for unpaid Assessments, any penalties and interest, thereon, the cost and expenses of such proceedings, and

all reasonable attorneys' fees in connection therewith shall be maintainable without foreclosing or waiving the Assessment lien provided in this Declaration.

Section 8.10 Successor's Liability for Assessment. In addition to the personal obligation of each Owner to pay all Assessments and the Association's perpetual lien for such Assessments, all successors to the fee simple title of a Lot, except as provided below, shall be jointly and severally liable with the prior Owner or Owners thereof for any and all unpaid Assessments, interest, late charges, costs, expenses, and attorneys' fees against such Lot without prejudice to such successor's right to recover from any prior Owner any amounts paid by such successor. This liability of a successor shall be personal, and shall not terminate upon termination of such successor's fee simple interest in the Lot. In addition such successor shall be entitled to rely on the Statement of Status of Assessment Payment by or on behalf of the Association under this Article.

Section 8.11 Subordination of Lien. The lien of the Assessments provided for in this Declaration shall be subordinate to (i) the lien of real estate taxes and special governmental assessments, (ii) liens and encumbrances recorded prior to the recordation of the Declaration, and (iii) liens for all sums unpaid for a first lien security interest on a Lot recorded before the date on which the assessment sought to be enforced became delinquent, subject to the priority granted to the Association's lien under the Act. The lien of the Assessments shall be superior to and prior to any Lot exemption provided now or in the future by the laws of the State of Colorado. An Owner's transfer of any Lot shall not affect the Association's lien except that sale or transfer of any Lot pursuant to foreclosure of any first mortgage, or any proceeding in lieu thereof, or cancellation or forfeiture shall only extinguish the Association's liens as provided in the Act. The amount of such extinguished lien may be reallocated and assessed to all Lots as a Common Expense at the direction of the Executive Board. No sale or transfer shall relieve the purchaser or transferee of a Lot from liability for, or the Lot from the lien of, any Assessments made after the sale or transfer.

Section 8.12 Notice to Mortgagees. The Association shall report to any Mortgagee any unpaid Assessments remaining unpaid for longer than 60 days after the same shall have become due, if such Mortgagee first shall have furnished to the Association written notice of the Mortgage and a request for notice of unpaid Assessments. Any Mortgagee holding a lien on a Lot may pay any unpaid Assessment payable with respect to such Lot, together with any and all costs and expenses incurred with respect to the lien, and upon such payment that Mortgagee shall have a lien on the Lot for the amounts paid with the same priority as the lien of the Mortgage.

Section 8.13 Statement of Status of Assessment Payment. The Association shall furnish to an Owner or such Owner's designee or to a holder of a security interest or its designee, upon written request, delivered personally or by certified mail, first class postage prepaid, return receipt, to the Association's registered agent, a written statement setting forth the amount of unpaid assessments currently levied against such Owner's Lot. The statement shall be furnished with 14 calendar days after receipt of the request and is binding on the Association, the Executive Board and every Owner. If no statement is furnished to the Owner or holder of a security interest

or their designee, delivered personally or by certified mail, first class postage prepaid, return receipt requested, to the inquiring party, the Association shall have no right to assert a lien upon the Lot for unpaid assessments which were due as of the date of the request.

Section 8.14 Working Capital Account. In order to provide the Association with adequate working capital fund, the Association shall collect from each Member at the time of the initial sale of each Lot by Declarant, an amount equal to \$500, as such amount may be increased from time to time by the Association. The Association shall maintain such funds in a segregated account to meet unforeseen expenditures or to acquire additional equipment or services for the benefit of the Owners. Such payment to this fund shall not be considered advance payment of annual assessments. Upon each subsequent sale of a Lot, an Owner shall be entitled to a credit from the Owner's grantee for the full amount initially deposited into the reserve account.

ARTICLE IX

Section 9.1 Shoreline Activity. Owners or Association shall not use pesticides or any type of fertilizer formulation within at least 50 feet of the Hatcher Lake shoreline or upon any open space within the common interest community, without obtaining the prior approval of the Master Association. This provision cannot be amended without the consent of the Master Association.

ARTICLE X DAMAGE OR DESTRUCTION

Section 10.1 Damage to or Destruction of Common Interest Community. The Association shall promptly repair or replace any portion of the Common Interest Community for which insurance is required according to this Declaration and the Act or for which insurance is carried by the Association (the "Association-Insured Property"), unless the Common Interest Community is terminated; repair or replacement would be illegal under a state statute or municipal ordinance governing health or safety; or 67% of the Owners, including every Owner of a Lot or Limited Common Element that will not be rebuilt, vote not to rebuild. As soon as practical after the damage occurs and any required estimates have been obtained, the Association shall diligently pursue to completion the repair and reconstruction of the damaged or destroyed property. As attorney-in-fact for the Owners, the Association may take any and all necessary or appropriate action to effect repair and reconstruction of any damage to the Association-Insured Property, and no consent or other action by any Owner shall be necessary. Assessments of the Association shall not be abated during the period of insurance adjustments and repair and reconstruction.

Section 10.2 Funds for Repair and Reconstruction. Proceeds received by the Association from any hazard insurance carried by the Association shall be used to repair and reconstruct the Association-Insured Property. If said proceeds are insufficient to pay the estimated or actual cost of such repair or reconstruction, or if upon completion of such work the insurance proceeds for the payment of such work are insufficient, the Association may, pursuant to Article VIII, but subject to applicable law, levy, assess, and collect in advance from the Owners, without the necessity of a special vote of the Owners, a Special Assessment sufficient to



provide funds to pay such estimated or actual costs of repair and reconstruction. Further levies may be made in like manner if the amounts collected prove insufficient to complete the repair or replacement.

Section 10.3 Replacement of Less than Entire Property. Any insurance proceeds attributable to a Lot or Limited Common Element that is not rebuilt must be distributed to the Owner of such Lot or to lien holders, as their interests may appear in the Records. The remainder of the proceeds shall be distributed to each Owner or lien holder, as their interests may appear, in proportion to the Allocated Interests.

ARTICLE XI CONDEMNATION

Section 11.1 Rights of Owners. Whenever all or any part of the Common Elements shall be taken by any authority having power of condemnation or eminent domain or whenever all or any part of the Common Elements is conveyed in lieu of a taking under thereof of condemnation by the Executive Board acting as attorney-in-fact for all Owners under instructions from any authority having the power of condemnation or eminent domain, each Owner shall be entitled to notice of the taking or conveying. The Association shall act as attorney-in-fact for all Owners in the proceeding incident to the condemnation proceeding, unless otherwise prohibited by law.

Section 11.2 Partial Condemnation, Distribution of Award; Reconstruction. The award made for such taking shall be payable to the Association as trustee for the Owners, and the award shall be disbursed in equal shares per Lot among the Owners, first to the Mortgagees, if any, and then to the Owners, as their interests appear.

Section 11.3 Complete Condemnation. If all of the Common Interest Community is taken, condemned, sold, or otherwise disposed of in lieu of or in avoidance of condemnation, then the regime created by this Declaration shall terminate, and the portion of the condemnation award attributable to the Common Elements shall be distributed as provided in Section 10.2 above.

ARTICLE XII MORTGAGEE'S RIGHTS

The following provisions are for the benefit of holders, insurers, or guarantors of First Mortgages on Lots. To the extent applicable, necessary, or proper, the provisions of this Article apply to this Declaration and also the Articles and Bylaws of the Association.

Section 12.1 Title Taken By Mortgagee. Any Mortgagee holding a First Mortgage of record against a Lot who obtains title to the Lot pursuant to remedies exercised in enforcing the Mortgage, including foreclosure of the Mortgage or acceptance of a deed in lieu of foreclosure, will be liable for all Assessments due and payable as of the date title to the Lot is acquired or could have been acquired under Colorado law, whichever is earlier; provided, however, that the lien of the Association for unpaid assessments shall not have priority over a First Mortgage in the

amount of more than six months of regular Common Expense assessments.

Section 12.2 Notice of Action. Any First Mortgagee, upon written request to the Association, will be entitled to timely written notice of:

A. Any proposed amendment of the Association Documents effecting a change in the boundaries of any Lot; the interest in the Common Elements appurtenant to a Lot or the liability of Assessments related thereto; the number of votes in Association matters allocated to a Lot; or the purposes to which any Lot or Common Elements are restricted.

B. Any proposed termination of the Common Interest Community.

C. Any condemnation loss or any casualty loss that affects a material portion of the Common Interest Community or affects a Lot upon which a First Mortgage is held.

D. Any delinquency in the payment of Assessments owed by an Owner subject to the Mortgage where such delinquency has continued for a period of 60 days.

Section 12.3 Action by Mortgagee. If this Declaration or any Association Documents require the approval of Mortgagees to any action, then, if any Mortgagee fails to respond to any written request for such approval delivered by certified mail, return receipt requested, within 30 days after such Mortgagee receives notice of the request, such Mortgagee shall be deemed to have approved such request.

Section 12.4 Right to Pay Taxes and Charges. Mortgagees who hold First Mortgages against Lots may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against any Common Elements, and may pay overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy for such Common area, and Mortgagees making such payments shall be owed immediate reimbursement therefore from the Association.

ARTICLE XIII ALLOCATED INTERESTS

Section 13.1 Allocation of Interests. Interests have been allocated in accordance with the formulas set out in this Article. The same formulas are to be used in reallocating interests if Lots are added to the Common Interest Community.

Section 13.2 Formula for Allocation of Interests. The formula for calculating the Allocated Interest of a single Lot is based on a fraction: the numerator of which is one (1) and the denominator of which is the total number of Lots in Coyote Cove. (The total number of Lots at the time of recordation of this Declaration is thirty-five (35); hence, the Allocated Interest for each Lot is 1/35.) Nothing contained in this Section shall prohibit certain Common Expenses from being apportioned to particular Lots under any other Article of this Declaration.

Section 13.3 Allocation of Townhome/Multifamily Interests.

(a) In the event that multi-family units are included within the Common Interest Community and made subject to the terms of this Declaration, each multifamily unit shall have one (1) voting membership in the Association. Multifamily units shall include townhomes, duplexes or other attached homes constructed on a Lot.

(b) Upon inclusion within the Common Interest Community, each multifamily unit shall be obligated to pay its proportionate Allocated Interest of the Common Expenses of the Association according to the formula set forth in Section 13.2 above.

**ARTICLE XIV
DURATION OF COVENANTS AND AMENDMENT**

Section 14.1 Term. The covenants, easements, and restrictions of this Declaration shall run with and bind the Property in perpetuity, subject to the termination provisions of the Act.

Section 14.2 Amendment. This Declaration, or any provision of it, may be amended at any time by an instrument signed by Owners holding no less than 67% of the votes and signed by Declarant (if the amendment is proposed during the Period of Declarant Control as described in Article IV). Any Amendment must be executed by the President of the Association and recorded, and approval of such amendment may be shown by attaching a certificate of the Secretary of the Association to the recorded instrument certifying that signatures of a sufficient number of Owners approving the amendment are on file in the office of the Association. The procedure for amendment must follow § 217 of the Act.

Section 14.3 Nonmaterial Amendments by Declarant. Declarant may amend, without the consent of the Owners, the Declaration or the Plat to correct typographical, clerical, or technical errors and to comply with the standards, requirements, or guidelines of recognized secondary mortgage markets and similar agencies, the department of housing and urban development, the federal housing administration, the veterans administration, the federal home loan mortgage corporation, the government national mortgage association, or the federal national mortgage association.

Section 14.4 Termination. This Declaration shall not be revoked, nor shall the Common Interest Community be terminated, except as provided in Article X regarding total condemnation, without the consent of 67% of the Owners evidenced by a written instrument duly recorded. Termination of the Common Interest Community may be accomplished only in accordance with § 218 of the Act.

Section 14.5 Limitation of Challenges. An action to challenge the validity of an amendment adopted by the Association pursuant to this Article may not be brought more than one

year after the amendment is recorded.

ARTICLE XV PROPERTY USE RESTRICTIONS

Section 15.1 Residential Use. Each Lot designated on the Plat, and any portion of the Common Elements, shall be used solely for residential purposes. No business or commercial building may be erected on any Lot. No businesses or commercial enterprise or other non-residential use may be conducted on any part of the Property with the exception of a "home business" so long as the home business is (i) approved by the Board, (ii) permitted by County regulations and (iii) does not result in an increase of traffic.

Section 15.2 Motorized Vehicles. Trucks, trail bikes, recreational vehicles (including all-terrain vehicles), motor homes, motor coaches, snowmobiles, campers, trailers, boats or boat trailers or similar vehicles (other than passenger automobiles or pickup or utility trucks with a capacity of one ton or less) or any other motorized vehicles which are not in use shall NOT be parked, stored or in any manner kept or placed on any portion of the Property except in an enclosed garage. Any vehicles that are not required to be parked within enclosed garages pursuant to this Section shall be parked otherwise only on driveway areas. This restriction, however, shall not be deemed to prohibit commercial and construction vehicles, in the ordinary course of business, from making deliveries or otherwise providing services to the Property for Declarant or the other Owners. Owners may store recreational vehicles and drift boats on driveway areas for temporary use on the Property for periods not to exceed 14 days at a time or 28 days per year. Motorized dirt bikes are strictly prohibited anywhere within the Common Interest Community.

Section 15.3 No Illegal, Noxious or Offensive Activity. No illegal, obnoxious or offensive activity shall be carried on within the Property, nor shall anything be done or permitted which shall constitute a public or private nuisance. No junk autos or equipment, trucks or care bodies will be allowed to accumulate. Owners shall dispose of all refuse and garbage accumulated by them in a neat and sanitary manner, inoffensive to neighbors, and in conformity with State and County laws, rules, and regulations, and they will further comply with all such laws, rules and regulations relating to control of noxious weeds, rodents, and predators. No exterior horns, whistles, bells or other sound devices, except security devices used exclusively to protect the security of the Property or improvements, shall be placed or used on any portion of the Property. Barking dogs shall be deemed to constitute a nuisance or offensive activity hereunder and Owners of such barking dogs shall be responsible for alleviating the barking caused by their dogs.

Section 15.4 Animals and Pets. No animals, livestock, swine, bees, or poultry of any kind shall be kept, raised, or bred on any portion of the Property by Owners, except that domestic animals such as dogs, cats or other interior confined household pets are permitted. No more than three (3) pets per household shall be permitted. Animals must be contained within fenced areas of the Owner's Lot, or on a leash, and such animals may not be permitted to run at large at any time.

Section 15.5 Abandoned and Inoperable Vehicles. No abandoned or inoperable vehicles of any kind shall be stored or parked on any portion of the Property, except in a garage. "Abandoned or inoperable vehicle" is defined as any vehicle, which has not been driven under its own propulsion for a period of three weeks or longer; provided, however, this shall not include vehicles parked by Owners while on vacation or residing away from Coyote Cove. A written notice describing the "abandoned or inoperable vehicle" and requesting its removal may be personally served upon the Owner or posted on the unused vehicle by the Association. If such vehicle has not been removed within 72 hours after notice has been given, the Association shall have the right to remove the vehicle without liability, and the expense of removal shall be a Default Assessment charged against the Owner. All work on automobiles or other vehicle repair shall be performed in an enclosed garage except in emergencies.

Section 15.6 Outside Clotheslines. No laundry or wash shall be dried or hung outside any building unless out of sight from any other Lot Owner.

Section 15.7 Signs. No signs of any kind shall be displayed to the public view on or from any portion of the Property except, (i) during the Special Declarant Rights Period, signs of Declarant or its affiliates or assigns, (ii) signs required by law, and (iii) "For Sale" or "For Rent" signs, the size, number, design and location of which shall comply with the Design Guidelines. The Association shall not prohibit the display of a political sign, not to exceed 36 inches by 48 inches, so long such sign is displayed on a Lot no earlier than 45 days before the day of an election and no later than seven days after an election day.

Section 15.8 No Hazardous Activities. No activities shall be conducted on any portion of the Property and no improvements may be constructed on any portion of the Property which are or might be unsafe or hazardous to any person or Property; provided, however that construction activities for which all applicable permits and Review Board approval have been obtained and which are conducted in accordance with industry standards shall not violate this Section. Without limiting the generality of the foregoing (a) no firearms shall be discharged upon any portion of the Property, unless specifically approved by the Association or Declarant for the purpose of animal control (b) no open fires shall be lighted or permitted on the Property except in a contained barbeque unit while attended and in use for cooking purposes or within a safe and well-designed interior or exterior fireplace, except for controlled picnic fires and attended fires authorized in writing by Declarant or the Association, (c) no careless disposition of cigarettes or other flammable materials are permitted, and (d) no hunting by any method shall be permitted within Coyote Cove.

Section 15.9 Mineral Estate. The surface and sub-surface of the Property shall not be used to remove, explore, or prospect for any oil, gas, gravel, geothermal energy, or other minerals within the Property.

Section 15.10 Restriction on Further Subdivision. No Lot shall be further subdivided or separated into smaller Lots by an Owner with out the consent and approval of the Association.

Section 15.11. Lease. An Owner of a Lot may be permitted to rent or lease the primary residence for a period of no less than one year. Regardless of any lease of a residence hereunder, Owner shall remain directly liable for all obligations imposed by this Declaration and any violations of its tenants.

Section 15.12. Compliance With Master Association. All Lot Owners must comply with the covenants and restrictions contained within the Master Declaration of the Pagosa Lakes Property Owners Association filed for record with the Archuleta County Clerk and Recorder's office on June 24, 1970 at Book 122, Pages 224, Reception No. 73297 and any supplements or amendments thereto. Additional or supplemental restrictions to which Owners may be subject are contained within the Declarations recorded at Reception Nos. 103054, 78742, 87739, 117710 and Book 156, Page 134. Lot Owners shall be obligated to pay any assessments that may be required under said Master Declarations. In its discretion, the Master Association may elect to collect its assessments directly from the Coyote Cove Association, which charges may then be passed on to individual owners.

ARTICLE XVI EASEMENTS AND LICENSES

Section 16.1 Existing Easements. The Common Interest Community shall be subject to all easements shown on the Plat, and those of record, those provided for in the Act, and as otherwise set forth in this Article.

Section 16.2 Owner's Easement Across Common Elements. Every Owner shall have an easement across the Common Elements, which easement shall be appurtenant to and shall pass with the title to every Lot, subject to the right of the Declarant and/or the Association to dedicate or transfer all or part of the Common Elements to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the Association. No such dedication or transfer by the Association shall be effective unless an instrument signed by 67% of the Lot Owners agreeing to such dedication or transfer has been recorded in the Records.

Section 16.3 Reserved Easements. Declarant reserves easements on, over, and under Coyote Cove, to exercise his Development and Declarant Rights and for construction, maintenance, repair, replacement, and reconstruction of poles, wires, pipes, and conduits for lighting, heating, electricity, gas, telephone, water and sewer, drainage, and any other public or quasi-public utility service purposes, and for sewer and pipes of any kind.

Section 16.4 Encroachment Easements. An encroachment easement is reserved by the Declarant over all Lots, in the event that engineering or maintenance, dictate the necessity for encroachment, provided that such encroachment will not significantly damage any Lot encroached upon.

Section 16.5 Governmental Imposed Easements. Declarant hereby reserves, as a blanket easement, the right to grant dedicate, reserve and otherwise create, at any time, other easement

necessary for subdivision infrastructure improvements (including but not limited to, roads, trails, drainage and utilities) or such other easements as may be required by the County, P.A.W.S.D., or other governmental agency; provided, however, that such easement does not unreasonably interfere with an Owner's use of a Lot.

ARTICLE XVII ENVIRONMENTAL CONTROL COMMITTEE

Section 17.1. Powers. There is hereby established an Environmental Control Committee ("ECC" or "Committee") which shall be responsible for the establishment and administration of design guidelines and to facilitate the purposes of this Declaration. All plans and specifications for any structure or improvement whatsoever to be erected upon the Property, and the proposed location thereof on the Property, the construction material, the roofs and exterior color schemes, any later changes or additions after initial approval thereof and any remodeling, reconstruction, alterations, or additions thereto on any Lot shall be subject to and shall require the approval in writing, before any such work is commenced, of the ECC, as the same is from time to time composed.

Section 17.2 Committee Membership and Organization. The initial Committee shall consist of no less than 3 persons who shall be appointed by the Declarant. The initial Committee shall serve until the end of the Period of Declarant Control. During the Period of Declarant Control, the Declarant shall fill any vacancies in the Committee. After the Period of Declarant Control, the members of the Committee shall be appointed by the Board of Directors of the Association. The term of office of each member of the Committee shall be one year, commencing January 1 of each year, and continuing until his or her successor shall have been appointed. The affirmative vote of a majority of the members of the Committee shall govern its actions and be the act of the Committee. The Committee may avail itself of other technical and professional advice and consultants as it deems appropriate, and the Committee may delegate its plan review responsibilities, except final review and approval, to one or more of its members or to consultants retained by the Committee. All expenses of the Committee shall be paid by the Association and shall constitute a Common Expense.

Section 17.3 Purpose. The Committee shall review, study and either approve or reject proposed improvements, all in compliance with this Declaration and as further set forth in any Design Guidelines and such rules and regulations as the Committee may establish from time to time to govern its proceedings. No improvement shall be erected, placed, reconstructed, replaced, repaired or otherwise altered, nor shall any construction, repair or reconstruction be commenced until plans for the improvements shall have been approved by the Committee. All improvements shall be constructed only in accordance with approved plans. No variance or other allowance granted by the Committee will excuse the particular Owner receiving the grant or any other Owner from compliance with this Declaration or the design guidelines in all other instances.

Section 17.4. Submission of Plans. Anyone wishing to build on their Lot shall submit plans to the ECC in accordance with the guidelines, rules and regulations then in effect. There shall be submitted to the ECC three (3) complete sets of the plans, elevations, sections, site plan, grading plan,

etc., stamped and approved by an architect licensed and registered in Colorado. Such plans shall include plot plans showing the location on the Property of the building, wall, fence, or other structure proposed to be constructed, altered, placed or maintained, together with the schemes for roofs, and exteriors thereof and a proposed landscape plan. A filing fee in an amount to be set by the ECC (subject to increase without notice) shall accompany the submission of the plans, etc. to defray ECC expenses. No additional fees shall be required for subsequent submissions or resubmissions of plans revised in accordance with ECC requirements. No structures or improvements of any kind shall be erected, altered, placed or maintained upon the Property unless and until the final plans, elevations and specifications have received such written approval as herein provided. Landscaping plans must also have the final written approval of the ECC.

Section 17.5. Disapproval. The ECC shall have the right to disapprove any plans, specifications or details submitted to it in the event the same are not in accordance with all the provisions of these Declarations, if the design materials or color scheme of the proposed building or other structure is not in harmony with the general surroundings of such Property or with the adjacent buildings or structures, if the plans and specifications submitted are incomplete, or in the event the ECC deems the plans, specifications or details, or any part thereof, to be contrary to the interest, welfare or rights of all or any part of the Property subject hereto, or the Owners thereof. The decisions of the ECC shall be final.

Section 17.6. Non-Liability. Neither the Association, the Master Association, the ECC nor any architect or agent thereof or of Declarant shall be responsible in any way for any defects in any plans or specifications submitted, revised or approved in accordance with the foregoing provisions, nor for any structural or other defects in any work done according to such plans and specifications. In all events the Committee shall be defended and indemnified by the Association in any such suit or proceeding which may arise by reason of the Committee's decision. The Association, however, shall not be obligated to indemnify each member of the Committee to the extent any such member of the Committee is adjudged to be liable for gross negligence or willful misconduct in the performance of his duty as a member of the Committee.

Section 17.7. Additional Regulations. The ECC shall have the authority to set up regulations as to the materials, height and size requirements for all other types of outbuildings and structures, including fences, walls, gazebos, patios and decks, etc., so long as they are not inconsistent with these Declarations. The ECC shall also have the authority to adopt, from time to time, such additional rules and regulations as are appropriate or necessary to govern its proceedings and fulfill its obligations under this Article.

Section 17.8 Additional Approvals. All building and construction plans shall also be submitted by the ECC to the Pagosa Lakes Property Owners Association Environmental Control Committee (the "Master ECC") for its review and approval. The Master ECC may, in its discretion, delegate its review and/or approval authority solely to the ECC. In addition to the approval requirements of the ECC and Master ECC, each Owner is responsible for obtaining all approvals, licenses and permits as may be required by Archuleta County, Colorado, and any entity or district having jurisdiction over the Lot prior to the commencement of construction.



Section 17.9. Variances. The ECC may allow reasonable variances and adjustments of these Declarations in order to overcome practical difficulties and prevent unnecessary hardships in the application of the provisions contained herein; provided, however that such is done in conformity with the intent and purposes hereof and provided also that in every instance such variance or adjustment will not be materially detrimental or injurious to other property or improvements in the neighborhood. Any variance will also require approval by the Master ECC.

Section 17.10 Continuity of Construction. All improvements commenced on a Lot shall be prosecuted diligently to completion and shall be completed within 12 months after commencement, unless an exception is granted in writing by the Committee. If an improvement is commenced and construction is then abandoned for more than 90 days, or if construction is not completed within the required 12-month period, the Association may impose a fine of not less than \$100 per day (or such other reasonable amount as the Association may set) to be charged against the Owner of the Lot until construction is resumed, or the Improvement is completed, as applicable, unless the Owner can prove to the satisfaction of the Board of Directors that such abandonment is for circumstances beyond the Owner's control. Such charges shall be a Default Assessment and lien as provided in this Declaration.

Section 17.11 Landscaping Completion. All landscaping, as approved by the ECC, shall be completed within 9 months of the date upon which a certificate of occupancy is obtained from the Archuleta County building department. If landscaping is not completed within the required 9-month period, the Association may impose a fine of not less than \$100 per day (or such other reasonable amount as the Association may set) to be charged against the Owner of the Lot until landscaping is completed unless the Owner can prove to the satisfaction of the Board of Directors that such incompleteness is for circumstances beyond the Owner's control. Such charges shall be a Default Assessment and lien as provided in this Declaration.

ARTICLE XVIII BUILDING RESTRICTIONS AND DESIGN CRITERIA

Section 18.1 Permitted Improvements. The following improvements are permitted on each Lot:

- (a) One single-family structure, along with a garage, as approved in writing by the ECC;
- (b) Enclosed service areas for garbage, trash, utilities and other maintenance facilities as may be approved in writing by the ECC;
- (c) Fences, walls, driveways and parking areas as may be approved in writing by the ECC;
- (d) Landscaping improvements approved in writing by the ECC;

(e) Swimming pools, hot tubs, solar devices and greenhouses approved in writing by the ECC;

(f) Storage sheds and such other outbuildings as approved in writing by the ECC.

Section 18.2 Prohibited Improvements. No structures or buildings of a temporary character, nor any mobile home, house trailer, manufactured home, tent, shack or other such structure shall be placed or used within the subdivision, either temporarily or permanently. Notwithstanding the preceding sentence, necessary appurtenances, modest construction trailers and structures of a temporary nature may be used without the ECC's approval during construction of any improvement for which Committee approval has been obtained; provided, however, (i) that no overnight occupancy shall be permitted in any such appurtenance, trailer or structure and (ii) such appurtenances, trailers or structures shall be removed from the Common Interest Community on the earlier of the date that is 12 months after the initial use thereof or the date of substantial completion of said improvement. Mobile and modular homes are specifically and expressly prohibited and all structures must have permanent footing and foundation.

Section 18.3 Square Footage Requirements. All primary residences shall have a habitable floor space of no less than 2,500 square feet, exclusive of a basement, porch or garage. The ECC may modify this minimum square footage requirement and/or establish a maximum square footage requirement with respect to structures on the Property.

Section 18.4 Building Envelope. All Improvements (including a single family residence or outbuildings) shall be located within the area of the Lot which is 20 feet within the right of way line of any road within the Property. Nor shall any Improvements be located within 10 feet of any side or common rear lot line, except as provided otherwise in this Declaration. The property within these setbacks shall be referred to herein as the "Building Envelope." In addition to the foregoing setback restrictions, the Building Envelope for Lots 7 through 12 shall be as shown on the Plat. No person or entity may ask the County to change or move these setbacks without the prior written approval of the Declarant or the Design Review Board.

In the event an Owner of multiple Lots irrevocably couples said Lots into a single Lot, the resulting Lot may then have constructed thereon one primary residence. The primary residence shall be built on one of the original Building Envelopes, if applicable.

Section 18.5 Gates and Fences. No fencing of any kind shall be permitted within a Lot except privacy patio fencing or dog runs/pet enclosures as reviewed and approved by the ECC. All fencing must have been reviewed and approved by the ECC prior to its installation

Section 18.6 International Building Code. All buildings and improvements shall be new construction, built on site, and shall meet all of the requirements of the International Building Code, including fire protection standards, and any other building code or fire code of Archuleta County, Colorado, then in effect.

Section 18.7 Height. The maximum height of any Building shall be thirty-five (35) feet. The height of a Building for the purpose of this Section shall be measured and determined in the manner provided by the International Building Code.

Section 18.8 Roofs. All roofs must be metal standing seam, tile, aluminum shingle-style, or architectural-grade asphalt shingle with color and finish approved by the ECC.

Section 18.9 Exterior Building Material and Style. All buildings shall be built in an exterior style and with colors and materials harmonious to the area and similar in style, color and materials (with the exception of building "accents") to like kind buildings approved by the ECC. No exterior walls shall consist of sheet metal, metal material, or any similar material, composition shingles or unplastered cement or similar type block. All colors of exterior walls and roofs will be natural or earth tones in color to blend with the natural surroundings except that colored trim may be allowed upon approval of the ECC.

Section 18.10 Service or Utility Areas. All service or utility areas of yards, and including garbage cans and trash storage areas, shall be screened from view of all other Owners and County Road 600.

Section 18.11 Garages. All family residences shall have at a minimum a two car garage attached to the residence which shall meet all applicable set-back requirements as set forth herein. Breeze-way garages may be permitted with the prior review and approval of the ECC.

Section 18.12 Antennae. No exterior radio, television, microwave or other antennae or antennae dish or signal capture or distribution device shall be permitted or installed on any Lot, except as set forth herein, unless it is screened from view on all sides and any such screening shall be in keeping with the terrain and environment. The small (18" - 24") TV and computer dish antennae may be located on the roof areas to optimize reception.

Section 18.13 Wood Burning Devices. All solid fuel or wood burning stoves and devices, including fireplaces, shall comply with any rules and regulations implemented and in effect by any federal, state or local governmental entity.

Section 18.14 Driveways and Walkways. All driveways and walkways must be constructed of concrete masonry. No gravel, asphalt, or dirt driveways shall be permitted. Notwithstanding the foregoing, that portion of the driveway extending within the right of way from the property line to the road may be constructed of asphalt. Each lot owner shall be responsible for installation of a driveway from the common roadway onto their property.

Section 18.15 Drainage. No owner shall do or permit any work, place any landscaping or install any other improvements or allow the existence of any condition whatsoever which shall alter or interfere with the drainage pattern for the Property, except to the extent such alteration and drainage pattern is approved in writing by the Committee, and except for rights reserved to

Declarant to alter or change drainage patterns.

Section 18.16 Utilities. With respect to development and construction by Owners on any Lot, all domestic water, sewage disposal, electrical, telephone, TV lines and other utility pipes and lines shall be buried underground and shall not be carried on overhead poles or above the surface of the ground. Any areas of natural vegetation or terrain disturbed outside of a Building Envelope shall be re-vegetated. Owners shall be responsible for utility installation and maintenance in accord with local and state regulations. Declarant shall provide utilities within 50 feet of a Lot line.

Section 18.17 Exterior Lighting. Exterior lighting shall not cause glare to any adjacent Lot or Property. Outside yard lights and mercury vapor lamps will not be permitted. Entry lighting shall be subdued and the bulb shall be shrouded so as to project light down and not horizontally.

Section 18.18 Prohibited Construction Practices. The following practices are prohibited at Coyote Cove:

- (a) Allowing construction suppliers and contractors to clean their equipment other than at a location designated for that purpose by the Committee;
- (b) Removing any rock, plant material, top soil or similar items from any property of others;
- (c) Use of surface water for construction;
- (d) Violation of any state, federal, or local law, ordinance, rule or regulation.

Section 18.19 Construction Damage. Each lot owner shall be responsible for the performance and the payment of repairs for any damage done to any infrastructure, including without limitation, utility lines or boxes, any common roads and landscaping, as a result of construction to that lot owner's Lot.

Section 18.20 Construction Deposit. Prior to the installation of a driveway or extension of a utility line to an Owner's Lot, a deposit or irrevocable letter of credit in the amount of \$2500.00 shall be paid by the Owner to the Declarant or the Association Board, as the case may be, for the purpose of assuring the proper restoration of the road. Upon completion of the Lot Owner's installation, the Declarant or Board shall release the deposit provided that there has been no damage to the road or Common Elements. If there has been damage to the road or other Common Elements, the Board or Declarant shall apply the deposit to the restoration, repair, or replacement of the road or Common Elements.

ARTICLE XIX DEVELOPMENT RIGHTS AND OTHER SPECIAL DECLARANT RIGHTS

Section 19.1 Reservation of Development Rights. The Declarant reserves the following Development Rights:

A. The right to add other unspecified real estate the Common Interest Community in accordance with § 222 of the Act.

B. The right to modify building envelopes within Lots prior to the establishment of the Architectural Review Committee referenced herein in which case, such authority shall reside with the ECC and not the Declarant.

C. The right to create and to permit the formation of a sub-association for the governance of the multi-family buildings and their common elements on Lot 35 with said subassociation being subject to these Declarations and the assessments of this Association.

D. The right to negotiate and enter into an agreement with P.A.W.S.D. on commercially reasonable terms as to the use of the pond located within the Common Interest Community for the purposes of irrigation within the common interest community. There are no assurances that such rights may be obtained by Declarant for these purposes.

Section 19.2 Exercise of Development Rights. No assurances are made by the Declarant as to whether the Declarant will exercise its Development Rights or the order in which such Development Rights will be developed. The exercise of Development Rights as to some portions of the Common Interest Community will not obligate the Declarant to exercise them as to other portions.

Section 19.3 Special Declarant Rights. The Declarant reserves the following Special Declarant Rights, to the maximum extent permitted by law, which may be exercised, where applicable, anywhere within the Common Interest Community:

A. to complete Improvements (if any) indicated on the Plat and any amended plats;

B. to exercise a Development Right reserved in the Declaration;

C. to maintain signs advertising the Common Interest Community;

D. to use easements through the Common Elements and Lots for the purpose of making Improvements within the Common Interest Community;

E. to appoint or remove a director of the Association or an Association member during the Period of Declarant Control, subject to the provisions of Article IV of this Declaration.

Section 19.4 Declarant's Easement. The Declarant has an easement through the Common Elements as may be reasonably necessary for the purpose of discharging the Declarant's

obligations or exercising Special Declarant Rights, whether arising under the Act or reserved in this Declaration. This easement includes the right to convey access, utility and drainage easements to the County of Archuleta or the State of Colorado as may be necessary.

Section 19.5 Interference with Special Declarant Rights. Neither the Association nor any Lot Owner may take any action or adopt any Rule that will interfere with or diminish any Special Declarant Right without the prior written consent of the Declarant.

ARTICLE XX GENERAL PROVISIONS

Section 20.1 Enforcement. Except as otherwise provided in this Declaration, the Executive Board, Declarant, or any Owner shall have the right to enforce, by a proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens, and charges now or hereafter imposed by the provisions of the Declaration. Failure by the Executive Board of the Association, Declarant, or by any Owner to enforce any covenant or restriction contained in this Declaration shall in no event be deemed a waiver of the right to do so thereafter. All reasonable attorney's fees and costs incurred by the Declarant or the Association in a suit to enforce the terms hereof shall, if the Declarant or the Association prevails in such action, be recoverable from the losing party.

Section 20.2 Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions, which shall remain in full force and effect.

Section 20.3 Conflicts. In case of conflict between this Declaration and the Articles and the Bylaws of the Association, this Declaration shall control. In case of conflict between the Articles and Bylaws, the Articles shall control. The Documents are intended to comply with the requirement of the Act. If there is any conflict between the Documents and the provisions of the Act, the provisions of the Act shall control.

Section 20.4 No Representations or Warranties. No representations or warranties of any kind, express or implied, shall be deemed to have been given or made by Declarant or its officers, directors, agents or employees in connection with any portion of the Property, or any Improvement thereon, as to its or their physical condition, zoning, compliance with applicable laws, or fitness for intended use, or in connection with the subdivision, sale, operation, maintenance, costs of maintenance, taxes or regulation thereof, unless and except as shall be specifically set forth in a writing signed by Declarant. ANY AND ALL WARRANTIES WITH RESPECT TO ANY PORTION OF THE PROJECT, AND ANY IMPROVEMENTS THEREON, EXPRESS OR IMPLIED, WHETHER ARISING UNDER FEDERAL OR STATE LAW, INCLUDING, BUT NOT LIMITED TO, ALL IMPLIED WARRANTIES OR MERCHANTABILITY, HABITABILITY OR FITNESS FOR A PARTICULAR PURPOSE, ARE HEREBY SPECIFICALLY DISCLAIMED.

Exhibit A
(Legal Description)

BEGINNING AT THE EAST CORNER OF THE PARCEL HEREIN DESCRIBED, BEING THE POINT OF INTERSECTION OF THE WESTERLY RIGHT-OF-WAY LIMIT OF ARCHULETA COUNTY ROAD 600 (PIEDRA ROAD) WITH THE SOUTHERLY BOUNDARY OF SAID TRACT (REC. NO. 1994008889), AND WHICH CORNER IS IDENTICAL WITH THE NORTH CORNER OF THE ZINSER MINOR IMPACT SUBDIVISION, WHENCE THE SOUTHEAST CORNER OF SAID SECTION 25 BEARS S.80°02'07"E., 666.89 FEET DISTANT; THENCE S.16°12'24"W., 441.74 FEET ALONG THE SOUTHERLY BOUNDARY OF SAID TRACT (REC. NO. 1994008889) AND ALONG THE NORTHWESTERLY BOUNDARY OF SAID ZINSER MINOR IMPACT SUBDIVISION TO THE NORTHWEST CORNER THEREOF; THENCE CONTINUING ALONG THE BOUNDARY OF SAID TRACT (REC. NO. 1994008889) THE FOLLOWING COURSES AND DISTANCES: S.67°42'04"W., 280.61 FEET; 170.62 FEET ON THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 132.26 FEET, THE LONG CHORD OF WHICH CURVE BEARS N.75°20'32"W., 159.03 FEET; N.38°23'09"W., 286.21 FEET; S.58°15'06"W., 27.04 FEET; 204.72 FEET ON THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 111.44 FEET, THE LONG CHORD OF WHICH CURVE BEARS N.69°07'15"W., 177.12 FEET; N.16°29'37"W., 169.55 FEET; N.08°16'57"W., 162.18 FEET; AND N.28°17'05"W., 217.37 FEET ALONG THE BOUNDARY OF SAID TRACT (REC. NO. 1994008889) TO THE NORTHWEST CORNER THEREOF, WHICH CORNER IS IDENTICAL WITH THE SOUTHWEST CORNER OF SAID TRACT (REC. NO. 20504269); THENCE ALONG THE WESTERLY BOUNDARY OF SAID TRACT (REC. NO. 20504269), N.33°18'31"W., 167.41 FEET AND N.73°42'17"W., 191.51 FEET TO A POINT ON THE BOUNDARY OF TRACT I OF LAKE HATCHER PARK; THENCE N.08°31'08"W., 191.13 FEET ALONG THE BOUNDARY OF SAID TRACT I; THENCE N.55°26'32"W., 144.97 FEET ALONG THE BOUNDARY OF SAID TRACT I TO THE EASTERLY CORNER OF LOT 1X OF LAKE HATCHER PARK; THENCE N.55°30'33"W., 79.63 FEET ALONG THE BOUNDARY OF SAID LOT 1X; THENCE N.55°34'41"W., 87.25 FEET ALONG THE BOUNDARY OF SAID LOT 1X; THENCE N.55°15'26"W., 96.80 FEET TO THE NORTHERLY CORNER OF SAID LOT 1X, ALSO BEING A POINT ON THE EASTERLY RIGHT-OF-WAY LIMIT OF NORTH PAGOSA BOULEVARD; THENCE ALONG THE SAID RIGHT-OF-WAY 148.06 FEET ON THE ARC OF A NON-TANGENT CURVE TO THE LEFT HAVING A RADIUS OF 960.00 FEET, THE LONG CHORD OF WHICH CURVE BEARS N.06°25'59"E., 147.91 FEET TO THE NORTHWEST CORNER OF SAID TRACT (REC. NO. 20504269); THENCE N.89°16'33"E., 510.78 FEET ALONG THE NORTHERLY BOUNDARY OF THE TRACT (REC. NO. 20504269) TO THE SOUTHWEST CORNER OF HATCHER VILLAGE CONDOMINIUMS PHASE I, THE PLAT OF WHICH IS FILED UNDER RECEPTION NUMBER 103481 OF THE RECORDS IN SAID OFFICE; THENCE CONTINUING N.89°16'33"E., 84.00 FEET ALONG THE SOUTH BOUNDARY OF SAID PHASE 1 TO AN ANGLE POINT THEREIN; THENCE N.50°57'30"E., 150.00 FEET ALONG THE SOUTHERLY BOUNDARY OF SAID PHASE 1 TO ITS POINT OF INTERSECTION WITH THE WESTERLY RIGHT-OF-WAY LIMIT OF ARCHULETA COUNTY ROAD 600 (PIEDRA ROAD), WHICH POINT OF INTERSECTION IS THE NORTHEAST CORNER OF THE PARCEL HEREIN DESCRIBED; THENCE ALONG SAID RIGHT-OF-WAY LIMIT, THE FOLLOWING COURSES AND DISTANCES: S.56°26'21"E., 7.83 FEET; 350.37 FEET ON THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 1107.01 FEET, THE LONG CHORD OF WHICH CURVE BEARS S.47°22'20"E., 348.91 FEET; S.38°18'19"E., 263.04 FEET; AND S.38°18'57"E., 909.68 FEET ALONG SAID RIGHT-OF-WAY TO THE POINT OF BEGINNING.

CONTAINING 30.37 ACRES, MORE OR LESS

2



20608318 8/30/2006 2:30 PM Junc Madrid
1 of 2 DCC R\$11.00 D\$0.00 Archuleta County

**FIRST AMENDMENT TO
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
COYOTE COVE**

THIS FIRST AMENDMENT is intended to supplement and amend that certain Declaration of Covenants, Conditions and Restrictions for Coyote Cove recorded on June 2, 2006 at Reception No. 20605352 in the office of the Archuleta County Clerk and Recorder, (the "Declarations"). This First Amendment to the Declarations is hereby made effective this 30th day of August, 2006 by Coyote Cove, LLC, a Colorado limited liability company (referred to herein as the "Declarant").

The Declarant is the owner of all Lots and property comprising Coyote Cove and is authorized to amend these Declarations pursuant to Section 14.2.

The purpose of this First Amendment is to provide for a "gated" entrance to the community and provide for the amendment of the Coyote Cove Plat to reflect that the roads of community shall be private roads and not dedicated to the public.

NOW THEREFORE, the Declarant hereby certifies and declares that the Declarations are hereby amended to include the following:

**ARTICLE XXI
GATED COMMUNITY**

Section 21.1. Inclusion of Gate and Related Facilities as Common Element. Access to the common interest community shall be restricted via an electronic gate in which Owners shall be provided an access code. The gate and associated facilities shall constitute a Common Element of the Association and the responsibility for maintenance, upkeep and replacement of the gate and associated facilities shall belong to the Association. The Executive Board shall be permitted to give access codes to emergency service providers and public utility companies for maintenance and improvement of utilities within the community.

Section 21.2. Plat Amendment. The Plat of Coyote Cove was recorded in the real property records of Archuleta County on July 10, 2006 at Reception No. 20606473. If required by the Planning Office of Archuleta County, an amendment to the Plat of Coyote Cove shall be recorded in the office of the clerk and recorder for Archuleta County which shall provide that Incline Circle and the roads within Coyote Cove are dedicated to the owners of the subdivision as a private access. Execution of this amendment shall constitute the requisite approval necessary to amend the Plat if such plat amendment is required by the County Planning Department.

IN WITNESS WHEREOF, this First Amendment to Declarations for Coyote Cove has been executed and acknowledged by the undersigned Declarant.

Coyote Cove, LLC

By: Kenneth D. Bajema, Manager
Kenneth D. Bajema, Manager

KEN BAJEMA 329 HATCHER CIRCLE PACOSA SPRINGS, CO
81147



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2 of 2

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June Madrid
Archuleta County

Approval By Mortgagee:

Bank of the San Juans

By: Robert T. Eggleston, VP



21208401 12/4/2012 3:56 PM June Madrid
 1 of 2 DCC R\$16.00 D\$0.00 Archuleta County

2

**SECOND AMENDMENT TO
 DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
 FOR
 COYOTE COVE**

THIS SECOND AMENDMENT is intended to supplement and amend that certain Declaration of Covenants, Conditions and Restrictions for Coyote Cove recorded on June 2, 2006 at Reception No. 20605352 and First Amendment to Declaration recorded on August 30, 2006 at Reception No. 20608318 in the office of the Archuleta County Clerk and Recorder, (collectively referred to as the "Declaration"). This Second Amendment to the Declaration is hereby made effective this 16 day of November 2012 by the undersigned.

On or about May 4, 2012, the undersigned, First Southwest Bank, acquired the following Lots within Coyote Cove common interest community by a Warranty Deed (In Lieu of Foreclosure) recorded at Reception No. 21202826:

Lots 1, 2, 3, 4, 5, 6, 7, 8, 12, 13, 14, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 31, 32, 33, 34, 35 and tracts A, B, C, D, and E, COYOTE COVE, according to the plat thereof filed for record July 10, 2006 as Reception no. 20606473 in the office of the Clerk and Recorder, Archuleta County, Colorado (the "Lots")

First Southwest Bank is the Owner of more than 67% of all Lots within Coyote Cove and, pursuant to Section 14.2 of the Declaration, has more than sufficient votes necessary to amend this Declaration. There is no longer a Declarant for the common interest community as originally provided in the Declaration.

The purpose of this Second Amendment is to reduce the minimum residential square footage requirement and restrict the periodic assessment for maintenance of Common Elements to no more than \$600 per year per Lot Owner.

NOW THEREFORE, the undersigned hereby certifies and declares that the Declarations are hereby amended as follows:

1. The following Section 8.15 is hereby included in Article VIII:

Section 8.15 Limitation on Maintenance Assessment. That portion of the Periodic Assessments allocated to the maintenance of the Common Elements shall not exceed \$600 per Lot in any given budget year. Notwithstanding the foregoing restriction, nothing in this Section 8.15 shall be construed as limiting the authority of the Association to levy special or default assessments as provided in the Declaration.

2. Section 18.3 is hereby deleted in its entirety and replaced with the following:

Section 18.3 Square Footage Requirements. All primary residences shall have a habitable floor space of no less than 1600 square feet, exclusive of a basement, porch or garage. The FCC may modify this minimum square footage requirement and/or establish a maximum square footage requirement with respect to structures on the Property.

**RECORD & RETURN TO:
 GREGORY GOLDEN & LANDERYOU, LLC
 1199 MAIN AVE., SUITE 213
 DURANGO, CO. 81301**



21208401 12/4/2012 3:56 PM
2 of 2 DCC R\$16.00 D\$0.00

June Madrid
Archuleta County

IN WITNESS WHEREOF, this Second Amendment to Declarations for Coyote Cove has been executed and acknowledged by the undersigned Owner holding no less than 67% of the votes of the votes allocated to Lots.

FIRST SOUTHWEST BANK

By: David E. Boyles
Its: Chairman

STATE OF COLORADO)
)ss
County of La Plata)

The foregoing was acknowledged before me this 27th day of November, 2012, by David E. Boyles, Chairman, of First Southwest Bank.

Witness my hand and official seal.

Darla Dale
Notary Public

My commission expires: 6/11/13

DARLA DALE
Notary Public
State of Colorado
My Commission Expires 6/11/13
No. 20094019436

**THIRD AMENDMENT TO
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
COYOTE COVE**

THIS THIRD AMENDMENT is intended to supplement and amend that certain Declaration of Covenants, Conditions and Restrictions for Coyote Cove recorded on June 2, 2006 at Reception No. 20605352, the First Amendment to Declaration recorded on August 30, 2006 at Reception No. 20608318, and the Second Amendment to Declaration recorded on December 4, 2012 at Reception No. 21208401, in the office of the Archuleta County Clerk and Recorder (collectively referred to as the "Declaration").

The Declaration has been amended pursuant to Section 14.2 by Owners holding no less than 67% of the votes within the Association. There is no longer a Declarant for the common interest community as originally provided in the Declaration and Declarant approval is not required.

The purpose of this Third Amendment, among other things, is to (i) eliminate Declarant provisions as there is no longer a Declarant, and (ii) modify building restrictions and ECC requirements in order to facilitate construction and development in the community.

NOW THEREFORE, the undersigned hereby certifies and declares that the Declaration is hereby amended as follows:

1. The following provisions which pertain to the Declarant, Declarant control period, Declarant reserved rights and Declarant development rights are hereby deleted in their entirety: Sections 4.3, 14.2, 16.3, 16.4, 16.5, all provisions of Article XIX 19.1 through 19.5 and 20.4. Any general references to "Declarant" found elsewhere throughout the Declaration are no longer applicable. The common interest community is governed by the Association and its Owners.
2. Section 8.14 pertaining to working capital is hereby deleted in its entirety.
3. Section 15.11 pertaining to leasing restrictions is hereby deleted in its entirety.
4. The following provisions pertaining to the ECC are hereby deleted in their entirety and replaced with the following:

Section 17.4. Submission of Plans. Anyone wishing to build on their Lot shall submit plans to the ECC in accordance with the guidelines, rules and regulations then in effect. There shall be submitted to the ECC three (3) complete sets of Improvement plans (in completed, submittal stage to the Archuleta County Building Department), elevations of all four sides of the exterior, site plans, grading plan, a proposed Improvement Location Certificate (PILC) stamped by a Colorado licenses and registered Surveyor and other pertinent items that may be required by the ECC through Design Review. Such plans shall include plot plans showing the location on the Property of the building, wall, fence, or other structure proposed to be constructed, altered, placed or maintained, together with the schemes for roofs, and exteriors thereof and a proposed landscape plan. A filing fee in an amount to be set by the ECC (subject to increase without notice) shall accompany the submission of the plans, etc. to defray ECC expenses. No additional fees shall be required for subsequent submissions or resubmissions of plans revised in accordance with ECC requirements. No structures or improvements of any kind shall be erected, altered, placed or maintained upon the Property unless

and until the final plans, elevations and specifications have received such written approval as herein provided. Landscaping plans must also have the final written approval of the ECC.

Section 17.8 Additional Approvals. Upon Approval of all building and construction plans submitted to the ECC, all building and construction plans shall be submitted by the Applicant/Property Owner to the Pagosa Lakes Property Owners Association Environmental Control Committee (the "Master ECC") for its review and approval. The Master ECC may, in its discretion, delegate its review and/or approval authority solely to the ECC. In addition to the approval requirements of the ECC and Master ECC, each Owner is responsible for obtaining all approvals, licenses and permits as may be required by Archuleta County, Colorado, and any entity or district having jurisdiction over the Lot prior to the commencement of construction.

Section 17.11 Landscaping Completion. All landscaping, as approved by the ECC, shall be completed within 12 months of the date upon which a certificate of occupancy is obtained from the Archuleta County building department. If landscaping is not completed within the required 12-month period, the Association may impose a fine of not less than \$100 per day (or such other reasonable amount as the Association may set) to be charged against the Owner of the Lot until landscaping is completed unless the Owner can prove to the satisfaction of the Board of Directors that such incompleteness is for circumstances beyond the Owner's control. Such charges shall be a Default Assessment and lien as provided in this Declaration.

5. The following provisions pertaining to building restrictions and design criteria are hereby deleted in their entirety and replaced with the following:

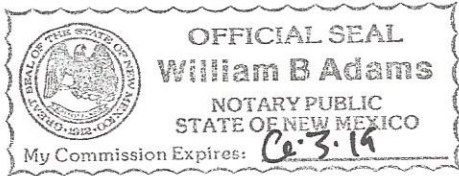
- Section 18.1 (b) Enclosed service areas for garbage, propane tanks, trash, utilities and other maintenance facilities as may be approved in writing by the ECC;
- Section 18.5 Gates and Fences. All gates and fencing must be reviewed and approved by the ECC prior to installation.
- Section 18.8 Roofs. All roofs must be painted metal, tile, aluminum shingle-style, or architectural-grade asphalt shingle with color and finish approved by the ECC.
- Section 18.9 Exterior Building Material and Style. All buildings shall be built in an exterior style and with colors and materials harmonious to the area and similar in style, color and materials (with the exception of building "accents") to like kind buildings approved by the ECC. No exterior walls shall consist of composition shingles or unplastered cement or similar type block. All colors of exterior walls and roofs will be natural or earth tones in color to blend with the natural surroundings except that colored trim may be allowed upon approval of the ECC.
- Section 18.10 Service or Utility Areas. All service or utility areas of yards, and including propane tanks, garbage cans and trash storage areas, shall be screened from view of all other Owners and County Road 600.
- Section 18.11 Garages. All family residences shall have at a minimum a two car garage attached to the residence which shall meet all applicable set-back requirements as set forth herein. Attached breeze-way garages may be permitted with the prior review and approval of the ECC.

- Section 18.14 Driveways and Walkways. All driveways and walkways must be constructed of concrete, asphalt or stone pavers as approved by the ECC. No gravel or dirt driveways shall be permitted. Notwithstanding the foregoing, that portion of the driveway extending within the right of way from the property line to the road may be constructed of asphalt. Each lot owner shall be responsible for installation of a driveway from the common roadway onto their property. Each Lot Owner will be financially responsible for any damage to the common roadways, landscaping, utility lines or boxes and/or Common elements per Section 18.19.
- Section 18.20 Construction Deposit. Prior to the installation of a driveway or extension of a utility line to an Owner's Lot, at the discretion of the ECC, a deposit or irrevocable letter of credit in the amount of \$2500.00 shall be paid by the Owner to the Association Board for the purpose of assuring the proper restoration of the road. Upon completion of the Lot Owner's installation of utilities and driveway, the Board shall release the deposit provided that there has been no damage to the road or Common Elements. If there has been damage to the road or other Common Elements, the Board shall apply the deposit to the restoration, repair, or replacement of the road or Common Elements.

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Signature Page to Third Amendment to Declaration
(Coyote Cove)

IN WITNESS WHEREOF, this Third Amendment to Declarations for Coyote Cove has been executed and acknowledged by the undersigned President of Coyote Cove Owners Association, Inc.




Coyote Cove Owners Association, Inc.

By: Fadi Hosni
Its: President

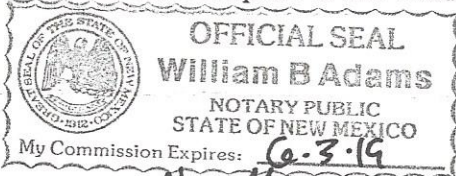
STATE OF New Mexico)
County of Bernalillo) ss.

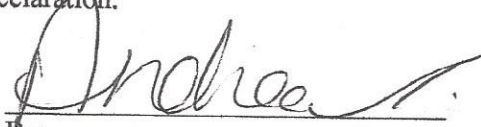
The foregoing instrument was acknowledged before me this 16th day of June, 2016, by Fadi Hosni, President of Coyote Cove Owners Association, Inc.

WITNESS my hand and official seal.
My commission expires: 6.3.19


Notary Public

The undersigned Secretary of Coyote Cove Owners Association, Inc. certifies that the Association obtained the requisite number of approvals from members necessary for the amendment and adoption of this Third Amendment to Declaration.

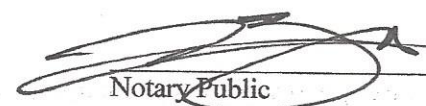



By:
Its: Secretary

New Mexico
STATE OF COLORADO)
COUNTY OF Bernalillo) ss

The foregoing instrument was acknowledged before me this 16th day of June, 2016, by Andrea Hosni, Secretary of Coyote Cove Owners Association, Inc.

WITNESS my hand and official seal.
My commission expires: 6.3.19


Notary Public

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RS\$23.00 DS\$0.00

Kristy Archuleta
Archuleta County

**FOURTH AMENDMENT TO
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
COYOTE COVE OWNERS ASSOCIATION**

THIS FOURTH AMENDMENT is intended to supplement and amend that certain Declaration of Covenants, Conditions, and Restrictions for Coyote Cove Owners Association recorded on June 2, 2006 at Reception # 20605352, the First Amendment to Declaration recorded on August 30, 2006 at Reception # 20608318, the Second Amendment to Declaration recorded on December 4, 2012 at Reception # 21208401 in the office of the Archuleta County Clerk and Recorder; and the Third Amendment to the Declaration witnessed, acknowledged and certified on June 16, 2016 in the County of Bernalillo, New Mexico by William B Adams Notary Public State of New Mexico (collectively referred to as the "Declaration").

The Declaration has been amended pursuant to Section 14.2 by owners holding no less than 67% of the votes within the Association.

The purpose of this Fourth Amendment is to require the burial of propane tanks and to maintain annual dues assessments of \$300.00 per year per lot unaffected by owner's consolidation of multiple lots.

NOW THEREFORE, the undersigned hereby certifies and declares that the Declaration is hereby amended as follows:

- 1. Section 18.10 pertaining to service or utility areas, as amended by the Third Amendment, is hereby deleted in its entirety and replaced with the following:

Section 18.10 Service or Utility Areas. All service or utility areas of yards, garbage cans, and trash storage areas shall be screened from view of all other Owners and traffic on County Road 600. **All propane tanks must be buried.**

- 2. Section 8.1 Obligation. Subsection (i) is removed in its entirety and replaced with the following Subsection:
 - (i) the Periodic Assessment imposed by the Executive Board as necessary to meet the Common Expenses of maintenance and management of the Common Elements and to perform purposes of the Association requires continuous and unaltered contributions by owners of all 35 lots comprising the Coyote Cove Subdivision. As such, Periodic Assessment will be based on ownership of lots individually defined in the Plat of Coyote Cove 20606473 filed with Archuleta County 7/10/2006 9:48 AM. Lots combined by owners under the authority of the County

ETW: Bob David
317 Incline Cir.
Pagosa Springs, CO 81429

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Kristy Archuleta
Archuleta County

of Archuleta and/or the Master Association (PLPOA) **will nevertheless be separately assessed by the CCOA Executive Board.**

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**FIFTH AMENDMENT TO
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
COYOTE COVE OWNERS' ASSOCIATION, PAGOSA SPRINGS, CO**

THIS FIFTH AMENDMENT is intended to supplement and amend that certain Declaration of Covenants, Conditions and Restrictions for Coyote Cove Owners Association collectively referred to as the "Declaration", specifically, The Third Amendment, recorded on the 13th day of July, 2016 at Reception No. 21604399 in the Office of the Archuleta County Clerk and Recorder, by Coyote Cove Owners Association, LLC, a limited liability company, referred to as "Coyote Cove".

The purpose of this **FIFTH AMENDMENT** is to rescind Item #3 of the **THIRD AMENDMENT**, pertaining to the deletion of Section 15.11 relevant to the leasing restrictions for residences within Coyote Cove and to further modify these reinstated restrictions.

The Declaration has been amended pursuant to Section 14.2 by Owners holding no less than 67% of the votes within Coyote Cove.

NOW THEREFORE, the undersigned hereby certifies and declares that the Declaration is hereby amended as follows:

Section 15.11 pertaining to leasing restrictions, previously deleted in its entirety by Item #3 of the **THIRD AMENDMENT**, is hereby reinstated and restated as follows:

Section 15.11. **Lease/Rental of Houses.** An owner of a lot and associated single family dwelling may make an application to lease or rent the primary residence for a period of not less than 6 months. Lessees and guests during period of lease will be limited to two persons per bedroom. Adjacent neighbors will be notified that the property is to be used as a lease/rental and lessees will be provided with a current copy of CCOA Bylaws and CC&Rs. As a condition of lease/rental the owner or designated agent, approved by the CCOA Environmental Control Committee (ECC), must be able to respond to the residence within one hour whenever the unit is occupied at any hour of the day. A pre-application conference with the CCOA ECC will be required prior to the issuance of a Lease Permit. Lease Permits will be valid for a period of 1 year with a nonrefundable permit fee of \$400.00 payable to CCOA. Exterior grounds/landscaping must be maintained by owner/lessees and all provisions of the CC&Rs/Bylaws provided will be strictly adhered to. Refuse disposal must be accomplished by contract with a local waste disposal contractor via provision and weekly service of an approved dumpster.

Rtn:

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*Kathryn David
317 Incline Circle
Pagosa Springs, CO
81147*

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Kristy Archuleta
Archuleta County

Signature Page to Fifth Amendment to Declaration
(Coyote Cove)

IN WITNESS THEREOF, this Fifth Amendment to Declaration for Coyote Cove has been executed and acknowledged by the undersigned President of Coyote Cove Owners Association, LLC.

Coyote Cove Owners Association, LLC

Robert E. David

By: Robert E. David

Its: President

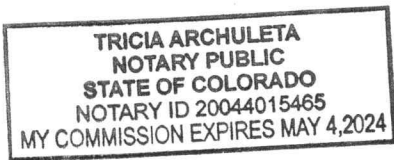
STATE OF Colorado

County of Archuleta

The foregoing instrument was acknowledged before me this 8 day of March, 2022, by Robert E. David, President of Coyote Cove.

WITNESS my hand and official seal.

My commission expires 05-04-24.



Tricia Archuleta

Notary Public

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Kristy Archuleta
Archuleta County

The undersigned Secretary of Coyote Cove certifies that the Association obtained the requisite number of approvals from members necessary for the amendment and adoption of this FIFTH AMENDMENT.

Kathryn E. David

By: Kathryn E. David

Its: Secretary

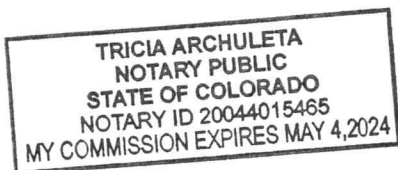
STATE OF Colorado

County of Archuleta

The foregoing instrument was acknowledged before me this 8 day of March, 2022, by Kathryn E. David, Secretary of Coyote Cove.

WITNESS my hand and official seal.

My commission expires: 05-04-24



Tricia Archuleta

Notary Public