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By

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Deputy

**GENERAL DECLARATION**  
**FOR**  
**THE ALDASORO RANCH**  
**SAN MIGUEL COUNTY, COLORADO**

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 THE ALDASORO RANCH  
 SAN MIGUEL COUNTY, COLORADO

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19/07/1/91

GENERAL DECLARATION  
FOR  
THE ALDASORO RANCH  
SAN MIGUEL COUNTY, COLORADO

This Declaration is made this 16<sup>th</sup> day of July, 1991,  
by Aldasoro LTD., a Colorado limited partnership.

I. DECLARATION - PURPOSES:

1.1 General Purposes: (a) ALDASORO LTD., a Colorado limited partnership, the Declarant, owns certain real property hereinafter defined as The Aldasoro Ranch and intends to develop the property as hereinafter defined.

(b) The Aldasoro Ranch Homeowners Company (Homeowners Company), a Colorado nonprofit corporation, has been formed to perform certain functions and to hold and manage certain property for the common benefit of all Owners within The Aldasoro Ranch. This Declaration defines certain rights and obligations of Owners within The Aldasoro Ranch with respect to the Homeowners Company and with respect to Functions undertaken and Facilities held by the Homeowners Company. The Homeowners Company may perform all tasks and functions whether or not specifically set forth herein which it deems necessary to foster and preserve the health, safety and welfare of persons in The Aldasoro Ranch and to preserve property, property rights and property values within The Aldasoro Ranch.

(c) By this Declaration, Declarant also intends to establish a means to provide for and maintain the area within The Aldasoro Ranch as a pleasant and desirable environment for all persons residing therein.

1.2 Declaration: To further the general purposes herein expressed, Declarant, for itself, its successors and assigns, hereby declares that all real property herein defined as The Aldasoro Ranch, at all times, shall be owned, held, used and occupied subject to the provisions of this Declaration and to the covenants, conditions and restrictions herein contained and any amendments or supplements to this Declaration.



## II. DEFINITIONS:

2.1 The Aldasoro Ranch: The Aldasoro Ranch shall mean all of the real property (Property) located in San Miguel County, Colorado, described in Exhibit AD-1 attached hereto together with such additional real property which may be added to the Property, in the sole discretion of Declarant, pursuant to the filing of supplements to the Declaration. All real property added to the Property shall be dealt with in the same manner as if it was originally included in the Property.

2.2 Consideration: Consideration means the gross consideration paid for the real property affected by the Transfer and shall include actual cash paid, the fair market value of real and personal property delivered or conveyed in exchange for the Transfer, or contracted to be so paid or delivered or conveyed, in return for the Transfer, and shall include the amount of any lien, mortgage, contract indebtedness, or other encumbrance or debt, either given to secure the purchase price, or any part thereof, or remaining unpaid on the property at the time of the Transfer. The term Consideration does not include as an addition to gross consideration the amount of any outstanding lien or encumbrance in favor of the United States, the State of Colorado, or a municipal or quasi-municipal corporation or district for taxes, or special or local benefits.

2.3 Declarant: Declarant shall mean ALDASORO LTD., a Colorado limited partnership.

2.4 Declaration: Declaration shall mean this instrument and all Amendments or Supplements hereto hereafter recorded in the real property records of San Miguel County, Colorado.

2.5 Dwelling Unit: Dwelling Unit means one or more habitable rooms arranged, occupied, or intended or designed to be occupied by not more than one family with facilities for living, sleeping, cooking and eating. Primary Dwelling Units shall have a minimum of 1,800 interior square feet of living area.

2.6 Facilities: Facilities shall mean all the real or personal property, including but not limited to all common open space and landscaping installed by the Developer, owned or leased by the Homeowners Company or otherwise held or used by the Homeowners Company, or under the Homeowners Company's management or control by, through or under contractual arrangements, licenses or other arrangements, including Property Furnished by Declarant, real property or interest therein, improvements on real property, and personal property and equipment.

2.7 Function: Function shall mean any activity, function or service required under this Declaration to be undertaken or performed by the Homeowners Company as well as any activity,



function or service otherwise undertaken or performed by the Homeowners Company.

2.8 Guest: Guest shall mean any guest or invitee of an Owner.

2.9 Homeowners Company: Homeowners Company shall mean the Aldasoro Ranch Homeowners Company, a Colorado nonprofit corporation, formed and incorporated to be and constituting the Homeowners Company to which reference is made in this Declaration and to further the common interests of the members of the Homeowners Company.

2.10 Lessee: Lessee shall mean the person or persons, entity or entities who are the lessees under a lease of all or a portion of a parcel of real property. All such leased property is hereinafter referred to as the Leased Premises.

2.11 Open Space/Recreation Tract: Tract whose uses are limited to the following uses as set forth on the respective final plats:

2.11.1 Active Open Space Tract. Designates a tract of land intended to allow uses more intense than those allowed on Passive Open Space Tracts. Uses allowed on Active Open Space Tracts include but are not limited to the following and similar uses:

Riding stables, equestrian facilities, tennis courts, children's play areas, cross country ski slopes, cross country snowmaking facilities, cross country ski racing structures, non-commercial refueling facilities, water wells, water storage tanks, water reservoirs, water treatment plants, communication receiving stations, communication transmitting stations, drainage ditches, drainage structures, drainage swales, access roads, service roads, maintenance roads, utility transmission lines, utility facilities, pedestrian trails, equestrian trails, vehicular recreation trails, transportation facilities, sewer collection system, storm drainage systems, retaining walls, benches, snow storage, landscaping, and all buildings and uses incidental or accessory to any of the above described uses.

Nothing to the contrary withstanding, no use shall be allowed on any Active Open Space Tract that is incompatible with the rural residential nature of The Aldasoro Ranch as determined by the San Miguel County Board of Commissioners. No use, including those specifically listed in this definition, may be placed in a location that is incompatible with the rural residential nature of The Aldasoro Ranch, as determined by the San Miguel County Board of Commissioners. It is hereby acknowledged that Active Open Space Tracts are not intended to be rezoned to allow for future real estate development.

- 2.11.2 Passive Open Space Tract. Designates a tract of land intended to preserve land within flood plains, wetlands, riparian areas and wildlife habitats in their natural character. To the greatest extend possible, all lands designated as Passive Open Space Tract shall remain in their natural undisturbed state. Uses allowed on Passive Open Space Tracts shall include but are not limited to the following and similar uses:

Walking trails, hiking trails, nature trails, land that is in its undisturbed and natural state and subsurface utilities.

Nothing to the contrary withstanding, no use shall be allowed on these lands that is incompatible with the rural residential nature of The Aldasoro Ranch as determined by the San Miguel County Board of Commissioners. It is hereby acknowledge that Passive Open Space Tracts are not intended to be rezoned to allow for future real estate development.

2.12 Owner: Owner shall mean the person or persons, entity or entities, who own of record, according to the real property records of San Miguel County, Colorado, fee simple title to a Site; except, with respect to the application of the provisions of paragraph 5.9 and related provisions, this definition shall be expanded to include fee simple title to all real property located within The Aldasoro Ranch. Each Owner shall be the holder or holders of a Regular Membership in the Homeowners Company, as set forth in paragraph 4.1, which is appurtenant to ownership of such Site. The term Owner shall include Declarant to the extent it is the owner of fee simple title to a Site.



2.13 Person: Person means any individual, corporation, limited liability company, business trust, estate, trust, partnership, association or any other legal entity.

2.14 Property Furnished by Declarant: Property Furnished by Declarant shall mean any real property, any improvement or portion of any improvement on real property and any personal property or equipment with respect to which Declarant grants, assigns or conveys to the Homeowners Company title, interests in, or rights of use, or with respect to which Declarant permits use by the Homeowners Company and any replacement of or substitute for any of the foregoing. The Homeowners Company shall be obligated to and shall accept title to, interests in, or rights of use with respect to any Property Furnished by Declarant which may be assigned, granted, or conveyed to the Homeowners Company by Declarant, subject to such reservations, restrictions and conditions as Declarant may reasonably request.

2.15 Review Board: Review Board shall mean the Design Review Board established pursuant to Section VIII hereof.

2.16 Site: Site shall mean each parcel of real property, together with all improvements thereon, within The Aldasoro Ranch the fee simple interest of which may be conveyed in its entirety to a third party without violating the subdivision regulations of San Miguel County, Colorado, as in effect from time to time. No Condominium units as that term is defined in the Condominium Ownership Act of the State of Colorado shall be allowed within The Aldasoro Ranch and, therefore, they shall not be considered a Site. Notwithstanding the foregoing, a parcel of property owned in its entirety by the Homeowners Company shall not be considered a Site. A Site may not be further subdivided or condominiumized and it may only be used for the construction of one Dwelling Unit and, subject to the limitation in paragraph 7.30, if authorized by the zoning, subdivision and building codes of San Miguel County, one Accessory Housing Unit not exceeding 800 square feet may be incorporated into the main Dwelling Unit constructed on the Site; the Accessory Housing Unit must be integrated into the main Dwelling Unit and may not be constructed in a structure which is detached from the main Dwelling Unit constructed on the Site. Declarant may prohibit the construction of Accessory Housing Units if it determines it is necessary to foster, promote or preserve the health, safety and welfare of persons within The Aldasoro Ranch. Site shall not include the Open Space/ Recreation Tracts owned by either the Homeowners Company or the Declarant.

2.17 Taxable Lease: Taxable Lease means any lease of a Site or other real property with a term, or initial term and all renewal terms, which aggregate in length 29 years or more; provided lessee has possession or the right to possession on payment of rents. Taxable Lease also means any lease of a Site



for less than 29 years of term, or initial term and all renewal terms aggregated, if lessee has a clause which would permit lessee at its discretion to extend the lessee beyond twenty-nine (29) years or if lessee has an option to purchase some or all of the Site leased. If lessee has a lease with such an option to purchase, then the Real Estate Transfer Assessment shall not be due and payable unless an until the exercise and consummation of such option.

2.18 Transfer. Transfer, whether or not the same is in writing or is recorded, means and includes (1) any grant, assignment, transfer, exchange, conveyance or consummated sale of any ownership or title to a Site or other real property situated in the Aldasoro Ranch; or (2) the leasing, letting, conveyance, assignment, transfer or consummated sale of a possessory interest in a Site; subject to the exemptions provided in paragraph 5.9 of this Declaration.

### III. CERTAIN OBLIGATIONS AND RIGHTS OF HOMEOWNERS COMPANY:

3.1 Membership, Duties and Obligations of Lessees and Owners: (a) Every Owner is a member of the Homeowners Company. Said membership is mandatory and appurtenant to the Site of said Owner; the ownership of the membership for a Site by an Owner shall automatically pass with fee simple title to the Site. If title of a Site is held by more than one person, the membership related to that Site shall be shared by all such persons in the same proportionate interest and by the same type of interest in which the title or leasehold of a Site is held. An Owner shall be entitled to one membership for each Site owned by him. If title of a Site is held by a corporation, the membership related to that Site shall be issued in the name of the corporation, and the corporation shall designate to the Homeowners Company in writing the name of one natural person 18 years of age or older who shall have the power to vote said membership at any meeting of members, and to serve if elected as a member of the Board of Directors of the Homeowners Company in the name of the corporation. The membership of an Owner in the Homeowners Company may not be transferred except in connection with the transfer of the title of the Site; provided, however, that the rights of membership may be assigned to a mortgagee as further security for a loan secured by a first lien on a Site.

(b) Each Owner by acceptance of his interest in a Site agrees to accept and be bound by this Declaration, the Articles of Incorporation, Bylaws, Design Regulations, covenants, fees, assessments and rules and regulations of the Homeowners Company that are in effect from time to time.

(c) No Owner may reject, repudiate, disown, renounce or disclaim his membership in the Homeowners Company and the rights,



duties and obligations attendant to the membership.

3.2 Property Maintenance Function: The Homeowners Company shall provide for the care, operation, management, maintenance, repair and replacement of all Facilities.

3.3 Exterior Maintenance Function: (a) If any Owner fails to maintain his Site or improvements or landscaping on such Site or fails to perform any acts of maintenance or repair required under this Declaration, the Homeowners Company may provide exterior maintenance and repair upon such Site and improvements and landscaping. In addition, the Homeowners Company may, without notice, make such emergency repairs and maintenance as it may in its judgment deem necessary for the safety of any person or the protection of property. The cost of all maintenance and repair performed pursuant to this Section shall be assessed against the Owner of such Site and shall be a lien on the Site and obligation of the Owner, his successors and assigns pursuant to Section 5 herein and shall become due and payable in all respects as set forth in Section 5 herein. For the purpose of performing the non-emergency exterior maintenance authorized by this Section 3.3, the Homeowners Company, through its duly authorized agents or employees, shall have the right, after giving written or telephonic notice to any Owner, to enter upon such Site during reasonable hours on any day except Saturday or Sunday. The Homeowners Company or its designee is hereby granted an irrevocable license over all property in The Aldasoro Ranch to inspect (in a reasonable manner) property within The Aldasoro Ranch in order to determine whether any maintenance or repair is necessary under this Section 3.3 and to perform any maintenance or repair required under this Declaration.

(b) Neither Declarant, the Homeowners Company, nor any of their respective directors, officers, agents or employees shall be liable for any incidental or consequential damages for failure to inspect any Site or improvements or portion thereof or to repair or maintain the same. Declarant, the Homeowners Company or any other person, firm or corporation undertaking such repairs or maintenance shall not be liable for any personal injury or other incidental or consequential damages occasioned by any act or omission in the repair or maintenance of any Site, improvements or portion thereof.

3.4 Vehicle Parking Control Function: The Homeowners Company may provide regulations which control the locations for parking vehicles, which include but are not limited to automobiles, trucks, motorcycles, campers, trailers and boats. Regulations may also control the enclosures in which vehicles must be parked and the parking and accessway surfaces.

3.5 Solid Waste Collection and Disposal Function: The Homeowners Company may provide for the collection, removal and



disposal of all solid waste in The Aldasoro Ranch, including but not limited to, the construction, operation and maintenance of a central waste disposal facility. The Homeowners Company shall have the power to charge for the service and to adopt, amend and enforce rules and regulations applicable within The Aldasoro Ranch to provide for the orderly collection and disposal of such waste.

3.6 Dog Control Function: The Homeowners Company shall provide for regulations and funds to enforce dog control and a ban on dogs in The Aldasoro Ranch.

3.7 Operation Function: The Homeowners Company may do all things which may be reasonably necessary or desirable to keep and maintain The Aldasoro Ranch as a safe, attractive and desirable community.

3.8 Other Functions: The Homeowners Company may undertake and perform other Functions as it deems reasonable or necessary, whether or not currently anticipated, to carry out the provisions of this Declaration.

3.9 Contract for Functions: The Homeowners Company may contract with any public or private entity or person to provide the functions described in this Declaration.

3.10 Insurance: The Homeowners Company shall, as appropriate, obtain in its name and keep in full force and effect at all times at least the following insurance coverage: (a) casualty insurance with respect to all insurable Facilities, insuring such Facilities for the full replacement value thereof, and including coverage for fire and extended coverage, vandalism and malicious mischief; and (b) broad form comprehensive liability coverage, vandalism and malicious mischief; and (c) broad form comprehensive liability coverage, covering both public liability and automobile liability, with limits in an amount deemed appropriate by the Board of Directors. All insurance may contain such deductible provisions as good business practice may dictate. All insurance shall be properly structured to insure Declarant in the manner it deems appropriate within the limits contemplated herein and shall, to the extent reasonably possible, cover each Owner without each Owner being specifically named. The Homeowners Company shall provide to Declarant, upon request, certificates evidencing such insurance and copies of the insurance policies.

3.11 Indemnification: The Homeowners Company shall be obligated to and shall indemnify Declarant and hold it harmless from all liability, loss, cost, damage and expense, including attorneys' fees, arising with respect to any operations of the Homeowners Company or any Facilities or Functions.



3.12 Right to Make Rules and Regulations: The Homeowners Company is hereby authorized to and shall have the power to adopt, amend and enforce fees, assessments, rules and regulations applicable within The Aldasoro Ranch with respect to any Facility or Function, and to implement the provisions of this Declaration, the Articles of Incorporation or Bylaws of the Homeowners Company, including but not limited to, fees, assessments, rules and regulations to prevent or reduce fire hazard; to prevent disorder and disturbances of the peace; to regulate pedestrian and vehicular traffic; to regulate animals; to regulate signs; to regulate use of any and all Facilities to assure fullest enjoyment of use by the persons entitled to enjoy and use the same; to promote the general health, safety and welfare of persons within The Aldasoro Ranch; and to protect and preserve property, property values and property rights. All fees, assessments, rules and regulations adopted by the Homeowners Company shall be reasonable and shall be uniformly applied to similar properties. The Homeowners Company may provide for enforcement of any such fees, assessments, rules and regulations through reasonable and uniformly applied fines and penalties, through exclusion of violators from Facilities or from enjoyment of any Functions, or otherwise. Each Owner shall be obligated to and shall comply with and abide by such rules and regulations and pay such fines, damages or penalties upon failure to comply with or abide by such fees, assessments, rules and regulations and such unpaid fines and penalties shall be enforceable in accordance with Section 5.10.

3.13 Charges for Use of Facilities: The Homeowners Company may establish and modify fees, assessments or charges for the use of Facilities to assist the Homeowners Company in offsetting the costs and expenses of the Homeowners Company, including depreciation, operation, maintenance, capital replacement and capital expenses. All fees, assessments or charges established under this Section 3.13 shall be reasonable and shall be uniformly applied, except such charges may differentiate between reasonable categories. Each Owner shall be obligated to and shall pay any such fees, assessments or charges for use.

3.14 Charges for Functions: The Homeowners Company may establish and modify fees, assessments or charges for providing any service as required or permitted by any Function on a regular or irregular basis to an Owner to assist the Homeowners Company in offsetting the costs and expenses of the Homeowners Company, including depreciation, operation, maintenance, capital replacement and capital expenses. All fees, assessments or charges established under this Section 3.14 shall be reasonable and shall be uniformly applied, except such fees, assessments or charges may differentiate between reasonable categories. Each Owner shall be obligated to and shall pay any such fees, assessments or charges for such services.



3.15 Taxes: The Homeowners Company shall pay all ad valorem real estate taxes, special improvement and other assessments (ordinary and extraordinary), ad valorem personal property taxes, and all other taxes, duties, charges, fees and payments required to be made to any governmental or public authority which shall be imposed, assessed or levied upon, or arise in connection with any Facilities or Functions.

3.16 Right to Dispose of Facilities: Subject to the provisions of this Declaration requiring the consent of Declarant with respect to Property Furnished by Declarant, the Homeowners Company shall have full power and authority to sell, lease, grant rights in, transfer, encumber, abandon or dispose of any Facilities.

3.17 Governmental Successor: Any Facility and any Function may be turned over to a governmental entity which is willing to accept and assume the same upon such terms and conditions as the Homeowners Company shall deem to be appropriate and which receives the consent of the members of the Homeowners Company by the Affirmative Vote of a Majority of the Owners.

3.18 Implied Rights of the Homeowners Company: The Homeowners Company shall have and may exercise any right or privilege given to it expressly in this Declaration or, except to the extent limited by the terms and provisions of this Declaration, given to it by law and shall have and may exercise every other right or privilege or power and authority necessary or desirable to fulfill its obligations under this Declaration, including the right to engage labor and acquire use of or purchase property, equipment or facilities; employ personnel; obtain and pay for legal, accounting and other professional services; and to perform any Function by, through or under contractual arrangements, licenses, or other arrangements with any governmental or private entity as may be necessary or desirable.

#### IV. THE ALDASORO RANCH HOMEOWNERS COMPANY MEMBERSHIP:

4.1 Regular Membership: There shall be one Regular Membership in the Homeowners Company attributable to the fee simple ownership of each Site within The Aldasoro Ranch. Each such Regular Membership shall be appurtenant to the fee simple title to such Site. The Owner of a Site shall automatically be the holder of the Regular Membership appurtenant to that Site and title to and ownership of the Regular Membership for that Site shall automatically pass with fee simple title to the Site. Each Owner of a Site shall automatically be entitled to the benefits and subject to the burdens relating to the Regular Membership for his Site as set forth in this Declaration, the Articles of Incorporation, Bylaws, Design Regulations and all fees,



assessments, rules and regulations of the Homeowners Company as from time to time are in force and effect. If fee simple title to a Site is held by more than one person or entity, the Regular Membership appurtenant to that Site shall be shared by all such persons or entities in the same proportionate interest and by the same type of ownership as fee simple title to the Site is held.

#### V. ASSESSMENTS AND OTHER AMOUNTS:

5.1 Obligation for Assessment and Other Amounts: Declarant for each Site it owns hereby covenants and each Owner by acceptance of a deed for his Site, whether or not it shall be so expressed in any such deed, or other conveyance, shall be deemed to covenant and agree to pay to the Homeowners Company all assessments and the charges, fines, liquidated damages, penalties or other amounts, to be levied, fixed, established and collected as set forth in this Declaration and the Articles of Incorporation, Bylaws, Design Regulations and rules and regulations of the Homeowners Company as from time to time are in force and effect.

5.2 Purpose of Assessments and Other Amounts: The fees and assessments levied and any charge, fine, penalty, liquidated damages or other amount collected by the Homeowners Company shall be used by the Homeowners Company to pay any expenses, of any nature that it may incur in performing any actions permitted or required under this Declaration, or its Articles of Incorporation, Bylaws, Design Regulations or rules and regulations as from time to time are in force and effect, including but not limited to, operating expenses and the capital costs of constructing or purchasing Facilities and performing Functions. This Section 5.2 shall not prohibit the Homeowners Company from establishing appropriate reserves to defray anticipated expenses, and investing all excess cash in a prudent manner.

5.3 Agreement to Pay Assessment: Declarant, for each Site owned by it within the Project, and for and as the Owner of the Project and every part thereof, hereby covenants, and each Owner of any Site by the acceptance of a deed thereof, whether or not it be so expressed in the deed, shall be deemed to covenant and agree with each other and with the Homeowners Company to pay to the Homeowners Company periodic installments of annual assessments (hereinafter referred to as "Periodic Assessment") made by the Homeowners Company for the purposes provided in this Declaration, and special assessments for other matters as provided in this Declaration. Such assessments shall be fixed, established and collected from time to time as determined by the Homeowners Company.



5.4 Amount of Periodic Assessments: The amount and periodic frequency of total Periodic Assessments against all Sites shall be based upon advance budget estimates of the cash requirements as determined from time to time by the Board of Directors of the Homeowners Company to provide for the payment of expenses of the Homeowners Company which shall include but are not limited to the performance of Functions; construction, operating, maintenance and repair of Facilities; routine maintenance, repair and operation of the common elements; to create reasonable contingency reserves for periodic maintenance and repair; to eliminate any deficit from a prior year; to provide the furnishing of commonly provided utilities and other services to the Sites; management; insurance premiums; landscaping and care of grounds; electricity; lighting; heating; water; snow and ice removal; trash and garbage collections; routine repairs, replacements and maintenance and capital replacement under or by reason of this Declaration, the Articles of Incorporation, Bylaws or Design Regulations. If the Board of Directors shall not determine, levy and assess the Periodic Assessment for a particular assessment period in accordance with this paragraph 5.4, then it will be presumed that the Periodic Assessment per Site for that particular assessment period will be the same as the Periodic Assessment per Site for the assessment period immediately preceding that particular assessment period. The Board of Directors shall determine, apportion, levy and assess the Homeowners Company's Periodic Assessments in their sole discretion.

5.5 Apportioned Periodic Assessments: Any Periodic Assessments assessed pursuant hereto by the Board of Directors against all Owners shall be assessed equally to all Owners. Any Periodic Assessments assessed pursuant hereto against less than all of the Owners shall be assessed equally to such Owners; the Owner's assessment shall be based upon their percentage interests computed by dividing the number one by the total number of the Owners who are to be assessed. The Board of Directors shall determine, apportion, levy and assess the Homeowners Company's apportioned Periodic Assessments in their sole discretion.

5.6 Payment of Periodic Assessments and Time for Payment Thereof: Unless otherwise determined by the Homeowners Company, the Periodic Assessments shall be paid annually on the first day of each year in advance and shall be due and payable to the Homeowners Association at its office, or as the Homeowners Company may otherwise direct, without notice on the first day of each year. If any such Periodic Assessment shall not be paid within ten (10) days after it shall have become due and payable, then the Board of Directors may assess a "late charge" thereon in an amount not exceeding \$100.00 to cover the extra expenses involved in handling such delinquent assessment. In addition each Periodic Assessment shall bear interest at the rate of 18% per annum from the date it becomes due and payable if not paid



within ten (10) days after such date.

5.7 Special Assessments: In addition to the Periodic Assessments authorized by this Declaration, the Homeowners Company may levy special assessments, payable over such periods as the Board of Directors of the Homeowners Company may determine, for the purpose of defraying, in whole or in part, the cost of any construction or re-construction, unexpected repair or replacement of the Project or any part thereof, or for any other expense or purpose as provided in this Declaration, the Articles of Incorporation, Bylaws or Design Regulations. Any amounts assessed pursuant hereto against all Owners shall be equally assessed to all applicable Owners. Any amounts assessed pursuant hereto against less than all of the Owners shall be assessed in the same manner as set forth in paragraph 5.5. Notice in writing of the amount of such special assessments and the time for payment thereof shall be given promptly to the Owners, and payment shall be due 30 days after such notice shall have been given. A special assessment shall bear interest at the rate of 18% per annum from the date it becomes due and payable if not paid within 10 days after such due date. The Board of Directors shall determine, apportion, levy and assess the Homeowners Company's Special Assessments in their sole discretion.

5.8 Assessment Reserves: The Homeowners Company may require an Owner, other than Declarant, to deposit with the Homeowners Company an amount not exceeding one half (1/2) of the amount of the then current annual total of the Periodic Assessment, which sum shall be held, with interest, by the Homeowners Company as a reserve to be used for paying such Owner's Periodic Assessment and for working capital. Such an advance payment shall not relieve an Owner from making the regular periodic payment of the Periodic Assessment as the same comes due. Upon the transfer of his Site, an Owner shall be entitled to a credit from his transferee for any unused portion thereof.

5.9 Real Estate Transfer Assessment.

5.9.1 Imposition of Assessment. There is hereby imposed an assessment ("Real Estate Transfer Assessment") on all Transfers whether by deeds, instruments, writings, leases, or any other documents or otherwise by which any lands, tenements or other interests in a Site located in the Aldasoro Ranch are sold, granted, let, assigned, transferred, exchanged or otherwise conveyed to or vested in a Purchaser, or Purchasers thereof, or any other person or Persons, except as may be specifically exempted by this Declaration. The Real Estate Transfer Assessment shall be due and payable at the time of any such Transfer and contemporaneously therewith as hereinafter specified.



5.9.2 Amount. The amount of Real Estate Transfer Assessment payable in each case shall be as follows:

(a) Where there is no Consideration, or when the Consideration is Five Hundred Dollars (\$500.00) or less, or where combined cost and rental of a Lease within one calendar year is Five Hundred Dollars (\$500.00) or less, no Real Estate Transfer Assessment shall be payable.

(b) When the Consideration, or the combined cost and rental of a Lease within one calendar year, shall exceed Five Hundred Dollars (\$500.00), the Real Estate Transfer Assessment payable shall be three (3%) percent of the Consideration.

(c) The Real Estate Transfer Assessment on a lease for a calendar year shall be due payable on the first day of that year.

5.9.3 Exemptions. The Real Estate Transfer Assessment imposed by this Declaration shall not apply to:

(a) Any Transfer wherein the Homeowners Company or the United States, or any agency or instrumentality thereof, the State of Colorado, any county, city and county, municipality, district or other political subdivision of this State, is either the grantor or grantee.

(b) Any Transfer by gift of a Site, where there is no Consideration other than love and affection or charitable donation.

(c) Any Transfer by document, decree or agreement partitioning, terminating or evidencing termination, of a joint tenancy, tenancy in common or other co-ownership in a Site; however, if additional Consideration or value is paid in connection with such partition or Consideration or value is paid in connection with such partition or termination, the assessment shall apply and be based upon such additional Consideration.

(d) Any Transfer of title or change of interest in a Site by reason of death, pursuant to a will, the law of decent and distribution, or otherwise.

(e) Any Transfer made pursuant to reorganization, merger or consolidation of corporations or partnerships, or by a subsidiary to a parent corporation for no Consideration other than

cancellation or surrender of the subsidiary's stock, or Transfers made to a corporation, partnership, limited partnership, joint venture, business trust or other association or organization if that association or organization is owned by the persons by whom such Transfer was made if such owners have the same relative interests in such association or organization as they had in the real property immediately prior to said Transfer and there is no Consideration other than their respective interest in the new association or organization.

(f) Transfers to effectuate any plan confirmed or ordered by a court of competent jurisdiction under the Bankruptcy Code or in an equity receivership proceeding.

(g) Any Transfer made and delivered without Consideration for the purpose of: confirming, correcting, modifying or supplementing a Transfer previously made; making minor boundary adjustments; removing clouds of titles; or granting rights-of-way, easements or licenses.

(h) Any decree or order of a court of record quieting, determining or resting title, except for a decree of foreclosure, including a final order awarding title pursuant to a condemnation proceeding.

(i) Any Transfer of cemetery lots.

(j) Any lease of any Site (or assignment or Transfer of any interest in any such lease) provided the terms and conditions of such lease do not constitute a Taxable Lease of the property, as defined herein.

(k) Transfers to secure a debt or other obligation, or releases other than foreclosure of a Site which is security for a debt or other obligation.

(l) An executory contract for the sale of a Site of less than three years' duration, under which the vendee is entitled to or does take possession thereof without acquiring title thereto, or any assignment or cancellation of any such contract.

(m) A transfer of title or any lesser interest for purposes of obtaining financing, or otherwise, not intended to effect a permanent alienation of the grantor's interest.



(n) Any transfer to, between or amongst spouses, children, grandchildren, or trust representing any such individuals.

(o) Transfers made to a corporation, partnership, limited partnership, joint venture, business trust or other association or organization to the extent that the transferee is owned by the transferor or the transferor is owned by the transferee.

(p) Transfers to a trust to the extent the donor(s) has/have the same relative interest in the trust as they had prior to the transfer; or if there is no consideration other than love and affection or charitable donation. Transfers from such a trust conveying or releasing the property from the trust are also exempt where there is no consideration.

(q) Any Transfer which fulfills the following two conditions:

(i) The transferor previously obtained title to the property from the transferee.

(ii) The transfer occurred pursuant to a written agreement entered into on or before the date of the deed which previously conveyed title from the transferee to the transferor. At a minimum the agreement shall either (A) allow the transfer or to require the transferee to reacquire the property, or (B) allow the transferee to require the transferor to reconvey the property to the transferee.

(r) A transfer under foreclosure or power of sale, or a voluntary conveyance in lieu of foreclosure, whereby the secured party takes back the property or the property is redeemed. However, a purchaser at a foreclosure sale who holds no security interest or redemption rights in the property, and who acquires title to the property upon expiration of all redemption periods, is required to pay the Real Estate Transfer Assessment.

(s) Exchanges of real property where (i) one of the lots is located in the first final plat recorded for The Aldasoro Ranch, (ii) one of the parties to the exchange is Declarant and (c) the exchange occurs pursuant to a contract entered into before the date of recording the first final plat for The Aldasoro Ranch.

(t) Transfers pursuant to a decree of separation or divorce.

(u) Transfers to intermediaries for no consideration for a period not to exceed six months.

(v) An exemption for the transfer, from time to time, of up to 15 lots in the aggregate from Declarant to persons designated by Declarant.

(w) Any Transfer by Declarant whereby Declarant, retains a minimum of fifty (50%) percent interest and where the transfer is for a minimum of fifteen subdivided lots, parcels or tracts with zoning approval for short or long term accommodation, residential, commercial or industrial uses.

(x) Any Transfer made by Declarant, pursuant to a reorganization, merger, liquidation or consolidation of joint ventures, corporations or partnerships, or by a subsidiary to a parent corporation, wherein all or substantially all of Declarant's real property located in The Aldasoro Ranch is transferred and Declarant or its shareholders either directly or indirectly retain at least 50% ownership interest as determined by either voting power or economic value in the real property transferred.

5.9.4 Joint and Several Liability. Each Purchaser and any other Person to whom a Transfer is made, which Transfer is subject to the Real Estate Transfer Assessment imposed under this paragraph 5.9, shall be jointly and severally liable for payment of the assessment. The Purchaser or Person to whom a Transfer is made shall remit the assessment to the Homeowners Company.

#### 5.9.5 Airport and Transportation

- a) Airport Authority. Nothing to the contrary withstanding, the Declarant, in its sole discretion, may require the Homeowners Company to remit 8.3% of the Real Estate Transfer Assessment, .25% of the Consideration, to the Telluride Regional Airport Authority ("TRAA") for the acquisition of property and capital assets and for the construction, operation, replacement and maintenance of an airport facility on Deep Creek Mesa, San Miguel County, Colorado.



- b) County Transportation. Nothing to the contrary withstanding, the Declarant, in its sole discretion, shall require the Homeowners Company to remit 25% of the Real Estate Transfer Assessment, .75% of the Consideration, to San Miguel County for the acquisition of property and capital assets and for the construction, operation, replacement and maintenance of a transportation system for San Miguel County.

5.9.6 Exemption Application. In the event of any Transfer claimed to be exempt from the Real Estate Transfer Assessment herein imposed, the grantor or Purchaser shall apply for and attempt to obtain from both the Homeowners Company and the Telluride Regional Airport Authority {"TRAA") a Certificate of Exemption, which may be affixed to the deed or other instrument of Transfer. The burden of proving any exemption shall in all cases be upon the Person claiming it. The exemptions provided in Section 5.9.3 hereof shall be allowed only upon issuance of a Certificate of Exemption by the Homeowners Company prior to the date the Real Estate Transfer Assessment is payable to the Homeowners Company.

5.9.7 Refund. In case of any application for an exemption which is not granted before the Transfer takes place, the Real Estate Transfer Assessment shall be paid as required by this Declaration. Thereafter if the exemption shall be allowed, upon application to the Homeowners Company, the Person who has paid said assessment shall be entitled to a refund thereof or for so much of said assessment which shall qualify for refunding pursuant to the exemption granted.

5.9.8 Exchange of Property Outside of The Aldasoro Ranch. When a Transfer subject to this Declaration includes a Site or real property located within The Aldasoro Ranch as well as property located elsewhere, the assessment imposed under the authority of this Declaration shall be computed only with respect to the Site or real property located within The Aldasoro Ranch and the Real Estate Transfer Assessment shall be assessed based on that part of the Consideration fairly attributable to such Site.

5.9.9 Due Date and Delinquency. The Real Estate Transfer Assessment imposed herein is due and payable at the time of the Transfer of a Site or real property, and is delinquent if it remains unpaid for thirty days thereafter. In the event that the Real Estate Transfer Assessment is not paid prior to becoming delinquent, a delinquency penalty of fifteen percent (15%) of the amount of Real Estate Transfer



Assessment shall accrue. In the event a portion of the Real Estate Transfer Assessment is paid prior to becoming delinquent, the penalty shall only accrue as to the portion which is delinquent. Interest shall accrue at the rate of  $1\frac{1}{2}$  percent (1.5%) per month compounded monthly, or fraction thereof, on the amount of Real Estate Transfer Assessment, including penalties, from the date the Real Estate Transfer Assessment becomes delinquent to the date of payment. Interest and penalty accrued shall become part of the Real Estate Transfer Assessment.

5.9.10 Evasion By Artifice or Device. Nothing to the contrary withstanding, if an artifice or device is used in connection with the transfer of real property, "artifice or device" meaning either a method of transfer or one or more transactions of which a substantial purpose is to evade the provisions of this paragraph 5.9, then such transfers shall nevertheless be subject to the real estate transfer assessment. The Board of Directors of the Homeowners Company, in their sole discretion, shall determine whether or not an "artifice or device" was used.

5.10 Time for Payments: The amount of any assessment, charge, fine, liquidated damage, penalty or other amount payable by any Owner shall become due and payable as specified in this Declaration, the Articles of Incorporation, Bylaws, Design Regulations, rules or regulations of the Homeowners Company as from time to time are in force and effect. The Homeowners Company may charge interest on such amounts at the rate of 18% per annum from the date due and payable until paid. In addition, the Bylaws of the Homeowners Company may authorize the Homeowners Company, during the period of delinquency, to suspend an Owner's voting privileges or any other privileges.

5.11 Lien for Assessments and Other Amounts: The Homeowners Company shall have a lien against each Site to secure payment of any assessment, charge, fine, penalty, liquidated damages, or other amount due and owing to the Homeowners Company by the Owner of such Site plus interest at the rate of 18% per annum from the date due and payable, plus all costs and expenses of collecting the unpaid amount, including reasonable attorneys' fees. The lien may be foreclosed in the manner for foreclosures of either (i) mechanics or materialmen liens or (ii) judicial mortgage foreclosures in the State of Colorado, and the Owner shall be required to pay the costs and expenses of such proceedings, including but not limited to, reasonable attorneys' fees.

5.12 Liability of Owners, Purchasers and Encumbrancers: The amount of any assessment, charge, fine, liquidated damages, or penalty, payable by any Owner or with respect to such Owner's Site shall be a joint and several obligation to the Homeowners



Company of such Owner and Owner's heirs, personal representatives, successors and assigns. A party acquiring fee simple title to a Site shall be jointly and severally liable with the former Owner of the Site for all such amounts which had accrued and were payable at the time of the acquisition of fee simple title to the Site by such party, without prejudice to such party's right to recover any of said amounts paid from the former Owner. Each such amount, together with interest thereon, may be recovered by suit for money judgment by the Homeowners Company without foreclosing or waiving any lien securing the same. Notwithstanding the foregoing, the holder of a first mortgage, first deed of trust or other first lien on a Site shall not be liable for any such assessment, charge, fine or penalty and the lien for any such assessments, charges, fines, liquidated damages or penalties shall be junior to any first lien on a Site taken in good faith and for value and perfected by recording in the office of the Clerk and Recorder of San Miguel County, Colorado, prior to the time either a notice of intent to lien or a notice of failure to pay any such amount is recorded in said office, describing the Site and naming the Owner of the Site.

#### VI. CERTAIN RIGHTS OF DECLARANT, OWNERS AND LESSEES:

6.1 Reserved Rights with Respect to Property Furnished by Declarant: Whether or not expressed at the time, all property furnished by Declarant shall be deemed accepted by the Homeowners Company at the time of conveyance and shall at all times remain subject to: then existing easements including but not limited to, gas, electricity, water, sewer, telephone, television or other utility services, and for intercommunication, alarm or other similar systems; then existing easements for parking purposes; then existing easements for ingress, egress and access for the benefit of other property in The Aldasoro Ranch; and easements as provided in Section 6.3.

6.2 No Sale or Abandonment of Property Furnished by Declarant: No property furnished by Declarant may be sold, conveyed, encumbered, leased, transferred, abandoned or otherwise disposed of without the prior written consent of Declarant until seven (7) years after Declarant furnished the property. No improvements which may be included in property furnished by Declarant may be destroyed, permitted to deteriorate or waste, or disposed of by the Homeowners Company for a period of seven (7) years without the prior written consent of Declarant.

6.3 Easements of Owners with Respect to Facilities: Each Owner, and Owner's guests shall have a non-exclusive easement over, upon, across and with respect to any Facilities as appropriate and necessary for: access, ingress and egress to the Site of such Owner; encroachment by improvements caused by the settling, rising or shifting of earth, and horizontal and lateral



support of improvements; subject, however, in the case of easements for access, ingress and egress, to such reasonable and uniformly applied rules and regulations as the Homeowners Company may impose to assure reasonable use and enjoyment of Facilities by all persons entitled to such use and enjoyment.

6.4 Owner's Enjoyment of Functions and Facilities: Each Owner and guest shall be entitled to use and enjoy any Facilities suitable for general use or the services provided by any Functions, subject to such reasonable rules and regulations which the Homeowners Company may adopt and subject to such reasonable charges which the Homeowners Company may impose to offset costs and expenses, subject to the provisions of this Declaration and subject to the following specific limitations. Such rules and regulations and charges may differentiate between categories of Owners as established by the Homeowners Company's Board of Directors from time to time; however, the rules, regulations and charges must be uniformly applied within such categories. There shall be no obstruction of any Facility nor shall anything be stored in or on any part of any Facility without the prior written consent of the Homeowners Company. Nothing shall be altered on, constructed in or removed from any Facilities except with the prior written consent of the Homeowners Company. Nothing shall be done or kept on or in any Facilities which would result in the cancellation of the insurance or any part thereof which the Homeowners Company is required to maintain pursuant hereto or increase the rate of the insurance or any part thereof over what the Homeowners Company, but for such activity, would pay, without the prior written consent of the Homeowners Company. Nothing shall be done or kept on or in such Facilities which would be in violation of any statute, rule, ordinance, regulation, permit or other requirement of any governmental body. No damage to, or waste of, Facilities shall be committed, and each Owner shall indemnify and hold the Homeowners Company and the other Owners harmless against all loss resulting from any such damage or waste caused by such Owner or such Owner's guests. No noxious, destructive or offensive activity shall be carried on with respect to any Facility nor shall anything be done therein or thereon which may be or become a nuisance to any other Owner or to any guest.

6.5 Owner's Rights and Obligations Appurtenant: All rights, easements and obligations of an Owner under this Declaration and all rights of an Owner with respect to membership in the Homeowners Company under this Declaration are hereby declared to be and shall be appurtenant to the title to the Site owned by such Owner and may not, except as provided in Section 3.1, be transferred, conveyed, devised, bequeathed, encumbered or otherwise disposed of separate or apart from fee simple title to such Owner's Site. Every transfer, conveyance, grant, devise, bequest, encumbrance or other disposition of a Site shall be deemed to constitute a conveyance, grant, devise, bequest,



encumbrance or transfer or disposition of such rights and obligations.

VII. RESTRICTIONS APPLICABLE TO PROPERTY:

7.1 Property: Property as used in Section VII and Section VIII of this Declaration shall mean any and all real property included within The Aldasoro Ranch, including Sites, public or private streets, roads and any public or private easement or rights-of-way, open spaces/recreation tracts and including any and all improvements on any of the foregoing.

7.2 Destruction of Improvements: No improvement which has been partially or totally destroyed by fire, earthquake or otherwise, shall be allowed to remain in such state for more than six (6) months from the time of such destruction.

7.3 Occupancy Limitations: No portion of any Property shall be used as a residence or for living or sleeping purposes other than in a room designed for living or sleeping in a completed structure for which a certificate of occupancy has been issued or final inspection has been made. No room in any structure shall be used for living or sleeping purposes by more persons than it was designed to accommodate comfortably. Except for temporary construction trailers expressly permitted in writing by the Review Board, no mobile homes, modular structures, trailers or temporary structures shall be permitted on any Property. No Site may include facilities for greater than one Dwelling Unit and one Accessory Housing Unit pursuant to paragraph 2.16.

7.4 Maintenance of Property: All property, including all improvements on any Site, shall be kept and maintained by the Owner thereof in a clean, safe, attractive and slightly condition and in good repair.

7.5 No Noxious or Offensive Activity: No loud, noxious or offensive activity shall be carried on, upon or within The Aldasoro Ranch nor shall anything be done or placed within The Aldasoro Ranch which is or may become a nuisance or cause any significant embarrassment, disturbance or annoyance to others.

7.6 No Hazardous Activities: No activities shall be conducted within The Aldasoro Ranch and no improvements may be constructed within The Aldasoro Ranch which are or might be unsafe or hazardous to any person or Property. Without limiting the generality of the foregoing, no hunting, except as provided for a paragraph 7.29, shall be allowed and no firearms shall be discharged within The Aldasoro Ranch; and no open fires shall be lighted or permitted within The Aldasoro Ranch except (i) in a contained barbecue unit while attended and in use for cooking



purposes, (ii) within a safe and well-designed interior fireplace, (iii) campfires or picnic fires in areas designated for such use by the Homeowners Company, or (iv) controlled and attended fires authorized in writing by the Review Board and required for clearing or maintenance of land. This Section 7.6 shall not be construed to prevent the use of explosives, approved by the Review Board, required for the preparation of a Site to allow the construction of approved improvements on the Site.

7.7 No Unsightliness: No unsightliness shall be permitted within The Aldasoro Ranch. Such things that include but are not limited to (i) all unsightly structures, facilities, equipment, objects and conditions shall be enclosed within an approved structure; (ii) camper trailers, trailers, trucks, pickups, boats, bicycles, motorcycles, snowmobiles, mowers, tractors, all vehicles (including automobiles), campers and, except when in actual use, snow removal equipment, trash storage containers and garden or maintenance equipment, shall be kept in an enclosed structure at all times, provided that automobiles and trucks may be parked but not stored on parking lots or other areas specifically designated by the Review Board. Refuse, garbage and trash shall be kept in a covered container at all times and any such container shall be kept within an enclosed structure. Service areas and facilities shall be kept within an enclosed structure. Pipes for water, gas, sewer, drainage or other purposes, wires, poles, transmission or reception of audio or video signals or electricity, utility meters or other utility facilities, gas, oil, water or other tanks, including propane gas tanks, and sewage disposal systems or devices shall be kept and maintained within an enclosed structure or below the surface of the ground. No lumber, logs, timber, "fireplace logs", grass, shrub or tree clippings or plant waste, compost, metals, bulk materials or scrap or refuse or trash or unused items of any kind shall be kept, stored or allowed to accumulate within The Aldasoro Ranch except in designated enclosed structures approved by the Review Board. All enclosed structures shall comply with the rules and regulations of the Review Board as in effect from time to time.

7.8 No Annoying Lights, Sounds or Odors: No light shall be emitted from any location within The Aldasoro Ranch which is unreasonably bright or causes unreasonable glare; no sound shall be emitted from any location within The Aldasoro Ranch which is unreasonably loud or annoying; and no odor shall be emitted from any Property which is noxious or offensive to others.

7.9 Restriction on Animals: No animals shall be kept within The Aldasoro Ranch which bother or constitute a nuisance to other owners. Nothing to the contrary withstanding, no dogs shall be allowed anywhere in The Aldasoro Ranch at anytime. No horse may be kept on any Site or Open Space/Recreation Tract. Horses will only be allowed to pass through on roadways,



easements and portions of Open Space/Recreation Tracts explicitly designated by the Homeowners Company. The owner of any horse kept or ridden within The Aldasoro Ranch shall immediately remove all horse droppings to a proper receptacle located on a Site owned by the responsible Owner. No horse may be kept or ridden within The Aldasoro Ranch without the written approval of the Homeowners Company.

7.10 Restriction on Signs: No signs, including but not limited to real estate sales signs, or advertising devices of any nature shall be erected or maintained within The Aldasoro Ranch. Subject to the provisions of the preceding sentence, only signs approved by the Review Board, signs required by law or legal proceedings, temporary signs to caution or warn of danger or Homeowners Company signs necessary or desirable to give directions or advise of rules or regulations shall be allowed.

7.11 Restriction on Parking: Parking of vehicles, including but not limited to those items set forth in paragraph 7.7, is permitted only within enclosed parking spaces and such other spaces constructed with the prior approval of the Review Board; such parking shall be used only by the Owner or Lessee of such Site or their guests for the parking of personal vehicles. No vehicle, including but not limited to those items set forth in paragraph 7.7, may be parked on any roadway, access tract, open-space tract or other common area without the prior written consent of the Homeowners Company.

7.12 Restriction on Recreational Vehicles: No motorcycle, motorbike, or other motorized vehicle shall be operated within The Aldasoro Ranch, except on designated roads or except as otherwise specifically permitted by rules and regulations of the Homeowners Company. No snowmobiles may be operated within The Aldasoro Ranch without the prior written approval of the Homeowners Company.

7.13 No Water Wells: No water wells shall be permitted within The Aldasoro Ranch without the prior written approval of the Homeowners Company and Declarant.

7.14 Landscape Restriction: No tree of three inches or greater diameter or eight feet or greater height may be removed from within The Aldasoro Ranch without the prior written approval of the Review Board; subject, however, to the exception that on or before six (6) years after recording any final plat in The Aldasoro Ranch, Declarant, in its sole discretion, may remove any tree located within the final plat regardless of size. Vegetation within The Aldasoro Ranch must be maintained to minimize erosion and encourage growth of ground cover and all tree and shrub planting must be consistent with the landscaping plan approved by the Review Board. No construction may occur on a Site unless a landscaping plan, approved by the Review Board,



has been approved for the Site in conjunction with the proposed construction.

7.14.1 Tree Thinning Pursuant to DRB Approval. The Review Board, in its sole discretion and subject to its reasonable review and approval, may require trees located within The Aldasoro Ranch, including trees located on any Sites and Open Space/Recreation Tracts, to be removed for the purpose of providing reasonable view corridors to any other Site. The Design Review Board shall use its reasonable efforts to minimize the amount of trees removed from and impact on the affected property.

7.14.2 Limitations on Irrigation. No lot may utilize water for irrigation in an amount greater than the amount required to irrigate a lawn less than or equal to 5,000 square feet.

7.15 No Mining or Drilling: No portion of The Aldasoro Ranch shall be used for the purpose of mining, quarrying, drilling, boring or exploring for or removing oil, gas or other hydrocarbons, minerals, rocks, stones, gravel or earth.

7.16 Cesspools or Septic Tanks: Cesspools or septic tanks shall not be permitted within The Aldasoro Ranch except upon receipt of the prior written approval of San Miguel County and the Homeowners Company which they may withhold for any reasonable purpose.

7.17 No Fences: No fences or other similar barriers shall be permitted without the prior written approval of the Review Board and the Colorado Division of Wildlife.

7.18 Construction Period Exception: During the course of actual construction of any permitted structures or improvements within The Aldasoro Ranch, except for the provisions regarding animals contained in 7.9, the Review Board may, by written instrument, temporarily waive certain provisions contained in this Section VII to the extent necessary to permit such construction, provided that, during the course of such construction, nothing is done which will result in a violation of any of such provisions upon completion of construction.

7.19 Compliance With Law: No area within The Aldasoro Ranch shall be used, occupied, altered, changed, improved or repaired except in compliance with all present and future laws, rules, requirements, orders, directions, ordinances and regulations of the United States of America, State of Colorado, County of San Miguel, and all other municipal, governmental or lawful authority whatsoever, affecting The Aldasoro Ranch or the improvements thereon or any part thereof, and of all their departments, bureaus and officials.



7.20 Flow Meter and Pressure Reducing Valve: The user of each water service line within The Aldasoro Ranch shall equip each water service line with a flow meter and pressure reducing valve. The flow meter and pressure reducing valve shall meet the specifications determined by the Homeowners Company and shall be installed pursuant to the specifications of the Homeowners Company.

7.21 Clotheslines: No clotheslines may be constructed or used on any Site without the written consent of the Homeowners Company.

7.22 Antennas: No antennas, dishes or similar facilities for the transmission or reception of audio or visual signals may be constructed on any Site.

7.23 Restriction On Open/Recreation Space Tract: On or before the tenth anniversary of the date of this Declaration, no improvements may be constructed and no activity may occur on any portion of The Aldasoro Ranch, excluding Sites, without the written approval of Declarant; after such tenth anniversary no improvement may be constructed and no activity may occur on any portion of The Aldasoro Ranch, excluding Sites, without the written approval of the Homeowners Company.

7.24 Swimming Pool: Swimming pools will be allowed on a Site only upon the approval of the Review Board. If required by the Homeowners Company, a swimming pool will be constructed in a manner, approved by the Review Board, that renders the pool available as a water supply for fire protection. The Owner of each Site containing a swimming pool hereby grants the Homeowners Company an easement over and across their Site to facilitate the use of the swimming pool as a fire protection water source.

7.25 Restriction on Solid Fuel Burning Devices: Solid fuel burning devices shall be allowed upon receipt of approval from the Review Board and San Miguel County. No solid fuel burning devices shall be operated during periods of adverse meteorological conditions or adverse air pollution conditions as determined by the Homeowners Company. Use of solid fuel burning device shall be subject to applicable governmental regulations.

7.26 Height Limitations: Among other things, the Design Regulations shall establish height limitations for the construction of all improvements on any Property.

7.27 Storage Prohibition: The storage or processing of materials within a one hundred year floodplain, if any, that at times of flooding would be buoyant, flammable, explosive or potentially injurious to human, animal or plant life is hereby prohibited.



7.28 Hold Harmless/Indemnification. Each Owner agrees to indemnify and hold the Colorado Division of Wildlife harmless for any damage that they may incur, to person or property, which results from either the actions or inactions of any wildlife within The Aldasoro Ranch.

7.28.1 Bear Relocation. The Homeowners Company agrees to pay all costs incurred by the Colorado Division of Wildlife that results from the removal and relocation of problem bears from The Aldasoro Ranch.

7.29 Limited Hunting. Nothing in paragraph 7.6 to the contrary withstanding, upon the mutual agreement of the Homeowners Company and The Colorado Division of Wildlife, limited hunting will be allowed in areas and at times mutually agreed upon by the Homeowners Company and the Colorado Division of Wildlife.

7.30 No Caretakers-Upper Parcel. For the purpose of minimizing impacts on wildlife, no Accessary Housing Units will be allowed to be located in any lot located within the upper 478 acres of the approximately 1550 acres ultimately comprising The Aldasoro Ranch.

7.31 Building Envelopes Established. All Sites located in The Aldasoro Ranch shall be subject to a building site boundary limitation.

7.31.1 Border Lots. With respect to the following lots ("Northern Border Lots"), the designated building site envelope may not be moved in a northerly direction without the approval of both the Design Review Board and the Colorado Division of Wildlife. Movement in an easterly, westerly or southerly direction shall not require the approval of the Colorado Division of Wildlife. The Border Lots are the following numbered lots set forth on the Preliminary Plat for The Aldasoro Ranch:

Lots 30, 31, 35-37, 115-121,  
and 139-154.

7.31.2 Upper Parcel. With respect to the following lots located in the upper 478 acres ("Upper Lots"), the designated building site envelope may be up to four (4) acres in size and may not be moved in any direction without the approval of both the Design Review Board and



the Colorado Division of Wildlife: Lots 161-164.

#### VIII. DESIGN REVIEW:

8.1 Purpose: In order to preserve the natural beauty of The Aldasoro Ranch as a pleasant and desirable environment, to establish and preserve a harmonious design for the community, and to protect and promote the value of property within The Aldasoro Ranch, the exterior design, landscaping and use of all new development and additions, changes or alterations to existing use, landscaping and exterior design and development shall be subject to design review.

8.2 Objectives: Design review shall be directed towards attaining the following objectives for The Aldasoro Ranch:

- 8.2.1 No Unsightliness. Preventing excessive or unsightly grading, indiscriminate earthmoving or clearing of Property, removal of trees and vegetation which would cause disruption of natural watercourses or scar natural land forms.
- 8.2.2 Location of Improvements. Ensuring that the location and configuration of structures and improvements are visually harmonious with terrain and vegetation of the Site and with surrounding Sites and structures, and do not unnecessarily block or impair scenic views and solar access for surrounding Sites or tend to dominate any general development or the natural landscape.
- 8.2.3 Architectural Design. Ensuring that the architectural design of structures and their materials and colors are visually harmonious with The Aldasoro Ranch's overall appearance, history and cultural heritage, with surrounding development, with natural land forms and native vegetation, and with development plans, zoning requirements and other restrictions approved by Declarant, the Homeowners Company or any government or public authority, if any, for the areas in which the structures are proposed to be located.
- 8.2.4 Landscaping. Ensuring that plans for the landscaping of Sites and open spaces provide visually pleasing settings for structures on



such Sites and on adjoining and nearby Sites and blend harmoniously with the natural landscape.

- 8.2.5 Compliance. Ensuring that any development, structure, building or landscaping complies with the provisions of this Declaration, including but not limited to, those provisions set forth in Section VII.
- 8.2.6 Energy. Ensuring that building design, location and construction techniques respond to energy consumption and environmental quality considerations such as solar orientation, and run-off water quality.
- 8.2.7 Building Envelopes. Administer building site boundary covenants.

### 8.3 Design Review Board.

- 8.3.1 Establishment. The Design Review Board is hereby established and shall consist of five regular members and two alternate members. The members of the Design Review Board shall be appointed by the Board of Directors of the Homeowners Company. The regular term of office for each member shall be five years, coinciding with the fiscal year of the Homeowners Company; however, two members of the initial Review Board shall be appointed for an initial term of three years to ensure that two of the five members serve on staggered terms. Any such member may be removed only by the Board of Directors of the Homeowners Company by written notice to such appointee; no cause is required to be stated. A successor or successors appointed to fill any vacancy created for any reason shall serve the remainder of the term of the former member.
- 8.3.2 Officers and Operations. The Review Board shall select its own chairman and vice-chairman from among its members. The chairman or in his absence the vice-chairman shall be the presiding officer of its meetings. In the absence of both the chairman and the vice-chairman from a meeting, the members present shall appoint a member to serve as acting chairman at such meeting. All business of the Review Board,



except business reasonably required to be transacted in an executive session, shall be conducted at meetings which are open to members of the Homeowners Company. Meetings shall be held at least bi-monthly or upon call of the chairman. All meetings shall be held at the offices of the Homeowners Company, in the Telluride area, unless otherwise permanently or temporarily changed to another location by notice to the members of the Homeowners Company. Three members shall constitute a quorum for the transaction of business, but in the absence of a quorum a lesser number may adjourn any meeting to a later time or date and place, and in the absence of all members any staff member of the Homeowners Company may adjourn any meeting to a later time or date. The affirmative vote of a majority of the members of the Review Board present shall constitute the action of the Review Board on any matter before it. The Review Board shall operate in accordance with its own rules of procedure that it may establish and modify from time to time, said rules shall be filed with the Homeowners Company and maintained in the records of the Homeowners Company and shall be subject to inspection by members of the Homeowners Company.

- 8.3.3 Staff. The Review Board is hereby authorized to retain the services of adequate staff personnel and one or more consultants which shall include but are not limited to engineers, architects or landscape architects who need not be licensed to practice in the State of Colorado, to advise and assist the Review Board in performing the design review functions prescribed in this Section VIII. Such consultants may be retained to advise the Review Board on a single project, on a number of projects, or on a continuing basis.

8.4 Review Board Approval and Control.

- 8.4.1 Authority. No Owner, or their agent, assignee or designee, or the Homeowners Company shall perform such things which include but are not limited to: building location, Site preparation, excavation, plant or tree disturbance, landscaping, building construction, roadway or driveway



construction, sign erection, exterior change, modification, alteration or enlargement of any existing structure; paving; fencing; planting; or improvements of any nature to any Site or other property or building or structure thereon; change the use of any Site or other property or building or structure thereon unless the Review Board has approved the plans and specifications for the project and the construction procedures to be used to ensure compliance with this Declaration and the guidelines, rules and regulations promulgated pursuant hereto. Alterations or remodeling which are completely within a building or structure and which do not change the exterior appearance and are not visible from the outside of the structure may be undertaken without Review Board approval, provided such alterations or remodeling do not change the use of, or increase the number of Dwelling Units in the building or structure.

8.4.2

Rules. All actions taken by the Review Board shall be in accordance with rules and regulations established by the Review Board which shall be published as set forth in section 8.5 and shall be in accordance with the purposes and intent of the Declaration. Such rules and regulations may be amended from time to time by action of the Review Board in accordance with the purpose of this Declaration. The approval or consent of the Review Board on matters properly coming before it shall not be unreasonably withheld; actions taken shall not be arbitrary or capricious and decisions shall be conclusive and binding on all interested parties, subject only to the right of appeal to and review by the Board of Directors of the Homeowners Company subsequent thereto. Such approval or consent shall not prohibit enforcement of the provisions of this Declaration. The Review Board or its designated representative shall monitor the construction or work on such project to ensure that it complies with any and all approved plans and construction procedures. The Review Board or its designated representatives and the officers of San Miguel County in the discharge of their official duties may enter upon any Site at



any reasonable time or times to inspect the progress, work status, or completion of any project. In addition to any other remedies set forth in this Declaration, the Review Board may withdraw approval of any project thereby stopping all activity at such project, if deviations from the approved plan or approved construction practices are not corrected or reconciled within 24 hours after written notification to the Owner specifying such deviations.

8.4.3 Submittals. Any material to be submitted or notice to be given to the Review Board shall be submitted at the offices of the Homeowners Company in the Telluride area.

8.4.4 Approval Required. All actions requiring approval of the Homeowners Company pursuant to the provisions of Section VII or VIII shall be deemed approved only if such approval is obtained in writing from the Review Board.

8.5 Design Standards and Construction Procedures.

8.5.1 Standards. The Review Board shall promulgate and publish rules and regulations that shall state the general design theme of all projects in The Aldasoro Ranch, specific design standards, and the general construction guidelines that will or will not be allowed in The Aldasoro Ranch.

8.5.2 Procedures. The Review Board shall also promulgate and publish rules and regulations that shall set forth the procedures to be followed and material which must be provided by any Owner or his authorized agents in order to obtain review of proposed construction by the Review Board. The Homeowners Company shall be obligated for the preparation of such publications and the Review Board shall make such publications available to members of the Homeowners Company for a reasonable fee. The Design Regulations shall apply to all Sites and other property located within the Aldasoro Ranch.

8.6 Insulation Requirements: All occupied buildings shall have:



- 8.6.1 Roofs. Roofs that are insulated to a minimum of R30; and
- 8.6.2 Openings. Openings in exterior walls and roofs that are caulked all around; and
- 8.6.3 Windows. Windows that are double or triple glazed; and
- 8.6.4 Weather Stripping. Windows and doors that are weather stripped.

8.7 Building Sites and Access: All building sites and access to the building sites must be approved by the Review Board prior to construction.

8.8 Landscape Plan: A detailed landscape plan must be approved by the Review Board prior to application for a building permit for improvements on a Site. The Review Board may require a bond, which in its sole discretion is sufficient in form and amount, to ensure the landscaping contemplated in the approved landscape plan is performed.

8.9 Restriction on Building Permit: No Owner or their agent or assign shall apply for an excavation permit, building permit or similar permit from San Miguel County unless he has received a "Final Plan Approval", as defined in the Design Regulations, from the Review Board.

8.10 Restriction on Certificate of Occupancy: No Owner or their agent or assign shall apply for a certificate of occupancy, final building approval, or temporary certificate of occupancy, temporary final building approval, or other similar occupancy approvals from San Miguel County unless he has received a "Certificate of Compliance" or "Temporary Certificate of Compliance", as defined in the Design Regulations, from the Review Board.

8.11 Exterior Maintenance: The Review Board may, by vote of a majority of the members present at any meeting, request that the Homeowners Company provide exterior maintenance and repair upon any Site.

8.12 Review Fee: The Review Board may set a review fee schedule sufficient to cover all or part of the cost of Review Board time, staff time, consultant's fees, and related or incidental costs and expenses. Applicants for design review may be required to deposit with the Review Board a fee which the Review Board deems sufficient to cover the costs of design review from which the actual costs shall be deducted when determined and the balance returned to the applicant following completion of the design review procedure. The Review Board may require the



applicant to supplement the deposit required herein. The Review Board may impose such additional reasonable fees and bonds which it deems necessary to insure that the intent and purpose of the Declaration and the Design Regulations are fulfilled.

8.13 Enforcement of Restrictions: Prior to the commencement and upon completion of construction or action subject to review under Section 8.4, the Review Board shall have primary responsibility to enforce the provisions and restrictions set forth in Section VII and Section VIII of this Declaration, the Design Regulations, building site boundary covenants and restrictions set forth in any document recorded in the records of San Miguel County, Colorado; provided, however, that such responsibility shall not limit the right of Declarant, the Homeowners Company or any Owner to take action under Section 9.3. If the Review Board does not take action to enforce such restrictions within 15 days after being requested to do so by the Homeowners Company's Board of Directors, the Homeowners Company may assume responsibility for enforcing such restrictions in any case in which the Review Board declined to act.

8.14 Review, Reconsideration and Appeal: The Homeowners Company shall promulgate and publish rules and regulations which shall be included in the design regulations that set forth the procedures for appealing a decision of the Review Board. The Homeowners Company may set a fee for the reconsideration or appeal of a decision of the Review Board; the provisions of Section 8.12 shall apply to this fee.

8.15 Lapse of Design Review Approval: Approval of the design of a project shall lapse and become void one year following the date the applicant received Final Plan Approval for the project, unless prior to the expiration of one year, a building permit is issued and construction is substantially commenced and diligently pursued toward completion.

8.16 Assignment of Function: Any function to be performed by the Review Board may be assigned to the Homeowners Company in whole or in part at any time at the sole discretion of the Homeowners Company.

8.17 Liability: Neither Declarant, the Homeowners Company nor the Review Board nor any of their respective officers, directors, employees or agents shall be responsible or liable for any defects in any plans or specifications submitted, reviewed or approved pursuant hereto nor for any defects in construction pursuant to such plans and specifications. Approval of plans and specifications pursuant hereto shall not be deemed in lieu of compliance by Owners with applicable governmental laws or regulations.



## IX. MISCELLANEOUS:

9.1 Duration of Declaration: Each provision contained in this Declaration which is subject to the laws or rules sometimes referred to as the rule against perpetuities or the rule prohibiting unreasonable restraints or alienation shall continue and remain in full force and effect for the period of 21 years following the death of the survivor of Albert J. Aldasoro and Ashley Story of Telluride, Colorado, or until this Declaration is terminated as hereinafter provided, whichever first occurs. All other provisions contained in this Declaration shall continue and remain in full force and effect until January 1 in the year 2080 A.D., and thereafter for successive periods of thirty years each; unless at least one year prior to January 1, 2080 A.D., or at least one year prior to the expiration of any such thirty year period of extended duration, this Declaration is terminated by recorded instrument, directing termination, signed by all the Owners; or unless waived, terminated, modified, changed, supplemented or nullified pursuant to Section 9.13.

9.2 Effect of Provisions of Declaration: Each provision of this Declaration, and any agreement, promise, covenant and undertaking to comply with each provision of this Declaration, and any necessary exception or reservation or grant of title, estate, right or interest to effectuate any provision of this Declaration: (a) shall be deemed incorporated in each deed, lease or other instrument by which any right, title or interest in any real property within The Aldasoro Ranch is granted, devised, leased or conveyed, whether or not set forth or referred to in such deed, lease or other instrument; (b) shall, by virtue of acceptance of any right, title or interest in any real property within The Aldasoro Ranch by an Owner, or the Homeowners Company, be deemed accepted, ratified, adopted and declared as a personal covenant of such Owner, or the Homeowners Company, as the case may be, and, as a personal covenant, shall be binding on such Owner or the Homeowners Company and such Owner's or the Homeowners Company's respective heirs, personal representatives, successors, lessees and assigns, and, as a personal covenant of an Owner shall be deemed a personal covenant to, with and for the benefit of Declarant and to, with and for the benefit of the Homeowners Company and to, with or for the benefit of any other Owner and, if a personal covenant of the Homeowners Company, shall be deemed a personal covenant to, with and for the benefit of Declarant and to, with and for the benefit of each Owner; (c) shall be deemed a real covenant by Declarant, for itself, its successors and assigns, and also an equitable servitude, running, in each case, as a burden with and upon the title to each parcel of real property within The Aldasoro Ranch, and, as a real covenant and also as an equitable servitude, shall be deemed a covenant and servitude for the benefit of any real property now or hereafter owned by Declarant its successors and assigns within The Aldasoro Ranch and for the benefit of any and all other real



property within The Aldasoro Ranch; and (d) shall be deemed a covenant, obligation and restriction secured by a lien, binding, burdening and encumbering the title to each parcel of real property within The Aldasoro Ranch which lien with respect to any Site shall be deemed a lien in favor of Declarant and the Homeowners Company, jointly and severally, and, with respect to any real property owned by the Homeowners Company, shall be deemed a lien in favor of Declarant.

9.3 Enforcement and Remedies: Each provision of this Declaration with respect to the Homeowners Company or property of the Homeowners Company shall be enforceable by Declarant, or by any Owner who has made written demand on the Homeowners Company to enforce such provision and 30 days have lapsed without appropriate action having been taken by Homeowners Company by a proceeding for a prohibitive or mandatory injunction or by a suit or action to recover damages, or, in the discretion of the Homeowners Company, for so long as any Owner fails to comply with any such provisions, by exclusion of such Owner and such Owner's guests from use of any Facility and from enjoyment of any Function; the Homeowners Company shall have the right but not the obligation to take any action. If court proceedings are instituted in connection with the rights of enforcement and remedies provided in this Declaration, the prevailing party shall be entitled to recover its costs and expenses in connection therewith, including reasonable attorneys' fees.

9.4 Liquidated Damages: Any Owner who is adjudged by a court of competent jurisdiction to be in violation of this Declaration, the Design Regulations, the Articles of Incorporation, Bylaws, any building site boundary covenant or rules or regulations of the Homeowners Company or the Review Board, as they exist from time to time shall be liable to the Homeowners Company for liquidated damages in the amount of Two Hundred Dollars (\$200.00) per day per violation for each day the violation was adjudged to exist.

9.5 Protection of Encumbrancer: No violation or breach of, or failure to comply with, any provision of this Declaration and no action to enforce any such provision shall affect, defeat, render invalid or impair the lien of any mortgage, first deed of trust or other first lien on any property taken in good faith and for value and perfected by recording in the office of the Clerk and Recorder of San Miguel County, Colorado, prior to the time of recording in said office of an instrument describing such property and listing the name or names of the Owner or Owners of fee simple title to the property and giving notice of such violation, breach or failure to comply; nor shall such violation, breach, failure to comply or action to enforce affect, defeat, render invalid or impair the title or interest of the holder of any such first mortgage, first deed of trust, or other first lien or title or interest acquired by any purchaser upon foreclosure



of any such first mortgage, first deed of trust or other first lien or result in any liability, personal or otherwise, on any such holder or purchaser. Any such purchaser upon foreclosure shall, however, take subject to this Declaration with the exception that violations or breaches of, or failures to comply with, any provisions of this Declaration which occurred prior to the vesting of fee simple title in such purchaser shall not be deemed breaches or violations hereof or failures to comply herewith with respect to such purchaser, his heirs, personal representatives, successors or assigns.

9.6 Limited Liability: Neither San Miguel County, Declarant, the Homeowners Company, the Review Board, the Board of Directors of the Homeowners Company nor any member, officer, agent or employee of any of the same shall be liable to any party for any action for any failure to act with respect to any matter if the action taken or failure to act was in good faith and without malice.

9.7 Successors and Assigns: Except as otherwise provided herein, this Declaration shall be binding upon and shall incur to the benefit of Declarant, the Homeowners Company, and each Owner and their respective heirs, personal representatives, successors and assigns.

9.8 Severability: Invalidity or unenforceability of any provision of this Declaration in whole or in part shall not affect the validity or enforceability of any other provision or any valid and enforceable part of a provision of this Declaration.

9.9 Captions: The captions and headings in this instrument are for convenience only and shall not be considered in construing any provision of the Declaration.

9.10 Construction: When necessary for proper construction, the masculine of any word used in this Declaration shall include the feminine or neuter gender, and the singular the plural, and vice versa.

9.11 No Waiver: Failure to enforce any provision of this Declaration shall not operate as a waiver of any such provision or of any other provision of this Declaration.

9.12 Mailing Address: Within thirty (30) days after receiving any right, title or interest in any Site within The Aldasoro Ranch each Owner shall furnish to the Homeowners Company a mailing address and telephone number to which all notices shall be sent pursuant to this Section 9.12. All notices, demands, or writings in this Declaration provided to be given or made or sent that may be given or made or sent by either party hereto to the other, shall be deemed to have been fully given or made or sent



on the date when made by personal or telephone contact or in writing and deposited in the United States mail, regular or certified and postage pre-paid, or over night courier service, postage pre-paid or by telephone facsimile, and addressed to the party at the address filed with the Homeowners Company pursuant to this Section 9.12. If no address is furnished to the Homeowners Company pursuant to this Section 9.12 then the notice shall be sent to the address given on the recorded instrument which vested title to the Site in the Owner if the existence of such instrument is within the actual acknowledge of the president of the Homeowners Company. The address to which any notice, demand, or writing may be given or made or sent to any party as above provided may be changed by written notice given by such party as above provided.

9.13 Additions, Modifications or Annulment of Declaration (Declarant): Nothing to the contrary withstanding, the covenants, agreements, conditions, reservations, restrictions and charges created and established herein for the benefit of the parties named herein and The Aldasoro Ranch may be changed, waived, terminated, modified, supplemented, or annulled either by Declarant or by the approval of 75% of the Board of Directors of the Homeowners Company. The waiver, change, termination, modification, supplementation or annulment shall become effective upon the recordation in the office of the San Miguel County Clerk and Recorder of a written instrument properly executed by either Declarant or by 75% of the Board of Directors of the Homeowners Company after approval pursuant to the preceding sentence.

9.14 Additions, Modifications or Annulment of Declaration (County): Nothing to the contrary withstanding, the covenants, agreements, conditions, reservations, restrictions and charges created and established in paragraphs 5.9, 7.9, 7.28, 7.29, 7.30, 7.31, 8.6 and 9.14 may not be changed, waived, terminated, modified, supplemented, or annulled without the prior written approval of (i) the Board of Commissioners of San Miguel County and (ii) either Declarant or 75% of the Board of Directors of the Homeowners Company. The waiver, change, termination, modification, supplementation or annulment shall become effective upon the recordation in the office of the San Miguel County Clerk and Recorder of a written instrument properly executed by the Board of County Commissioners of San Miguel County and either the Declarant or 75% of the Board of Directors of the Homeowners Company.

## X. WATER RIGHTS

10.1 Maintenance of Structures. All water rights structures decreed by Declarant in District Water Court, Water Division No. 4, Colorado, Case No. 90CW69, that are conveyed by Declarant to the Homeowners Company shall







**Exhibit Index**

Exhibit AD-1

Legal Description of The  
Aldasoro Ranch, Filing 1

Page 2,  
Paragraph 2.1

c:GEN-DECS  
f:H1.4



## EXHIBIT AD-1

## LEGAL DESCRIPTION OF

## ALDASORO FILING 1 LEGAL

Beginning at Corner 6 of Scott and McDonald Placer MS 6809, Upper San Miguel Mining District San Miguel County, Colorado;

THENCE N 28° 41' 12" E, 2231.69 feet to Corner 5 of said Scott and McDonald Placer;

THENCE N 10° 49' 59" W, 237.47 feet along line 14-13 of Oneita Placer MS 6809 to the south line of the NW  $\frac{1}{4}$  of Section 28, Township 43 North, Range 9 West, New Mexico Principal Meridian;

THENCE N 89° 56' 09" E, 1199.78 feet along said south line in the Center  $\frac{1}{4}$  Corner of said Section 28;

THENCE N 04° 04' 43" E, 2640.19 feet to the north  $\frac{1}{4}$  Corner of said Section 28;

THENCE N 03° 40' 15" E, 511.00 feet along the east line of the SW  $\frac{1}{4}$  of Section 21;

THENCE N 88° 18' 16" W, 1834.29 feet;

THENCE S 00° 00' 00" W, 1319.96 feet;

THENCE N 67° 39' 59" W, 48.65 feet;

THENCE N 76° 25' 08" W, 213.00 feet;

THENCE S 01° 14' 35" W, 542.86 feet;

THENCE S 16° 05' 18" W, 48.65 feet;

THENCE N 76° 25' 08" W, 213.00 feet;

THENCE S 01° 14' 35" W, 542.86 feet;

THENCE S 16° 05' 18" W, 697.20 feet;

THENCE S 58° 51' 05" W, 769.09 feet;

THENCE S 12° 35' 33" E, 31.56 feet;

THENCE S 31° 00' 00" W, 739.52 feet;

THENCE N 40° 51' 23" W, 329.36 feet;



THENCE S 00° 32' 44" E, 555.15 feet;

THENCE S 41° 56' 52" E, 23.57 feet;

THENCE S 31° 00' 00" W, 372.46 feet;

THENCE S 59° 00' 00" E, 300.00 feet;

THENCE N 63° 00' 00" E, 138.15 feet;

THENCE S 21° 21' 54" W, 82.03 feet to the northerly right-of-way of the County Airport Road;

THENCE along a curve to the right with a radius of 193.00 feet, an arc length of 374.62 feet, subtended by a chord of 318.52 feet which bears S 24° 25' 22" E along said right-of-way;

THENCE S 31° 11' 00" W, 372.12 feet along said right-of-way;

THENCE along a tangential curve to the left with a radius of 720.00 feet an arc length of 143.67, and a delta of 11° 26' 00" along said right-of-way;

THENCE S 19° 45' 00" W, 549.61 feet along said right-of-way;

THENCE along a tangential curve to the left with a radius of 570.00 feet, an arc length of 108.43 feet, and a delta of 10° 54' 00" along said right-of-way;

THENCE S 08° 51' 00" W, 51.63 feet along said right-of-way along said right-of-way;

THENCE along a tangential curve to the left with a radius of 270.00 feet, an arc length of 169.33 feet, and a delta of 35° 56' 00" along said right-of-way;

THENCE S 27° 05' 00" E, 66.20 feet along said right-of-way to line 1-6 of said Scott and McDonald Placer;

THENCE N 64° 05' 34" E, 1332.10 feet along said line 1-6 to the Point of Beginning containing 238.40 acres more or less.

c:fnlplt.leg