

Declaration of Covenants, Conditions, and Restrictions for

THE RESERVE

**at
Pueblo West**

Pueblo West, Colorado 81007

All Amendments Included and Recorded as of 8/17/04

FILING ONE

FILING TWO

**PWR DEVELOPMENT CORPORATION
A Colorado a Corporation, Declarant
Revised 8/26/04**

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for
THE RESERVE
at
Pueblo West**

Pueblo West, Colorado 81007

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Declaration of Covenants, Conditions, and Restrictions
THE RESERVE
at
Pueblo West
Pueblo West Colorado, County of Pueblo,
State of Colorado

FILING ONE

THIS DECLARATION, made this 7th day of August, 2003, including subsequent amendments, by PWR Development Corporation, a Colorado Corporation (the "Declarant"), the owner of certain real property in the County of Pueblo, State of Colorado, which is the subject of this Declaration and which is named Filing One of the Reserve at Pueblo West more particularly described as follows:

A tract of land situated in the Northwest 1/4 and the Southwest 1/4 of Section 16, Township 19 South, Range 65 West of the 6th Principal Meridian, Pueblo County, State of Colorado and being more particularly described as follows:

Beginning at the West 1/4 of said Section 16 (a 3" brass cap marked 1/4 S.16 LS9009); Thence N 00° 32' 04" W along the West line of the Northwest 1/4 of said Section 16, a distance of 988.40 Feet to a point on the centerline of a 45 foot wide gas line easement as recorded in Book 3096 at Page 562 of the Pueblo County Records;

Thence N 76° 59' 04" E along said centerline a distance of 1022.19 Feet;

Thence S 46° 40' 37" E a distance of 253.71 Feet;

Thence S 42° 30' 28" W a distance of 526.93 Feet;

Thence S 53° 47' 22" E a distance of 487.81 Feet;

Thence S 70° 24' 00" E a distance of 62.36 Feet;

Thence S 55° 27' 34" E a distance of 352.54 Feet;

Thence S 40° 56' 05" W a distance of 173.61 Feet;

Thence S 45° 10' 22" W a distance of 716.91 Feet;

Thence S 74° 06' 19" W a distance of 333.06 Feet;

Thence S 00° 32' 04" E a distance of 498.53 Feet;

Thence N 89° 57' 01" W a distance of 10.23 Feet;

Thence S 00° 31' 25" E a distance of 748.44 Feet;

Thence N 89° 57' 01" W a distance of 600.00 Feet to a

Point on the West line of the Southwest 1/4 of said Section 16;

Thence N 00° 31' 25" W along said West Line a distance of 1827.15 Feet to the Point of Beginning.

Said parcel contains 61.67 acres, more or less.

Recorded as Filing One, records of said County, and

WHEREAS, said property is a part of a section of land legally described as Section 16, Township 19 South, Range 65 West of 6th Principal Meridian, which will ultimately be completely developed into The Reserve at Pueblo West, and

WHEREAS, the purpose of these Covenants and standards is to create The Reserve as an upscale subdivision which will maintain strong property values and become one of southern Colorado's premier communities, and

WHEREAS, the Declarant intends to sell, dispose of or convey from time to time all or a portion of the lots in said Filing One above described, and desires to subject the same to certain protective reservations, covenants, conditions, restrictions (hereinafter referred to as "Conditions" and "Covenants") between it and the acquirers and/or users of the lots in said Filing One.

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS: That the Declarant hereby certifies and declares that it has established and does hereby establish a general plan for the protection, maintenance, development and improvement of said Filing, that

THIS DECLARATION is designed for the mutual benefit of the lots in said Filing and Declarant has fixed and does hereby fix the protective conditions upon and subject to which all lots, parcels and portions of said Filing shall be held, leased or sold, and/or conveyed by them as such owners, each and all of which is and are for the mutual benefit of the lots in said Filing and of each owner thereof, and shall run with the land and shall inure to and pass with each such lot and parcel of land in said Filing, and shall apply to and bind the respective successors in interest thereof, and further are and each thereof is imposed upon said Filing as a mutual equitable servitude in favor of each and every parcel of land therein as the dominant tenements, and in favor of Declarant.

FILING TWO

THIS DECLARATION, made this 7th day of August, 2003, including subsequent amendments, by PWR Development Corporation, a Colorado Corporation (the "Declarant"), the owner of certain real property in the County of Pueblo, State of Colorado, which is the subject of this Declaration and which is named Filing Two of the Reserve at Pueblo West more particularly described as follows:

A tract of land situated in the Southwest 1/4 of Section 16, Township 19 South, Range 65 West of the 6th Principal Meridian, Pueblo County, State of Colorado and being more particularly described as follows:

Beginning at the Southwest corner of said Section 16 (a marked stone with X on top); Thence N 00° 31' 25" W along the West line of the Southwest 1/4 of said Section 16, a distance of 812.27 Feet to the Southwest corner of the Reserve at Pueblo West, Filing No. 1 as recorded under Reception No. 1518464 of the Pueblo County Records;

Thence along the South and East boundaries of said Reserve at Pueblo West, Filing No. 1 the following four courses;

S 89° 57' 01" E a distance of 600.00 Feet;

Thence N 00° 31' 25" W a distance of 748.44 Feet;

Thence S 89° 57' 01" E a distance of 10.23 Feet;

Thence N 00° 32' 04" W a distance of 498.53 Feet;

Thence leaving said Reserve at Pueblo West Filing No. 1 N 74° 06' 19" E a distance of 333.06 Feet;
Thence S 34° 58' 28" E a distance of 590.00 Feet;
Thence along a curve to the Right a distance of 129.69 Feet, said curve having a radius of 590.00 Feet and a central angle of 12° 35' 39";
Thence S 19° 27' 57" E a distance of 229.70 Feet;
Thence along a curve to the Right a distance of 178.81 Feet, said curve having a radius of 580.00 Feet and central angle of 17° 39' 50";
Thence N 62° 59' 28" E a distance of 689.11 Feet;
Thence S 56° 38' 12" E a distance of 265.79 Feet;
Thence N 89° 01' 25" E a distance of 171.77 Feet;
Thence S 00° 58' 35" E a distance of 1351.25 Feet to the South Line of the Southwest 1/4 of said Section 16;
Thence S 89° 12' 43" W along the South line of said Section 16 a distance of 2276.63 Feet to the Point of Beginning.

Said parcel containing 72.46 Acres, more or less.
Recorded as Filing Two, records of said County, and

WHEREAS, said property is a part of a section of land legally described as Section 16, Township 19 South, Range 65 West of 6th Principal Meridian, which will ultimately be completely developed into The Reserve at Pueblo West, and

WHEREAS, the purpose of these Covenants and standards is to create The Reserve as an upscale subdivision which will maintain strong property values and become one of southern Colorado's premier communities, and

WHEREAS, the Declarant intends to sell, dispose of or convey from time to time all or a portion of the lots in said Filing Two above described, and desires to subject the same to certain protective reservations, covenants, conditions, restrictions (hereinafter referred to as "Conditions" and "Covenants") between it and the acquirers and/or users of the lots in said Filing One.

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS: That the Declarant hereby certifies and declares that it has established and does hereby establish a general plan for the protection, maintenance, development and improvement of said Filing, that

THIS DECLARATION is designed for the mutual benefit of the lots in said Filing and Declarant has fixed and does hereby fix the protective conditions upon and subject to which all lots, parcels and portions of said Filing shall be held, leased or sold, and/or conveyed by them as such owners, each and all of which is and are for the mutual benefit of the lots in said Filing and of each owner thereof, and shall run with the land and shall inure to and pass with each such lot and parcel of land in said Filing, and shall apply to and bind the respective successors in interest thereof, and further are and each thereof is imposed upon said Filing as a mutual equitable servitude in favor of each and every parcel of land therein as the dominant tenements, and in favor of Declarant.

ARTICLE I
Definitions

1. "Association": shall refer to The Reserve at Pueblo West Lot and Homeowners Association.
2. "Owner": shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Unit which is part of the property, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.
3. "Common Area": shall mean the real property and Improvements thereon which the Association owns for the common use, benefit and enjoyment of some or all of the Owners and such other persons who may be permitted to use the Common Area under the terms of this Declaration or any agreement with the Association.
4. "Unit": shall mean and refer to any plot of land shown upon any recorded subdivision map of the property with the exception of the Common Area.
5. "Declarant": shall mean and refer to PWR Development Corporation, a Colorado corporation, its successors and assigns if such successors or assigns should acquire more than one undeveloped Unit from the Declarant for the purpose of development.
6. "Constituent Documents": of this Homeowners Association shall be: Articles of Incorporation, By-Laws, Declaration of Covenants, Conditions and Restrictions.
7. "Unit" or "Home": shall mean a residential dwelling unit located on any of the lots comprising this development.
8. "Project" or "Development": shall mean all of the property comprising the property described herein.
9. "Board": shall mean the board of managers of the Association as constituted from time to time.
10. "By-Laws": shall mean the by-laws of the Association existing from time to time, whether or not recorded.
11. "Articles": means the articles of incorporation of the Association.
12. "Mortgage": means and includes any mortgage, deed of trust or other assignment or security instrument creating a lien on any Unit, and "Mortgagee" shall include any grantee, beneficiary assignee of Mortgage.
13. "Person": means an individual, corporation, partnership, combination, association, trustee or any other legal entity.
14. "Common Landscaped Areas": shall mean the equestrian trails, the entrance signs identifying the Project, and any other landscaped easements identified on the plat.
15. "Act": means the Colorado Common Ownership Act, C.R.S. 38-33.3-101, *et seq.*, as amended.
16. "Development Rights": means any right or combination of rights reserved by the Declarant in the Declaration to add real estate to a common interest community.

ARTICLE II
The Reserve at Pueblo West
Architectural Control

2.1 General Purpose.

It is the general purpose of the Committee to maintain high standards of architecture and construction in such a manner as to enhance and preserve the value, upscale character and unique character of The Reserve. The Committee shall be guided by and, except when in its sole discretion good planning and judgement would dictate to the contrary, controlled by this Declaration. The Committee shall make available a copy of this Declaration of Reservations to any lot owners upon request.

2.2 Committee Membership.

Declarant shall appoint a Committee of Architecture, hereinafter sometimes called "Committee". The Committee membership is comprised of two voting members who are appointees of the Declarant. At the discretion of the Committee, a third member may be appointed as needed. Declarant shall have the further power to create and fill vacancies on the Committee.

2.3 Committee Meetings.

a. The Committee shall adopt reasonable rules and regulations for the conduct of its proceedings and may fix the time and place for its regular meetings and for such extraordinary meetings as may be necessary. The Committee shall keep written minutes of its meetings, which shall be open for inspection to any lot owner upon the consent of any one of the members of the Committee.

b. The Committee shall elect one of its members as chairman and one of its members as secretary and the duties of such chairman and secretary shall be such as usually appertain to such offices. Any and all rules or regulations adopted by said Committee from time to time by majority vote and none of said rules or regulations shall be deemed to be any part or portion of these covenants. In case of a tie vote, the Committee Chairman's vote shall prevail.

2.4 Committee Exceptions and Variations.

a. Notwithstanding any other provisions of this Declaration, it shall remain the prerogative and in the jurisdiction of the Committee to review applications and grant approvals for exceptions to this Declaration.

b. Variations from these requirements and, in general, other forms of deviation from these restrictions imposed by this Declaration may be made to permit innovative architecture and when such exceptions, variances and deviations do not in any way detract from the appearance of the premises, and are not in any way detrimental to the public welfare or to the property of other persons located in the vicinity thereof, all in the sole opinion of the Committee and in compliance with the Pueblo County Zoning Resolution.

2.5 Committee Conditions (Summary).

a. The Committee shall determine whether the conditions contained in this Declaration are being met, and may adopt reasonable rules and regulations in order to carry out its duties. Specific construction and design requirements are set out and detailed in Article IV. A summary of principal conditions and architectural design criteria that will result in expeditious Committee approval are as follows:

b. Notwithstanding that all lots within this subdivision are designated as A-2 Residential Rural Lots as defined in the Pueblo County Zoning Resolution, all limitations, restrictions, conditions and covenants contained in these Declarations shall prevail so long as they do not violate the County Zoning Resolution. All lots within the subdivision shall be improved, used and occupied in accordance with these conditions, covenants and construction and safety requirements of Pueblo County.

c. Principal Residence and Attached or Detached Garage. Together, the Principal Residence and the mandatory 3-car minimum garage shall have a combined square footage of covered area of 2,700 square feet, excluding basements, porches, decks etc.

d. The Principal Residence shall have a minimum of 2,000 square feet of heated living area, excluding porches, decks, basements, etc.

e. A 3-car minimum attached or detached garage is mandatory and shall be a minimum of 700 square feet.

i. Garages shall have side, interior side (court yard), or rear vehicular entryways that are not easily observable from the nearest street. The exterior side or wall of the garage facing the nearest street shall be architecturally designed so that it visually appears to be living space.

ii. The front of the principal residence and main pedestrian entrance (front door) to the principal residence shall generally face the nearest street. However, allowances shall be made so that houses may be placed on Lots to take advantage of the sun and/or so the house is situated to take advantage of outdoor shade. The front main pedestrian door(s) and/or entryway shall not be plain but shall have attractive enhancing features.

iii. Architectural presentation of the exterior (front and sides) of the principal residence and optional guest house shall be of upscale design and custom in appearance. Single plane, flat, box-like, or unimaginative "plain Jane" designs which lack attractive window treatment and/or appropriate angles, curves, columns, or other aesthetically enhancing features will not be approved by the Committee.

iv. Roof ridge lines, pitches and overhangs on peaked roofs shall be designed in an aesthetically enhanced manner.

f. Each lot may have an optional guest house. A guest house shall be a minimum of 500 square feet of covered heated living area, excluding covered porches, contiguous patios, basement etc. The exterior of guest houses shall be constructed of the same material and architecturally complimentary to the principal residence.

g. Each lot shall be attractively landscaped in accordance with Article V.

2.6 Delegation of Committee Review Duties.

At its sole discretion, the Committee may delegate its architectural review duties and responsibilities to others by advising lot owners in writing of the identities, addresses and telephone numbers of the delegated members.

2.7 Liability of Committee.

The Committee shall not be liable in damages in any way to any person or association submitting any plans for approval, or to any owner or owners of lands within The Reserve subdivision, by reason of any action, failure to act, approval, disapproval, or failure to approve or disapprove, with regard to such plans. Any person or association acquiring the title to property in The Reserve, or any person or association submitting plans to the Committee for approval, by so doing does agree and covenant that he or it will not bring any action or suit to recover damages against the Committee, its members as individuals, advisors, employees, agents, managers or developers.

2.8 Amendments to Covenants.

Declarant reserves the right to amend, alter, change, modify and update these covenants at any time until such time as Declarant has transferred Architectural Committee authority and duties to other lot owners and/or the Lot/Homeowners Association (HOA).

2.9 Assignment.

The Declarant reserves the right to assign or transfer its interest and authority under these covenants to their successor in interest.

2.10 Transfer of Architecture Committee Authority and Responsibilities.

When 90% (ninety percent) of the lots within the 640 acres (plus or minus) are sold, or conveyed or its successor and assigns, or at an earlier date at the sole discretion of the Declarant or its successors or assigns, the Architecture Control Committee shall then appoint three lot owners at The Reserve to act as the duly constituted Architectural Control Committee.

2.11 Terms.

These covenants are to run with the land and shall be binding on all parties and all persons claiming under them for a period of 25 years from the date these covenants are recorded with Pueblo County. Thereafter, these covenants shall be automatically extended for additional periods of 10 years each.

2.12 Enforcement of Covenants.

The Committee, HOA and individual lot owners have the right through legal means to enforce The Reserve's Covenants and standards. Enforcement shall be by proceeding at law or in equity against any person or persons violating or attempting to violate any covenant either to restrain violation or to recover damages, including reasonable attorney's fees and costs. In the event of litigation concerning these covenants and standards, the losing party shall reimburse the prevailing party for all costs and expenses incurred in such legal action, including reasonable attorney fees and related expenses.

2.13 Severability.

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

2.14 Notices.

Any notice required to be given to any owner under the provisions of these covenants shall be sent to the last known address of the recorded owner of the lot in which the owner has an interest as shown on the record of the corporation at the time of such mailing.

2.15 Compliance with other Land Use Regulations.

Nothing herein shall be construed to waive, alter, or otherwise relieve a lot owner from compliance with all applicable federal, state and county land use regulations, including, but not limited to subdivision, zoning and building codes.

2.16 Exemption of Declarant.

Nothing in this Declaration shall limit the right of Declarant to complete excavation, grading and construction of improvements to any of the property, to subdivide any portion of the Property, pursuant to an approved subdivision plan by the county, or to alter the foregoing or to construct such additional improvements as Declarant deems advisable in the course of development of the Property.

2.17 Liability of Declarant.

The Declarant shall not be liable in damages in any way to any person or association, or to any owner or owners of property within The Reserve subdivision, by reason of any action, or failure to act.

2.18 Fees.

The Committee shall have the right to charge a fee for reviewing building applications and plans. These fees are subject to change.

2.19 Right to Inspect.

The Committee reserves the right to inspect the site during and after building construction.

2.20 Definitions.

All definitions and designations contained herein refer to the Declarations and Reservations recorded with Filing One, but shall apply as amended to future Filings in The Reserve at Pueblo West subdivision, and to the Pueblo County Zoning Resolution. In the event that any of the provisions of this Declaration conflict with any of the sections of the Pueblo County Zoning Resolution as applicable to this subdivision, the more restrictive of the two shall govern.

ARTICLE III Land Uses and Restrictions

3.1 Architectural Committee Review.

No structure, whether residence accessory building or other structural improvement, shall be constructed upon any lot and no significant alteration to the exterior of a structure shall be made unless complete plans, specifications, and plat plans showing the exterior design, height, and building materials thereof, the location of the structure plotted horizontally and vertically, the location and size of driveways, the general plan of landscaping, fencing, walls and the grading plans shall have been submitted to and approved in writing by the Committee.

3.2 Resubdivision of Lots and Development Rights.

a. The number of Units in Phase Two is eleven (11). The maximum number of Lots or Units within The Reserve shall be limited to no more than 111 Lots with none less than five (5) acres in size.

b. The Declarant reserves the Development Rights to add the balance of the land in Section 16 Township 19 South Range 65 West of the 6th P.M. with the exception of the property described herein as Phase Two.

3.3 Residential/Business Purposes and Prohibitions.

a. Lots may be purchased for construction of a private family residence, and be used for guests and for business purposes excepted and limited below.

b. Notwithstanding any other use permitted in Agriculture 2 zoning, the limitations above and within these declarations shall prevail.

c. Lot owners may use their residences for home based businesses which do not significantly increase vehicular traffic within the subdivision.

d. Declarant and/or his agents may maintain sales and construction offices on property. Declarant need not own sales and construction offices utilized by the Declarant on the property.

e. Home builders may have temporary sales and construction offices on the property with the approval of the Committee.

f. Lot owners may use their residence for interior home office businesses which do not significantly increase vehicular traffic within the subdivision.

g. One Large and/or Small Animal veterinarian businesses and one equestrian training, treatment and boarding facility are permitted and must comply with special use requirements of Pueblo County.

h. One acre located near the center of the subdivision shall be deeded to the Pueblo West Metropolitan District for the construction of a firehouse.

i. Declarant shall have the right but not the duty to establish a community recreation area within the subdivision.

3.4 Hunting and Use of Firearms.

Hunting Prohibited. No hunting may be conducted or carried out upon any lot or within the subdivision. Discharge of firearms upon any lot or within the subdivision is not permitted.

3.5 Household Pets.

a. Pets Allowed. Except for horses or other animals permitted, only Household Pets shall be raised, grown, maintained or cared for upon any Residential Lot. Household Pets shall mean and refer to any species of animal completely kept as a pet, as is customary in the community, within households, not of a type commonly raised as livestock on a farm. No more than five (5) adult household pets of any kind shall be kept, maintained or cared for upon any Residential Lot, including no more than three (3) dogs.

b. Leash Requirements. Household Pets shall not be allowed to run at large within the subdivision, except on the owner's lot, so long as such household pets are confined to the lot in a fenced area.

3.6 Nuisances.

All Lots and other portions of the Project must be maintained in a clean and odor free condition. Household Pets shall not be kept in such manner as to create or cause a nuisance to any resident or a Lot or cause unreasonable odors or noises from the household pets that affect the use and enjoyment of neighboring properties.

3.7 Horses.

a. No more than one (1) horse per acre per lot will be allowed, so that on a typical five acre lot, five (5) horses are permitted. A temporary exception shall be granted for foals and mares kept on a lot.

b. Barn. Lot owners who have a horse or horses on their lot shall provide a barn, for use by horses. This provision is intended to ensure that horses residing at The Reserve have fresh water, feed, shade in the summer, protection from the cold in winter and are kept in humane sanitary conditions. Barn design and materials must be approved by the Committee and must be complimentary in appearance to the principal residence.

c. Horses must be fenced and maintained behind the principal residence. This provision is intended to ensure minimum damage to the natural vegetation, bushes and grasses located in front of the residence.

3.8 Manure Removal. No manure shall be kept in a location or manner such that it is visible from neighboring Lots. Each Owner keeping horse(s) on a Lot shall be required to remove the manure and refuse from the barn and paddock, and horse waste material regularly so as to prevent a nuisance, including but not limited to gathering of flies, odors drifting onto neighboring properties or unsightly conditions.

3.9 Prohibited Animals. Except as noted below, only household pets and horses shall be permitted on residential lots. Other animals shall be prohibited, including but not limited to pigs, goats, cattle, fowl, poultry, llamas, and exotic animals. An Owner may apply for a special exemption to the Committee for permission to keep a prohibited animal provided exemption is for a special project for a 4-H Club or school project.

a. Vicious, or Habitually Barking or Howling Animals are not permitted.

b. Pursuant to agreement with the Pueblo West Metropolitan District, Declarant shall have the right to temporarily maintain a small number of cattle on undeveloped portions of the property. As the development is phased-in for additional residential lots, the new residential areas shall fall under the same above prohibitions.

3.10 Runoff and Erosion Control. The runoff and erosion from each barn and paddock or corral shall be controlled so the runoff of water, including waste water, manure and other materials from the barn and paddock or corral area, does not flow onto adjacent properties or Lots. The Owner shall be responsible for installing and maintaining all runoff control measures.

3.11 Antennae, Power Generators, Storage Tanks, Satellite Dishes

a. No radio, short-wave, television, satellite dish greater than twenty-four (24) inches in diameter, or other type of antenna shall be installed in the subdivision unless approved by the Committee. Notwithstanding the foregoing, neither the restrictions nor the requirements of this Section shall apply to those antennas (which may include some satellite dishes and other devices) that are specifically covered by the Telecommunications Act of 1996.

b. No source of electrical energy, including wind powered electric generators shall be installed upon a lot without the written approval of the Committee.

c. Storage tanks, which extend above the ground shall not be installed upon a lot without the written approval of the Committee.

3.12 Large Vehicles. Boats, campers, mobile or motor homes, RVs, large trucks, trailers, and large vehicles, when not in use and in a "stored" status shall be parked to the rear of the principal residence. Tractors, snow removal equipment, and garden or maintenance equipment shall be kept, except when in actual use, in a fully enclosed structure.

3.13 Concealment of Vehicles. No stripped down, wrecked, inoperative vehicle, or any part thereof, shall be kept upon any lot, unless it is stored in a fully enclosed structure. No maintenance, servicing, repair, dismantling, painting of any vehicle, boat, machine or device may be carried on except within a completely enclosed building.

3.14 Screening. All equipment, garbage cans, woodpiles, or outdoor storage shall be kept screened by adequate planting or conforming building materials so as to be concealed from view of neighboring residences and streets.

3.15 Trash. No rubbish, trash, papers, junk or debris shall be burned nor allowed to remain or accumulate upon any Lot. All such waste intended for trash pickup shall not be placed in a street, driveway, yard, or any area visible from the street or neighboring residences more than twenty-four (24) hours prior to the scheduled pickup.

3.16 Temporary Structures. No temporary house, trailer, tent or other temporary structure shall be placed or erected on any portion of the subdivision, and no living unit shall be occupied in any manner at any time prior to the issue of a certificate of occupancy for such living unit, except that temporary canopies and tents may be erected for special temporary events.

3.17 Signs. The construction or maintenance of billboards, "For Rent", "For Sale", or similar signs larger than six (6) square feet, and poster boards or advertising structures of any kind on any Lot are prohibited, except that Declarant may have a professionally constructed sign at the entrance of the subdivision consistent with county regulations.

3.18 Drilling or Mining. No oil or gas drilling, oil or gas development operations, oil refining, quarrying, or mining operations of any kind shall be permitted upon or in any Lot, nor shall oil or gas wells, tanks, tunnels, mineral excavations, or shafts be permitted upon or in any Lot. No derrick or other structure designed for use in boring for oil or natural gas shall be erected,

maintained, or permitted on any Lot. This provision shall not apply to any rights granted to any third party to extract oil, gas or minerals granted prior to the recording of the Plat and the recording of this Declaration.

3.19 Annoying Light, Noise or Odors. No light shall be emitted from any portion of the Project which is unreasonably bright or causes unreasonable glare; no sound shall be emitted on any Property which is unreasonably loud or annoying; and no odor shall be emitted on any portion of the Project which is noxious or offensive to others.

3.20 Private Water Supplies and Sewage Disposal. No individual water supply system shall be permitted on any Lot. No Lot Owner shall drill or cause to be drilled a water well. An individual septic system is required on each lot which shall be cleaned out on a regular basis.

ARTICLE IV Building Design, Architecture Standards and Prohibitions

4.1 On-Site Building Construction is Required. Modular, mobile or trailer homes shall not be permitted on residential lots, except as approved for temporary quarters for sales and construction purposes, or in relation to commercial use exceptions.

4.2 Exterior Building Colors shall be earth tones.

4.3 Square Footage of Principal Residence.

a. The minimum combined covered square footage of the Principal Residence, including mandatory attached or detached 3-car minimum garage, shall be 2,700 square.

b. One Story 2,000 Square Feet Minimum. All principal residences constructed upon Lots on the Property shall consist of a minimum of 2,000 square feet of living space. This 2,000 square foot area shall be finished, above ground, and covered area, all of which must be heated living area and exclusive of attached garages, basement, porches, decks, and storage space.

c. Two Story 2,000 Square Feet Minimum. Any two-story residence will have a minimum of 2,000 square feet of covered, heated living area, including first floor space, at grade level, which must be a minimum of 1,200 square feet.

d. Other Configurations (i.e. bi-level, tri-level) 2,000 Square Feet Minimum. Multi-level homes must have a minimum of 1,200 square feet on the finished main floor and one adjacent level combined for a minimum of 2,000 square feet.

4.4 Garages.

a. Three-Car Attached or Detached Garage is Mandatory. Each Principal Residence shall have a garage a minimum of 700 square feet large enough to accommodate a minimum of three average size automobiles and storage. Additional automobile storage space, attached or detached, to accommodate recreational vehicles, or other large vehicles and equipment is encouraged.

b. Side, Interior Side or Rear Entry. All garage doors for entry and exit of vehicles must be located on the side, interior side, or rear of the residence and configured in such a manner so that the garage doors are not directly facing the nearest street. This standard also applies to detached garages, barns and/or Outbuildings. The Committee will make reasonable accommodations for homes designed with the garage built at an angle to the front plane of the residence wherein the garage doors face inward toward a central courtyard.

c. Exterior Architectural Treatment. The front-most plane or side of any attached garage facing the street shall be designed architecturally so that visually the garage is balanced with the front of the house so that from the street, it appears integrated and part of the residential living space. This would normally be accomplished by the use of the same size/type of windows and/or exterior wall treatment on the exterior side or wall of the garage. This is intended to visually maximize the size of the living space of the home, and to minimize the appearance of a garage.

d. Attached garages must be located on the side or rear of the Principal Residence and shall not protrude forward of the general front plane of the Residence more than 12 feet. This is intended to maximize the exterior horizontal profile of the house.

4.5 Guest House. Each five acre or larger Lot may have one guest house. Any such house shall consist of a minimum of 500 square feet excluding roof overhangs, breezeways, etc. above ground, of which a minimum of 500 square feet is heated and shall be built in visual harmony with the Principal Residence and conform to the same architectural design, material, color and standards as the Principal Residence. All Lot improvements shall be under a single ownership. Use of the Guest House must comply with county regulations.

4.6 Exterior Walls. Front and side walls of the Principal Residence and optional Guest House shall be of upscale design and custom in appearance. Single plane, flat, box-like, or unimaginative "plain Jane" designs which lack attractive window treatment and/or appropriate angles, curves, columns or other aesthetically enhancing features will not be approved by the Committee.

4.7 Building Exterior. The exterior portions of all buildings shall be painted or stained immediately upon completion or shall have color mixed in the final structural application, so that all such materials shall have a finished appearance.

4.8 Front Entrance and Door Treatment. The front of the residence and main pedestrian entrance (front door) to the principal residence shall face the nearest street. This area shall have attractive, upscale, enhancing features.

4.9 Height of Buildings. No building shall have a height greater than 35 feet measured from ground level, except walk-out basement levels.

4.10 Carports are not permitted.

4.11 Set Backs of Principal Residence, Guest House, Structure or Barn. Any living unit intended for housing people shall be located a minimum of 100 feet from the front property line and be located entirely within 375 feet of the nearest fire hydrant. No structure shall be built or located within 15 feet of the side or rear property line, except that a barn used for maintaining horses must be a minimum of 25 feet of the rear or side property line.

4.12 Orientation of the Principal Residence. The Principal Living Unit and optional Guest House shall be constructed so that the front of the Unit(s) face toward the front lot line and sets back in a manner consistent with the Architectural Guidelines. Exceptions for the orientation of the Principal Living Unit and/or the optional Guest House may be granted by the Committee if in its judgment, the exterior appearance of sides or rear of the house facing the front lot line is equal to or better appearing than the front of the house.

4.13 Horizontal Profile. All Principal Residences or living units and guest houses must have a dominant horizontal profile.

4.14 Basements. Space for basements, patios, and roof overhangs will not be counted or included as living area. Walk-out basements are encouraged where the Lot topography or creative excavation permits such construction. The square footage of floor area in a Living Unit shall be calculated in accordance with the zoning and building regulations of the governmental entity having jurisdiction.

4.15 Foundation and Grading Plans.

a. Foundation design must be approved by a Colorado Structural Engineer. One Colorado stamped, engineered foundation plan must be on file before excavation begins. (Need not be included with application).

b. If extensive grading is required to provide a building site for any structure, the applicant must submit a grading plan.

4.16 Roofs. Roof materials shall be made of non-reflective material and may be tile, 40-year Heritage style, wood, raised rib steel, or other material approved by the Committee.

a. Plumbing stacks should be grouped to minimize the number of required penetrations. Roof penetrations should be made as much as is practicable out of the line of sight of the nearest street. Metal roof vents are discouraged in lieu of gable vents or concealed ridge vents.

b. Roof flashing, with the exception of valley flashing, shall be painted to match the roof.

c. Skylights and solar panels shall be attached parallel to the pitch of the roof and integrated as a visual part of the roof.

d. Roof overhangs on structures normally requiring overhangs shall be a minimum of 24”.

e. Peaked roof structures shall have a minimum pitch of 4/12.

4.17 Outbuildings.

a. Location of Outbuildings. The Outbuildings must be placed on the rear portion of the Residential Lot, which is the portion of the Lot between the rear Lot line and the nearest line or point of the Living Unit or Guest House. Outbuildings shall be set back at least 15 feet from the side lot lines, except Outbuildings housing domestic animals shall be set back at least 25 feet from any lot line.

b. Design of Outbuildings. Outbuildings must be of design, materials and style similar to, and compatible with, the design, materials and style of the Principal Residence. The Committee at its sole discretion may allow the use of alternative materials for Outbuildings where the cost of required design materials is unreasonable or prohibitive. In these instances, the Committee will only approve plans which effectively consider the impact on the development from the architectural and aesthetic viewpoint balanced against affordability of ancillary structures. On this basis, additional features to soften the appearance of an Outbuilding may be requested by the Committee . These features include but are not limited to: landscaping, decorative striping, accent windows, personnel doors, etc. The Committee reserves the right to further refine the requirements of

Outbuilding design as experience dictates.

c. Paddock or Corral. An outdoor paddock or corral may be included on the Lot.

d. Location. The paddock or corral must be behind the Living Units and adjacent to the barn. The paddock or corral must be located on the rear of the Lot, between the rear Lot line and the nearest line or point of a Living Unit, and shall be set back a minimum of 15 feet from any road or any property line.

4.18 Completion of Construction.

a. Requirement to Commence Construction. Once the plans and specifications, erosion control plans, landscaping plans, grading plans and locations have been approved by the Committee, the District, and Pueblo county, construction or alteration of the same shall be carried out forthwith. Such construction or alteration must commence within a period of one hundred eighty (180) days from the date of issuance of a building permit unless the Committee provides otherwise. If no construction activity has taken place within such one hundred eighty (180) days time period, then any approval of the Committee shall be considered null and void, and any later commencement of construction or alteration that was previously approved by the Committee shall not be so commenced until a new application, including the payment of necessary fees, has been submitted to and final approval issued by the committee.

b. Completion. All construction or alteration must be completed within 180 from the date the construction or alteration is commenced; provided, however, that the time limit for completion of the construction or alteration may be extended by the Committee as deemed appropriate.

4.19 Air Conditioning Units. Air conditioning units, evaporative coolers, or other objects other than a television or radio antenna shall not be placed upon, on the side of the building, or above the roof of any dwelling or other building unless it is out of sight from the nearest street. Such units shall be located on the rear side of the roof or rear side of the building.

4.20 Clothes Lines. Clothes lines shall be installed so as not to detract from the aesthetic values of the property and shall be so placed to be concealed from view from the nearest street.

4.21 Mail Boxes, Newspaper Boxes, External Lighting Numbering and Lettering.

a. All mail boxes shall be of an upscale design and quality and conform to U.S. Postal service standards and maintained in an attractive manner.

b. A single pole with a mail box on top will not be approved by the Committee. Mail Boxes must be heavy duty, upscale, attractive, sturdy and secured upright and level.

c. Newspaper Boxes which are separate from Mail Boxes whenever possible should be attached to the bottom or side of the Mail Box post or horizontal pedestal or should be made part of a larger structure that is constructed in harmony with the Principal Residence.

d. External Numbering and Lettering should be professional. If not professionally painted, they should be brass, bronze, copper or other attractive non-rusting metal material.

4.22 Fencing.

a. Perimeter Fencing. Perimeter fencing is the fence on or along the front, sides and rear of the property lines of the Lot and any fences from a perimeter fence on the Lot to the Living Unit, barn and/or detached garage.

i. Lot Owners are not required to fence the front, rear and side perimeters of any portion of their Lot. However, those Lot owners who fence their lot must comply with the design and materials requirements below or must use another material approved by the Committee.

ii. Fencing along the street shall be a minimum of ten (10) feet inside the front property line. This ten (10) foot border is a permanent utility easement along the front of all Lots within the Project. There may be other utility, drainage or equestrian easements that affect the location of the fence for individual lots.

iii. Professionally designed individualized Lot entryways with a gate (which may be electrically operated) and which are complementary of the Principal Residence in material, color and appearance are encouraged.

b. Design and Materials.

i. Property Lot lines adjacent to a street or adjacent to the Subdivision's external boundary and/or equestrian/utility easement, or CIG utility/equestrian easement shall be fenced with either square 6" x 6" wood posts that are beveled on the top and three rectangular rails a minimum of 2" x 6", screwed into the posts, with the rectangular rails placed on the outside of the post closest to the street or easement; round "Jumbo Style" three-rail western wood posts and rails (6" top-beveled round posts and 4" diameter round rails); or another style material approved by the Committee. In either option, the wood should be treated, not painted, or stained, with the posts located approximately eight (8) feet apart. The height of the posts should be a minimum of four (4) feet and a maximum of five (5) feet above ground level.

ii. Fencing the sides of Lots along the property line is optional. Sides may be fenced with 6" diameter treated, not painted, and not stained wood posts and 3" three-rail round rails not stained and not painted, or, the wood posts may be connected with three strands of barbless wire, or another style and material approved by the Committee. Wood posts shall be approximately eight (8) feet apart. The height of the posts should be a maximum of six (6) feet from the ground level.

iii. Attached Wire Fencing. The interior side of perimeter fencing located on the sides and rear portion of the Lot may have attached to it steel wire of a type and rectangular design in order to confine children and Household Pets onto the Lot.

iv. The height of perimeter fencing shall not exceed five (5) feet.

v. Solid wood or chain link fencing of the perimeter (front, rear or sides) of the Lot is not permitted.

vi. Steel "T" posts or stakes (normally associated with barbed wire fencing for cattle) are not permitted on residential Lots.

vii. Barbed wire fencing of the perimeter of the Lot or within the Lot is not permitted.

viii. No perimeter fences or structures of any kind shall be constructed or erected which encroach upon any easements provided for in these covenants, or which encroach upon any right-of-way adjacent to any street within the Project.

ix. Exceptions: Steel "T" stakes and barbed wire may be used by the Declarant outside of any County approved (Phased-In) part of the subdivision in order to contain grazing cattle. This fencing shall be removed as the final approval is obtained from the County and another phasing or filing of the subdivision occurs. Barbed wire may be used in conjunction with these steel stakes in order to contain cattle.

c. Screening Fences. Design and Materials. All Screening fences shall be of materials compatible to and coordinated with the design, hue and materials of the Outbuildings. Screening fences shall not exceed five (5) feet in height and must be located on the rear portion of the Lot.

d. Fence Maintenance. The Lot owner shall maintain in good repair and condition all fencing installed on such Owner's Lot.

4.23 Driveways and Roadway Access.

a. Roadway Access.

i. Pursuant to Pueblo West Metropolitan District requirements, only one residential access per lot is allowed unless lot frontage is of sufficient width to allow a minimum spacing of 50 feet between driveways on one lot.

ii. Since all streets within The Reserve will be paved, lot owners shall pave the full width of the driveway to access from the edge of the roadway asphalt to the property line. Contact the Public Works Dept of Pueblo West Metro District for details.

iii. Surface Material of Driveways. All vehicular access from the nearest street to the Living Unit, optional Guest House and attached or detached garage shall have a surface of gravel, pavers, asphalt paving and/or concrete.

iv. Circle Drives. Driveway circle drives encouraged.

4.24 Septic Systems. It shall be the responsibility of each Lot Owner for the installation of a septic system. If it becomes necessary to raise the septic system drainage field, then the ground where the principal living unit is to be located must also be raised to the same or higher level in order to maintain a natural visual flow of the land.

4.25 Utility Lines.

All utility lines, including but not limited to, water, sewer, natural gas, electric, telephone, and cable television shall be buried underground.

ARTICLE V Landscaping Requirements

5.1 Landscaping Plan. Prior to construction, the Lot Owner shall submit to the Committee, for its approval, a landscaping plan for the Lot at a scale of 1"=20'. These preliminary plans may be altered later. The preliminary plan shall contain all information required in The Reserve's

Committee of Architecture building application form, including berms, walls, fences or other buffering devices and general planting layout showing trees and bushes.

5.2 Trees and Bushes. A minimum of 12 trees and 20 bushes per five acre lot is required. Trees shall have a minimum caliper of 2 ½" and/or a height of 6 feet.

5.3 Water Use. Drip or other low-water consumption irrigation systems are encouraged.

5.4 Completion of Landscaping. As soon as practicable after the certificate of occupancy is issued for a Living Unit on a Lot and within one (1) year, the Owner shall have substantially completed the landscaping. In the event a certificate of occupancy is issued during a growing season, landscaping must be completed prior to the end of the next full growing season.

5.5 The Reserve Entryways and Intersection Corners. Landscaping. The Declarant has the right to install landscaping, walls, works of art, water features, and signage at the subdivision's entryways and intersection corners. Easements have been set aside for this purpose. No Lot Owner shall modify, replace, paint or otherwise modify these easements without permission of the Home Owners Association. The Home Owners Association will be responsible for costs associated with the upkeep and maintenance of these easements, including irrigation and lighting if installed.

5.6 Owner Landscape Maintenance Obligations.

a. Each Owner shall be required to maintain his or her Lot in a clean and neat condition, which shall include, but not be limited to, cutting of ground cover, weeding, removal of rubbish, trash or garbage.

b. Swales and Culverts. Drainage swales and driveways and culverts for each Lot shall be maintained and kept free of weeds by the Owner of said Lot. Lot Owners must also maintain and keep free of weeds the land in front of their property, including the 10-foot utility easement, up to the paved roadway.

ARTICLE VI Easements

6.1 Declarant's Right to Establish Easements. Declarant reserves the right to convey and/or dedicate rights of way and easements Ten (10) feet wide along and inside the front property line of all lots within the subdivision and in other locations for utilities, equestrian, recreation and drainage purposes together with the privilege to assign this right at any time, in Declarant's sole discretion its successors or assigns. This right shall run with the land for the time herein provided and as may be extended.

6.2 Easements Reserved.

Easements for installation and maintenance of utilities, drainage, equestrian trails, and landscaping at the entryways and at intersection corners are reserved as shown on the Plat or in recorded deeds.

6.3 Committee and HOA Easement Maintenance Right of Trespass. The Reserve Committee of Architecture, Home Owners Association, its boards, agents, managing agent, and employees shall have an unrestricted irrevocable right to traverse and cross any Lot easement in order to perform any of its functions as described in this Declaration.

6.4 Lot Owner's Maintenance Obligations. The drainage, equestrian and utility easements of each Lot shall be maintained by the Owner of the Lot, except for those improvements for which a public authority, utility company, or Home Owners' Association is responsible.

6.5 Restrictions on Activities in Easements. Within the easements reserved as shown on plats or deeds for utility easements, no structure planting, or other materials shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities, or which may change the direction of flow of drainage in the easements, or which may obstruct or retard the flow of water through drainage channels in the easements.

6.6 Underground Utility Easements.

a. The Declarant has established general utility easements throughout the Property ten feet wide running in front of each lot. This easement will be used for supplying natural gas, electricity, telephone, cable and other utilities as available.

b. A utility easement ten feet wide is also established between Lots Five and Six, Block Eight running westerly from Maverick Drive to the western property boundary of these lots.

6.7 Natural Gas Easements.

a. There is a 45 (forty five) foot wide easement for natural gas which cross the property in the northern half of the subdivision. This easement belongs to Colorado Interstate Gas Company (CIG). In cooperation with CIG, Xcel (Public Service) has tapped these

lines to deliver natural gas to the subdivision. CIG has signs posted along the perimeter of its easement notifying adjacent lot owners of the location of the pipelines. This easement may be used as a public equestrian trail for bike riding, hiking etc.

b. This easement and others throughout the subdivision may be accessed by adjacent lot owners from the rear or sides of their respective lots and by the public via streets and the utility-equestrian trail surrounding the property. The owners of lots located adjacent to the CIG easement or any other easement shall not construct any fences, or structures of any kind upon this easement.

c. There are two easements, each approximately 50 (fifty) feet wide by 75 (seventy five) feet on the north side of and adjacent to the CIG 45 foot easement mentioned above and located in the southwest corner of Block One, Lot Six. One is for CIG facilities and equipment and the other is for Xcel regulating facilities and equipment.

d. Xcel (natural gas) has a 15 (fifteen) foot wide easement paralleling the CIG easement on the north side of CIG's 45-foot easement and running easterly to a point on the west side of Buffalo Drive, and located on the south side of Block One, Lot Six.

6.8 Telephone Easement.

Qwest (telephone) has been granted a 20 foot by 20 foot easement for its transmission equipment. This easement straddles the northeast and northwest corners of Lots One and Two of Block Eight respectively, and is adjacent to and south of the ten foot utility easement noted above.

6.9 Water Line Easements.

a. The Declarant will provide the District with easements for water service lines within and along streets and throughout the property as needed.

b. The Declarant, or its successors, shall have the right and shall be granted easements in order to install, at its expense, secondary water meters on primary water taps located on corner lots in order to irrigate entryways and intersection landscaping easements. The Lot and Homeowners Association shall reimburse the respective Lot Owners for water used each year.

6.10 Landscaping Easements.

Declarant has established landscaping easements at each of the four entrances on each side of the road into the subdivision, and at each of the corners at street intersections. These easements are recorded on platted lots throughout the subdivision.

6.11 Declarant and HOA Right of Trespass.

a. Declarant and the Homeowners Association and its employees shall have the right of trespass on these easements without notice to lot owners in order to construct decorative masonry or adobe walls, install water works, irrigation, plant trees, shrubbery, flowers and electrical lighting and to maintain same.

b. Respective lot owners where these easements are located shall have the right to irrigate and maintain these areas once they are installed by Declarant.

c. Lot owners may not remove or alter these landscaped areas or structures without prior written Homeowners Association approval.

6.12 Easements for Drainage and/or Pedestrian-Equestrian Use.

a. All 100-year floodways as depicted on the plat, shall be reserved for access easements for equestrian, biking, hiking, pedestrian traffic and drainage only. The majority of these easements are 15 feet wide. Other drainage/equestrian trail easements have also been established which are wider than 15 feet.

b. No lot owner shall construct any structure, fence or place any other thing that will obstruct or impede free public access to these open areas.

c. Declarant and or its successors shall have the right to alter the public corridors to meet county water drainage requirements.

d. Until such time as The Reserve's Lot and Homeowners Association assumes these duties, Declarant and/or its successors shall also have the right, but not the duty, to perform maintenance work in these corridors to ensure public access, use and enjoyment.

6.13 Equestrian Easements.

No motorized vehicles, except for the purposes of maintaining utilities and performing other maintenance, are permitted on the equestrian easements within and surrounding The Reserve.

ARTICLE VII

The Lot/Homeowners Association, Membership, and Voting Rights

7.1 Every Owner of a Lot or Unit shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Unit. Members shall automatically be entitled to the benefits and subject to the burdens appurtenant to said membership. If the fee simple title to a Unit is held by more than one Person, each Owner shall be a member of the Association. However, when considering voting rights of the Members, each Unit shall be considered to have only one Owner (and one vote).

7.2 General Purposes and Powers. The Association, through the Board shall perform functions and hold and manage Property as provided in this Declaration so as to further the interests of Owners of Units in this Project. It shall have all powers necessary or desirable to effectuate such purposes.

7.3 Declarant will initially manage the Association until the earlier of sixty (60) days after the conveyance of ninety percent (90%) of the maximum number of Units are sold. This initial management may be terminated earlier at Declarant's option. Initially, Declarant will appoint the managers to the Board of Managers which may, by resolution,

delegate any portion of its authority to an executive committee or to a director for the Association. There shall not be less than two (2) nor more than five (5) members of the Board of Managers, the specific number to be set forth in the By-Laws. Upon Declarant's conveyance, all members of the Board of Managers shall be Lot Owners elected by Lot Owners. Upon conveyance, regardless of the number of members of the Board of Managers, the terms of one-third, or at least one member, whichever is larger, shall expire annually.

7.4 Voting of Owners. The Owner or Owners of each Unit shall be entitled to one vote for each such Unit owned by said Owner or Owners.

7.5 By-Laws and Articles. The notice and quorum for any action authorized under Sections 3 and 4 within thirty (30) days after adoption of any proposed budget for the Association, the Board of Managers shall mail by ordinary first class mail or otherwise delivery a summary of the budget to all Unit Owners and shall set a date for a meeting of Unit Owners to consider ratification of the budget, not less than fourteen (14) nor more than sixty (60) days after mailing or other delivery of the summary, unless at that meeting, a majority of all Unit Owners reject the budget, the budget is ratified whether or not a quorum is present. In the event that the proposed budget is rejected, the periodic budget last ratified by Unit Owners must be continued until such time as the Unit Owners ratify a subsequent budget proposed by the Board of Managers.

7.6 Association as Attorney-in Fact for Owners. The Association is hereby irrevocably appointed attorney-in-fact for the Owners, and each of them, to manage, control and deal with the interest of each Owner so as to permit the Association to fulfill all of its duties and obligations hereunder and to exercise all of its rights hereunder. The acceptance by any Person of any interest in any Unit shall constitute an appointment of the Association as attorney-in-fact as provided above and hereinafter. The Association is hereby granted all of the powers necessary to govern, manage, maintain, repair, rebuild, administer and regulate to the Project and to perform all of the duties required of it. Unless at least two-thirds (2/3) of the Unit owners, (including Declarant) have given their prior written approval, the Association shall not be empowered or entitled to:

- a. by act or omission, seek to abandon or terminate the Project;
- b. change the pro rata interest or obligations of any individual Unit for the purpose of levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards;
- c. partition or subdivide any Unit or Common Area;
- d. act or omission seek to abandon, partition, subdivide, encumber, sell or transfer any of the Common Area; and
- e. use hazard insurance proceeds for loss to the Project for other than repair, replacement or reconstruction thereof.

7.7 Operation and Maintenance Responsibilities. The Association shall provide for the care, operation, management, maintenance, repair and replacement of the Common Area.

7.8 Labor and Services. The Association:

- a. may obtain and pay for legal and accounting services necessary or desirable in connection with the operation of the Project or the enforcement of this Declaration; and,
- b. may arrange with others to furnish landscaping care and maintenance, insurance, and other common services.

ARTICLE VIII Covenant for Maintenance Assessments

8.1 Creation of the Lien and Personal Obligation of Assessments. Each Owner of any Unit by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual assessment or charges, and (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. The annual and special assessments, together with interest, costs, and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the Property against which each such assessment, together with interest, costs, and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such Property at the time when the assessment fell due.

8.2 Purpose of Assessments. The assessment levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the residents in the Properties and for the improvement and maintenance of the Common Area.

8.3 Maximum Annual Assessment. Until January 1 of the year immediately following the conveyance of the first Unit to an Owner, the maximum Annual Assessment shall be ONE HUNDRED FIFTY DOLLARS AND NO CENTS (\$150.00) per Unit. The prorated Assessment shall be due upon closing (sale) on a Lot and thereafter, the full amount annually shall be due on or before the 15th day of January each year.

- a. From and after January 1 of the year immediately following the conveyance of the first Unit to an Owner, the maximum annual assessment may be increased each year not more than 12% above the maximum assessment for the previous year without a vote of the membership.

- b. From and after January 1 of the year immediately following the conveyance of the first Unit to an Owner, the maximum annual assessment may be increased above 12% by a vote of two-thirds (2/3) of the Owners who are voting in person or by proxy, at a meeting duly called for this purpose.

- c. The Board may fix the annual assessment at an amount less than the maximum.

8.4 Special Assessments for Capital Improvements. In addition to the annual assessment authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purposes of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement including fixtures and personal property related thereto, provided that any such assessment shall have the consent of two-thirds (2/3) of the votes of Unit Owners who are voting in person or by proxy at a meeting duly called for this purpose.

8.5 Notice and Quorum for Any Action Authorized Under Sections 8.3 and 8.4. Written notice of any meeting called for the purpose of taking any action authorized under Section 8.3 or 8.4 shall be sent to all members not less than 10 days nor more than 60 days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast sixty percent (60%) of all the votes shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than 60 days following the preceding meeting.

8.6 Allocation of Expenses. All Units shall be assessed equally, with equivalent allocations of common expenses for both annual assessments and special assessments.

8.7 Date of Commencement of Annual Assessments; Due Dates. All Unit Owners shall be obligated to pay the estimated Annual assessments imposed by the Board of Managers to meet

the Common Expense from and after the conveyance of the first Unit, from Declarant to another party. The annual assessment shall be paid annually on or before January 15th of each year. The Board of Managers shall prepare or have prepared and deliver or mail to each Owner an itemized annual budget showing the various estimated or actual expenses for which the assessments are made. Contributions for annual assessments shall be prorated if the ownership of a Unit commences on a day other than the first day of a month. The assessments made for Common Expenses shall be based upon the aggregate sum as the Board of Managers shall from time to time determine is to be paid or accrued to be paid to provide for the payment of all estimated expenses growing out of or connected with the maintenance and operation of the Association. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Unit have been paid.

8.8 Effect of Nonpayment of Assessments: Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of 18 percent per annum. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien

against the Property. No owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area and common facilities or abandonment of his Unit.

8.9 Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any loan evidenced by a first mortgage of record (including deed of trust) and to any executory land sales contract wherein the Administrator of Veterans Affairs (Veterans Administration) is seller, whether such contract is owned by the Veterans Administration or its assigns, and whether such contract is recorded or not. Sale or transfer of any Unit shall not affect the lien for said assessment charges except that sale or transfer of any Unit pursuant to foreclosure of any such mortgage or any such executory land sales contract, or any proceeding in lieu thereof, including deed in lieu of foreclosure, or cancellation or forfeiture of any such executory land sales contract shall extinguish the lien of assessment charges which became due prior to any such sale or transfer, or foreclosure or any proceeding in lieu thereof, including deed in lieu of foreclosure, or cancellation or forfeiture of any such executory land sales contract. No such sales, transfer, foreclosure, or any proceeding in lieu thereof, including deed in lieu of foreclosure, nor cancellation or forfeiture of any such executory land sales contract shall relieve any Unit from liability for assessment charges thereafter becoming due, nor from the lien thereof.

8.10 Homestead. The lien of the association assessments shall be superior to any homestead exemption as is now or may hereafter be provided by Colorado law. The acceptance of a deed to land subject to this Declaration shall constitute a waiver of the homestead exemption as against said assessment lien.

8.11 Method. The Association shall not change the method of determining the obligations, assessments, dues or other charges which may be levied against a unit owner, unless at least two-thirds (2/3) of the Owners have given their prior written approval.

8.12 General.

The maintenance responsibilities for the Common Area and the Units comprising this development shall be the responsibility of the parties as described herein.

8.13 Association Maintenance Responsibility. The Association shall be responsible for the upkeep and maintenance of the following items located in the Common Area and Common Landscaped Areas comprising this Development: the equestrian trails within the subdivision, the entrance, and other landscaped areas.