

**DECLARATION OF
COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS
FOR GURLEY LAKE RANCH
A Rural Cluster Subdivision**

THIS DECLARATION, made on the date hereinafter set forth by Gurley Lake Land and Cattle Company, a Colorado General Partnership, hereinafter referred to as "Declarant".

WITNESSETH:

WHEREAS, Declarant intends these Covenants, Conditions, Restrictions and Easements to be applicable to that certain property in the County of San Miguel, State of Colorado, which is more particularly described as shown on the attached legal description which is incorporated herein and which is the subject of that certain Rural Cluster Subdivision filing and the plats associated therewith known as Gurley Lake Ranch; and

WHEREAS, by their execution of said Rural Cluster Subdivision filing and the related plats and agreements all owners of the property thus described have adopted, affirmed and ratified this Declaration and made the Covenants, Conditions, Restrictions and Easements herein contained applicable to their respective properties.

NOW, THEREFORE, Declarant hereby declares that all of the properties above described shall be held, sold and conveyed subject to the following easements, restrictions, covenants, and conditions, which are for the purpose of establishing a general plan and of protecting and maintaining the value and desirability of the Subdivision as a high quality residential development, and which shall run with the real property and be binding on all parties having any right, title or interest in the described properties or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each Owner thereof.

**ARTICLE I
DEFINITIONS**

Section 1. "Association" shall mean and refer to the Gurley Lake Ranch Owners Association, Inc., a Colorado Non-Profit Corporation, its successors and assigns.

Section 2. "Owner" shall mean and refer to the record owner, whether one or more person or entities, of a fee simple title to any Lot which is a part of the Properties, including contract sellers, but excluding Declarant and those having such interest merely as security for the performance of an obligation.

Section 3. "Properties" shall mean and refer to that certain real property herein above described, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 4. "Lot" shall mean and refer to any residential plot of land shown upon the Rural Cluster Subdivision map of the Properties whether or not all phases and filings have received final approval.

Section 5. "Declarant" shall mean and refer to Gurley Lake Land Cattle Company and its successors and/or assigns if such successors and/or assigns should acquire more than one undeveloped Lot for the purpose of development.

Section 6. "Board of Directors" or "Board" shall refer to the Board of Directors of the Association consisting of persons designated by the Declarant's General Partner until seventy five percent (75%) of the Lots have been sold or the General Partner waives Declarant's right to designate Directors whichever event occurs first and the Board of Directors shall thereafter be comprised of Owners designated in accordance with the Articles and By-Laws of the Association.

Section 7. "Subdivision" refers to the development project commonly known as Gurley Lake Ranch as shown by the Rural Cluster Subdivision filing and plat so titled. Declarant has reserved the right to develop, construct and market the project in multiple phases.

ARTICLE II MEMBERSHIP AND VOTING RIGHTS

Section 1. Association Membership. Every Owner of a Lot which is subject to assessment shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.

Section 2. Voting. Owners shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any Lot.

Section 3. Declarant's Rights. The Declarant is not an Owner as defined in Article I, Section 2; however, the Declarant is entitled to cast votes as Owner or member for each of the Lots owned by it whether held for development or as unsold inventory or otherwise as may be herein expressly authorized and for all purposes of voting in Articles III and IV.

ARTICLE III COVENANT FOR ASSESSMENTS AND ESTABLISHMENT OF LIEN

Section 1. Creation of the Lien and Personal Obligation of Assessments. Each Owner of any Lot by acceptance of a deed of a Lot, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual assessments, (2) special assessments for capital improvements, such assessments and dues to be established and collected as hereinafter provided. These charges, 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 is made. Each such assessment and the dues, 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. The personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

Section 2. Purpose of Annual Assessments. The annual assessments levied by the Association shall be used exclusively for its operating expenses and to promote the recreation, health, safety and welfare of the residents in the Gurley Lake Ranch and for the improvement and maintenance of the streets (unless such street responsibility is assumed by San Miguel County), and any parks, other services, property, open space and green belts owned or maintained by the Association.

Section 3. Maximum Annual Assessment. The maximum annual assessment shall be ~~TWO HUNDRED DOLLARS (\$200.00)~~ per Lot, which includes the annual family fishing and boating permit for use of Gurley Reservoir.

(a) The maximum annual assessment may be increased each year not more than five percent (5%) above the maximum assessment for the previous year without a vote of the membership.

(b) The maximum annual assessment may be increased above five percent (5%) by a vote of two-thirds (2/3) of members who are voting in person or by proxy at a meeting duly called for this purpose.

(c) The Board of Directors may fix the annual assessment at an amount less than the maximum.

Section 4. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost

of any construction, reconstruction, repair or replacement of a capital improvement owned by the Association designated by the Board of Directors, providing that any such assessment shall have the assent of two-thirds (2/3) of the votes of the members who are voting in person or by proxy at a meeting duly called for this purpose.

Section 5. Notice and Quorum For Any Action Authorized Under Sections 3 and 4.

Written notice of any meeting called for the purpose of taking any action authorized under Section 3 or 4 shall be sent to all Owners entitled to vote not less than 30 days nor more than 60 days in advance of the meeting. At the first such meeting called, the presence of sixty percent (60%) of Owners or proxies of Owners entitled to vote 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.

Section 6. Uniform Rate of Assessment. Both annual and special assessments must be at a uniform rate for all Lots and may be collected on an annual basis. All unsold lots held as inventory by Declarant are not subject to annual or special assessments.

Section 7. Date of Commencement of Annual Assessments: Due Dates. The annual assessments provided for herein shall commence as to each non Declarant owned Lot on the first day of the month following the Owner's acquisition of a Lot. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the annual assessment for such Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. 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, dues and water charges on a specified lot have been paid. A properly executed certificate of the Association as to the status of assessments on a Lot is binding upon the Association as of the date of its issuance.

Section 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 eighteen percent (18%) 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 Association property or services or by abandonment of his Lot. Public notice of the lien shall be given in the event of a delinquency in the payment of any assessment by the recording by the Board of a Notice of Assessment Lien specifying the delinquency, the Owner, and the property to which the lien is applicable. In the event of foreclosure, the procedure applicable to judicial foreclosure of Deeds of Trust in Colorado shall be employed. A notice of release of a lien shall be provided to the Owner when all assessments, costs and charges secured by the lien have been fully paid or satisfied.

Section 9. Subordination of the Lien to Mortgagee. The lien of the assessments provided for herein shall be subordinate to the lien of any first Deed of Trust or mortgage. Sale or transfer of any Lot shall not affect the assessment lien. However, the sales or transfer of any Lot pursuant to mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

Section 10. Homestead Waiver. Each Owner hereby agrees that the Association's lien on a Lot for assessments shall be superior to the homestead exemption provided by Colorado law as amended from time and each Owner hereby agrees that the acceptance of the Deed conveying the Owner's property within the subdivision to him shall signify the Owner's waiver of the homestead right granted by said Colorado law.

ARTICLE IV ARCHITECTURAL CONTROL

Section 1. Approval. No building, fence or other structure or improvement of any kind including home identification devices shall be commenced, erected or maintained upon the Properties, nor shall any exterior repair, replacement, addition to or change or alteration therein be made until detailed and legible plans and specifications showing the nature, kind, color, shape, height, materials, and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures, and topography and finish grade elevation by the Board of Directors of the Association, or by an architectural control committee designated as hereafter provided. Evidence of submission of such materials shall be issued by said Board or Committee showing the date of such submission. In the event said Board, or its designated committee, fails to approve or request additional information or disapprove with recommendations or disapprove entirely such design and location within thirty (30) days in writing after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with. Approval of such plans and specifications shall not be arbitrarily or unreasonably withheld. So long as an architectural Control Committee is appointed, the Board of Directors shall refer all requests for approval to the Committee. A reasonable fee may be charged to any Lot Owner for each plan review. Owners, the Association and Sub-Associations must comply with all applicable governmental regulations.

Section 2. Lot Owner Consent. Neither the architectural committee, the Board of Directors nor Declarant nor their respective successors or assigns shall be liable in damages to anyone submitting plans and specifications for approval, or to any Owner affected by this Declaration, by reason of mistake in judgment, negligence or nonfeasance arising out of or in connection with the approval or disapproval or failure to approve any such plans and specifications. Every Owner or other person who submits plans for approval agrees, by submission of such plans and specifications, that he will not bring any action or suit against the approving body or Declarant to recover any such damages. Approval of plans and specifications shall not be deemed to constitute compliance with the requirements of any local building codes or land use regulations and it shall be the responsibility of the Owner or other person submitting plans and specifications to comply therewith.

Section 3. Standards and Specifications. The Architectural Control Committee or the Board of Directors if no committee is appointed may promulgate architectural standards and specifications which shall be published in booklet form. Such standards and specifications, subject to amendment by the adopting entity, shall govern all structures, improvements, commercial signs and home identification devices proposed for any Lot.

Section 4. Financial Responsibility. The Architectural Control Committee or the Board of Directors may, as a condition of approval of any construction on any Lot, require proof of the applicant's financial ability to pay for the entire cost of the proposed work.

Section 5. View Restriction. ~~No vegetation or other obstruction shall be planted or maintained upon any lot in such location or of such height as to unreasonably obstruct the view from any other lot in the vicinity thereof.~~ In the event of a dispute among owners as to the obstruction of a view from a lot, such dispute shall be submitted to the Board whose decision in such matters shall be binding. The Board may refer the matter to the Architectural Control Committee. Any such obstruction shall, upon request of the Board or the Committee, be removed or otherwise altered to the satisfaction thereof by the owner of the lot upon which the obstruction is located. Each owner shall be responsible for periodic trimming and pruning of all hedges, shrubs and trees located on his lot so that they do not grow in a manner as to unreasonably obstruct the view of adjacent owners or street traffic.

Section 6. Committee Membership. If the Board elects to appoint an Architectural Control Committee (sometimes hereinafter referred to as the "Committee") it shall designate three or more persons to so act. Members of the Committee need not be owners, each shall hold office until he resigns or has been removed or his successor has been appointed. Members of the Committee may be removed by the Board at any time without cause.

Section 7. Committee Inspection. The Committee shall have the right and authority to inspect construction in progress to assure its conformance with plans approved by the Committee.

Section 8. Meetings of the Committee. The Committee shall meet from time to time as necessary to perform its duties hereunder. The Committee may from time to time by resolution unanimously adopted in writing designate a Committee representative (who may, but need not, be one of its members) to take any action or perform any duties for and on behalf of the Committee, except the granting of variances as authorized by this Declaration. In the absence of such designation, the vote of any two (2) members of the Committee, or the written consent of any two members of the Committee taken without a meeting, shall constitute an act of the Committee.

Section 9. No Waiver of Future Approvals. The approval of the Committee to any proposals or plans and specifications or drawings for any work done or proposed or in connection with any other matter requiring the approval and consent of the Committee, shall not be deemed to constitute a waiver of any right to withhold approval or consent as to any similar proposals, plans and specifications, drawings or matter whatever subsequently or additionally submitted for approval or consent.

Section 10. Compensation of Members. The members of the Committee shall receive no compensation for services rendered, other than reimbursement for expenses incurred by them for the performance of their duties hereunder. A Committee representative, however, may be paid as a consultant to the Committee.

Section 11. Correction of Defects. Inspection of work and correction of defects therein shall proceed as follows:

(a) The Committee or its representative may at any time inspect any improvement for which approval of plans is required under this Declaration; provided, however, that the Committee's right of inspection of improvements for which plans have been submitted and approved shall terminate sixty (60) days after such work of improvement shall have been completed and the respective owner shall have given written notice to the Committee of such completion. The Committee's rights of inspection shall not terminate pursuant to this paragraph in the event that plans for the work of improvement have not previously been submitted to and approved by the Committee. If, as a result of such inspection, the Committee finds that such improvement was done without obtaining approval of the plans therefor or was not done in substantial compliance with the plans approved by the Committee, it shall notify the owner in writing of failure to comply, specifying the particulars of noncompliance. The Committee shall have the authority to require the owner to take such action as may be necessary to remedy the noncompliance.

(b) If upon the expiration of sixty (60) days from the date of such notification, the owner shall have failed to remedy such noncompliance, the Committee shall notify the Board in writing of such failure. Upon notice and hearing, as provided in the By-Laws, the Board shall determine whether there is a noncompliance and, if so, the nature thereof and the estimated cost of correcting or removing the same. If a noncompliance exists, the owner shall remedy or remove the same within a period of not more than forty five (45) days from the date that notice of the Board ruling is given to the owner. If the owner does not comply with the Board ruling within such period, the Board, at its option, may record a notice of noncompliance in the office of the San Miguel County Clerk and Recorder and may thereafter peacefully remove the noncomplying improvement or otherwise peacefully remedy the noncompliance, and the owner shall reimburse the Association, upon demand, for all expenses, including reasonably attorney's fees, incurred in connection therewith. If such removal or remedy may not peacefully be accomplished, the Board may take such legal action as may be required to accomplish the acts herein authorized. If expenses are not promptly repaid by the owner to the Association or, in any event, if the Board is required to take Court action, the Board shall levy an assessment against such owner for reimbursement as authorized in this Declaration for other assessments. The Board shall have all remedies and rights in such proceedings as are otherwise granted to it in this Declaration.

ARTICLE V RESTRICTIONS

Section 1.

(a) Dwelling, Quality and Size. All structures must be of a permanent nature constructed on site affixed to a permanent foundation, and ~~no modular home, trailer house or mobile home~~ shall be set upon any Lot within said Subdivision. All dwellings must be of workmanlike quality using new materials and shall be completely finished before occupancy. Completion must occur within one (1) year of issuance of a building permit. Each residence structure shall contain at least 1,500 square feet of heated, above ground living space with a ~~maximum of 1,200 square feet on the ground floor of a 1 1/2 or 2 story structure.~~ Square footage is to be determined by exterior wall measurement. All dwellings and out buildings shall be constructed in a rustic style and of rustic materials to blend with the ranch and mountain environment. Roofs may be constructed of enameled metal, shakes, or dimensional shingles. Each residential Lot shall be used for one single family private dwelling only per Lot, designed for the occupancy of and by one family except that maid's quarters and separate living quarters occupied only by related persons may be constructed upon approval by the Architectural Control Committee. The Owner may also construct one garage attached to or within fifteen (15) feet of the residence, provided said garage is constructed of suitable material and design so as to be aesthetically compatible with the dwelling and approved by the Architectural Control Committee.

(b) Signs. Only small real estate and builder signs are permitted except for development signs which may be up to 4' x 8'.

(c) Commercial Activity Prohibited Except for Designated Areas. Except for sales offices, Commercial activities or ventures related to Lot 6/7 and 8 (as described below), activities of Declarant and Colorado Trophies, Inc., or their successors, heirs or assigns, no business or commercial uses may be made on the premises of any residential Lot, provided, however, that permission to operate home businesses such as are generally defined as "cottage industries" exemplified by sewing goods, Tupperware sales, craft objects, carvings, stained glass, photography, paintings and woodworking may be granted upon request by the Architectural Control Committee or the Board of Directors upon an express finding that such home business activity will not interfere with the peace and quiet of the neighborhood, increase traffic or create a safety hazard.

The previously existing lodge on Lot 6/7 may be increased in size by up to six (6) bedrooms and seven (7) additional 2 or 3 bedroom cabins may be constructed on Lot 6/7 in the designated commercial residential area shown on Exhibit "A" attached. Future construction must meet all Gurley Lake Ranch architectural requirements except for size - cabins must be a minimum of 500 square feet. Future construction must meet or exceed the quality of the existing lodge and all buildings must be sited and screened to minimize any visual impact on other Gurley Lake Ranch lots. Any construction must have all necessary governmental approvals. Lots 6/7 and 8 are designated for commercial recreation and may be used for a guest ranch, bed and breakfast or commercial lodge and restaurant and associated activities. Housing and/or barns and stables must be located in designated sites on lot 6/7.

Any commercial recreation use on Lot 6/7 and 8 must be managed by the owner or operator so that it does not interfere with the use and enjoyment of other Gurley Lake Ranch lot owners. Animals may be used on site for commercial riding and viewing but must be maintained in a clean, sanitary and safe manner. All animal related outbuildings must be located within the designated barn site on Lot 6/7 as shown on Exhibit "A". Good agricultural practices must be followed for pasture maintenance.

Horses used for recreational riding associated with Lots 6/7 and 8 may be grazed or ridden on other Gurley Lake Ranch lots owned or leased by the owner and/or operator of the lodge on Lot 6/7. Good grazing practices must be followed and good fences must be maintained and any horses grazed or ridden on such lots must not create a nuisance to other Gurley Lake Ranch lot owners.

No Commercial camping is allowed on the Gurley Lake Ranch or Reserve.

Any Residential construction on Lots 8 and 9 must meet all architectural requirements for other residential lots in Gurley Lake Ranch Rural Cluster Subdivision.

(d) Subdivision of Lots. No Lot may further subdivided or re-configured, except in order to correct technical errors in Lot lines or descriptions or by Declarant before the initial sale of the affected Lot or Lots. No easement or other interest therein less than the whole be conveyed by the Owner thereof without the approval of the Board of Directors or Architectural Control Committee.

(e) Set Backs. The minimum front setback from the access road for all structures shall be two hundred (200) feet. The minimum rear setback for all structures from the high water line of Gurley Lake as shown on the Plat shall be five hundred feet (500). The minimum side setback from the side lot lines for all dwellings shall be one hundred feet (100) and for all other buildings fifty feet (50). Lots fronting Gurley Lake have designated building sites.

(f) Trees and Landscaping. Existing trees shall be disturbed as little as possible to accommodate house site and view. Landscaping shall be of native species and blend with the ranch environment.

(g) Utilities. All utilities shall be underground. Electric, telephone, television, radio and other utility lines shall be placed underground when extended from the street or Lot line to any structure on a Lot. Trenching shall avoid damage to trees and plants and all trenches shall be fully compacted and shall contain not less than four (4) inches of indigenous topsoil placed in the top of the trench to the end that the prior natural state of the area trenched is replicated.

(h) Outside Lights. No street light type of outdoor lighting shall be permitted unless the lighting is down directed, shielded and designed not to extend beyond the boundaries of the Lot upon which the light is located.

(i) Destruction of Improvements and Repairs. Any building or improvement which has been damaged by fire or other casualty causing the same to be unsightly shall be repaired or removed within three (3) months from the date of such casualty. All structures, buildings and improvements erected on Lots within the subdivision shall at all times be kept in good repair and attractive.

(j) Maintenance of Property. All property, including all improvements on any site or on any Lot, shall be kept and maintained by the owner thereof in a clean, safe, and attractive condition and in good repair.

(k) No Noxious or Offensive Activity. No loud, noxious or offensive activity shall be carried on upon or within the property nor shall anything be done or placed within the property which is or may become a nuisance or cause any significant embarrassment, disturbance or annoyance to others and no odor shall be omitted from the property which is noxious or offensive to others.

(l) Storage of Trash or Debris. No storage of trash, debris, junk automobiles, refuse or garbage other than that which is kept in covered containers designed for such storage shall be permitted within the Property. All garbage shall be contained in a varmint proof container and shall be handled in such a way as to not be an attraction to bears, skunks and other wild animals. Trash or garbage shall not be permitted to accumulate upon any Lot except in properly covered containers which shall be emptied on a regular basis to avoid overflow and unreasonable odors or conditions resulting therefrom. Solid waste disposal is the responsibility of the individual homeowner or occupant. Open burning of trash shall not be permitted. This covenant shall not be construed to prohibit fireplaces or barbecue pits or open cooking on Lots. The Association may contract with a trash removal service within the Subdivision, however, the expense for such service will be the responsibility of each Owner who elects to participate in the service. Use of coal as a heat source in fireplaces, furnaces and stoves is prohibited.

(m) Temporary Structures. No Mobile homes will be allowed on any Lot. A pickup camper, camper trailer, motor home or tent may be used by an owner for short term recreational use only and shall not become a permanent dwelling.

Section 2. Livestock and Pets. No agricultural activity shall be undertaken for any business or commercial purpose and no animals, livestock or poultry of any kind shall be raised, bred or kept upon any Lot in the Subdivision for business or commercial purposes except that up to four horses may be kept on a lot for the owner's use. No Lot owner shall be permitted to operate a hog farm or a feed lot on any Lot. Homeowners may keep not to exceed three (3) generally recognized house or yard pets provided that they are appropriately fenced, contained or chained or otherwise kept within the Owner's control both on and off the Owner's Lot.

Owners recognize that the Gurley Lake Ranch Subdivision and the adjoining Gurley Lake Ranch Reserve are important mule deer and elk breeding and winter areas. Absolutely no free running dogs or cats of any type will be permitted in the Gurley Lake Ranch Subdivision or Reserve because of their potential harm to breeding or wintering deer, elk and small game populations.

To ensure compliance with this section, the Board of Directors of the Gurley Lake Ranch Landowners Association shall have the right to fine any owner caught in violation of this Section \$200 for a first offense and to require the Owner to remove the offending animal from the subdivision if a second offense occurs. If the Owner of the offending animal does not comply, the Board of Directors shall request for the County Animal Control Office to remove the offending animal from the subdivision. The offending owner shall be required to pay any costs to the Association involved in controlling and restraining offending animals and any legal costs resulting from any such activities. Any such costs if not paid within 30 Days to the Association shall become a lien against the property of the offending Owner. All lot owners must be responsible for the actions of their animals and those of their guests at all times. The wild life of the Gurley Lake Ranch and Refuge is to be regarded as a valuable asset of the Ranch and Refuge and must be treated as such by all Association members and guests.

- a) During calving and fawning season all Gurley Lake Ranch owners and guests shall make all reasonable efforts to not disturb does and cows and their fawns and calves.
- b) Horse pastures must be maintained with good grazing practices and must not be allowed to be overgrazed and horses must not be allowed to destroy native vegetation.
- c) Owners and their guests shall not provide feed and/or water to wildlife except such as is naturally available within the subdivision, except for bird feeders.

Section 3. Fences. Perimeter or property line fences are discouraged by the Association and all such fences must be approved by the Board of Directors or its Architectural Control Committee and meet the Colorado Department of Wildlife guidelines. Decorative fences and walls must be approved by the Board of Directors or its Architectural Control Committee and all fences must be maintained in good repair. No Lot Owner, (including Declarant) may be required to participate in the construction of partition fences between Lots. Any Lot Owner who wishes to fence his land must bear the expense of fencing unless the neighbor voluntarily cooperates. The expenses in maintaining fences are the sole responsibility of the Lot Owner or the Owner constructing them. No action shall lie for the trespass of livestock unless a Lot Owner has established a Legal Fence (as defined in the laws of the State of Colorado) upon or around the perimeters of a Lot

Section 4. Abandoned Vehicles, Vehicle Screening and Parking.

(a) No abandoned vehicles shall be permitted on any Lot. A vehicle shall be considered abandoned if it remains non-operative for a period of thirty (30) days. In such instance the Association shall send a letter requiring removal of the vehicle within thirty (30) days from the receipt of the letter and if the Owner does not comply within that period of time the Association may have the vehicle towed away at the violator's expense.

(b) Parking of vehicles on the roads and streets within the subdivision is prohibited. Further, all vehicles including but not limited to recreational vehicles, cycles, campers, motor homes, horse trailers, and snowmobiles, shall be parked in a garage or screened from view from streets, and neighboring property by approved structures, natural vegetation or terrain.

(c) Motor homes, recreational vehicles and campers may be hooked up to an owner's water or sewer system and they may be occupied by owner's guests on a temporary basis and in any event for not more than fourteen (14) days in any calendar month.

Section 5. Mining and Drilling Activities Prohibited. Any use of the surface of any Lot within the Subdivision for oil, gas, mineral, geothermal or oil shale exploration, development, mining or drilling activities of any kind whatsoever is expressly and absolutely prohibited. Water well drilling is permitted.

Section 6. Antenna Prohibited. No outside television or radio antenna or satellite dish over 24" in diameter shall be erected, installed or maintained on any residential lot, or on any structures thereon without being well screened and approved by the Architectural Committee. Notwithstanding the foregoing provisions, nothing within this Declaration shall be construed to exclude or prohibit such devices on commercial lots and structures or the construction of community television receiving and transmitting antenna or other devices providing television service anywhere within the Subdivision.

Section 7. Sound Devices Prohibited. No exterior horns, whistles, bells or other sound devices except security devices used exclusively to protect the security of dwellings and other improvements located on the Lot or essential to the function of community services shall be placed or used on any Lot or elsewhere in the Subdivision.

Section 8. Miscellaneous. Except for fire hazards, maintaining or improving plant health and vigor or for removal of insect or disease affected vegetation, for approved driveways, for construction of approved structures and for maintenance of mountain and lake views on approved site plans, no indigenous trees or perennial bushes may be cut or removed, no action affecting drainage direction or affecting other property and no grading of the land surface shall be done within the Subdivision except upon variance as hereafter authorized. Application for such variance shall be accompanied by such drawings, plans or photographs as may be reasonably required to show the nature of the proposed cutting, removal or grading. It is desirable to preserve the natural character of the area and therefore to limit cutting, removal and grading to that which is necessary to the reasonable use and enjoyment of the property within the Subdivision. Approval of applications for variances within the contemplation of this section may be conditioned upon installation of appropriate drainage facilities to be installed at the applicant's expense. House numbers shall be assigned by the Committee and shall be posted by the Owner so as to be readily visible from the street.

Section 9. Sewage Disposal. No sewage collection system or sewage disposal shall be installed or used on any Lot unless and until such system is designed, constructed and located in conformity with the then existing standards, regulations and criteria employed by the San Miguel County Sanitarian acting under the direction and within the regulations of the State of Colorado. No construction of any such system shall be undertaken until the plans, specifications and design therefor have received such approval and no such system shall be placed in use until the completed construction has received final governmental approval. The Association encourages the use of gray water systems as may be approved by governing authorities.

Section 10. Potable Water. All potable water to be obtained from an approved ground water well or other such legal source as approved by the Board of Directors, County of San Miguel and the State of Colorado, Division of Water Resources. No water shall be drawn from the Gurley Lake Reservoir. A lot owner assumes the responsibility for developing the water facility on his/her own lot. A well or cistern is permissible. All water facilities must be drilled, installed and maintained at all times in accordance with the applicable rules and regulations of public agencies having jurisdiction. In addition, all Gurley Lake Ranch lot owners with wells must practice water conservation by using low flow water fixtures and appliance in their homes and landscaping material requiring minimal irrigation fed by drip irrigation systems.

Geologic tests have shown that all wells must be drilled and maintained in an approved way to protect the underlying aquifer, as described in the "Drilling of Wells, Water Usage and Sewage Disposal Guidelines" prepared for the Gurley Lake Ranch and available through the Association.

Section 11. Use of Gurley Lake Reservoir. The Gurley Reservoir is owned by the Farmers Water Development Company of Norwood, Colorado and supplies most of the irrigation water for ranches in the Norwood/Redvale area. The recreation rights to the lake (fishing, boating, camping, etc.) are held under a long term lease with Colorado Trophies Inc., a Colorado Corporation owned by the Declarant. An Annual family permit for fishing and boating on the Gurley Reservoir is included in the Gurley Lake Ranch Homeowners Association dues. Permit fees are used primarily for stocking trout in the Gurley Reservoir, maintaining the reservoir access area and enforcing fishing and use regulations.

Section 12. Insurance Rates. Nothing shall be done or kept in the properties which will increase the rate of insurance on any Association property without the approval of the Board, nor shall anything be done or kept in the properties which would result in the cancellation of insurance on any Association property or which would be in violation of any law.

Section 13. Association Remedies. In the event any Owner fails to comply with any affirmative duty imposed on owners by or under the authority of this Declaration, the Association may perform such after fifteen (15) days' prior written notice to the owner and charge the owner with the expense thereof. The Association shall have the right to enter the Owner's lot for this purpose but unless there exists an emergency, there shall be no entry into a building without the consent of the Owner. In the event the Association is required under the terms of this section to perform a duty of the Owner, the cost thereof including reasonable attorney's fees, shall constitute an assessment payable by the offending owner which cost shall create a lien enforceable in the manner set forth in Article II and Article III above.

Section 14. Declarant's Rights. Nothing in this Declaration shall be construed to limit or interfere with the Declarant's development of the property, amenities or the construction of utilities or other facilities contemplated by the development plans.

ARTICLE VI GENERAL PROVISIONS

Section 1. Enforcement. The Declarant, the Association, a Sub-Association, or any Owner, or the Board of County Commissioners of San Miguel County, Colorado, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration and shall recover reasonable attorney's fees and costs for doing so. Such right of enforcement includes but is not limited to actions and suits to restrain and enjoin any breach or threatened breach of any provision of this Declaration or the rules, regulations and compliance sanctions adopted pursuant to Section 5 of this Article VI or the standards and specifications adopted pursuant to Section 3 of Article IV above. Failure by the Declarant, the Association, the County or any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver or abandonment of the right to do so thereafter.

Section 2. Severability. Invalidation of any one of these covenants or restrictions by Judgment or Court Order shall in no way effect any other provisions which shall remain in full force and effect.

Section 3. Amendment. The covenants and restrictions of this Declaration shall run with and bind the land, for a term of twenty-five (25) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of twenty-five (25) years. This Declaration may be amended at any time by the Declarant, after recording by an instrument signed and notarized Declarant, until such time as seventy-five percent (75%) of the Lots have been sold, transferred or conveyed and thereafter by an instrument signed by not less than fifty percent (50%) of the Lot Owners. No amendment to this Declaration shall result in

conditions which are inconsistent with the general concept, harmony and values within the Subdivision. Any amendment must be recorded.

For purposes of this Section, Declarant and its assigns and successors are considered Lot Owners as to Lots held by Declarant, whether for development, investment or resale. Notwithstanding the foregoing provisions permitting amendment of this Declaration, it is expressly a condition hereof that this sentence, Article III Sections 1, 8 and 9, Article IV Section 3, and subpart d of Section 7 of this Article, and Sections 9, 10 and 18 of this Article may not be amended under any circumstances. The foregoing partial prohibition on amendment is in compliance with San Miguel County requirements and Colorado Division of Wildlife requirements.

Section 4. Annexation. Additional property may be annexed to the Properties by Declarant or its successor or assignee.

Section 5. Rules, Regulations and Compliance Sanctions.

(a) The Board of Directors shall have authority to adopt reasonable rules and regulations for the purposes of insuring compliance with this Declaration and interpreting any of the provisions hereof as well as governing use of the property of the Association. (Reserve and common areas).

(b) The Board of Directors shall also have the right to suspend the voting rights of any Owner who is delinquent in payment of assessments or for infraction of such rules and regulations. Compliance sanctions may also include the imposition of fines to penalize infractions of such rules and regulations.

Section 6. Variances. The Board of Directors or its Architectural Control Committee if appointed as herein authorized shall have the authority to grant variances from the terms and conditions contained in Article V hereof so long as such variances do not result in conditions which are inconsistent with the general concept, harmony and values within the Subdivision.

Section 7. Association Property and Management. Declarant shall convey to the Association the property shown on the Rural Cluster Subdivision plat other than the Lots and other private property therein described. Such conveyance shall take place at such time as seventy five (75%) percent of the lots in Gurley Lake Ranch Units 1, 2 and 3 have been sold. At the time of the conveyance, the Association property shall be free of any mortgages, judgment liens or similar liens or encumbrances. The Association shall hold such property subject to the right of the Declarant, its successors and assigns, to lay, install, construct and maintain utilities and other improvements in the areas designated therefor on the plat. The property conveyed to the Association shall be held by it for the use, benefit and enjoyment, in common, of each Owner. Each Owner, in common with all other Owners, shall have the right and privilege to use and enjoy the property of the Association for the purposes for which the same were designed. This right and privilege shall be appurtenant to and pass with the title to the Lot. The right to the use and enjoyment of such property shall be subject to:

(a) The right of the Association to charge reasonable admission and other fees for use of facilities; and

(b) The right of the Association to suspend the voting rights and rights to use the Association property by an Owner for any period in which any assessment against his Lot remains unpaid or for a period not to exceed sixty (60) days for any infraction of published rules and regulations of the Association.

(c) The Association shall supervise, manage, use, repair, provide utility services and maintain its property, at its own cost and expense, in such manner as is determined by its Board of Directors from time to time.

(d) The Association and each Cluster Lot Sub-Association constitutes the organization for the ownership and maintenance of the open space required by the "Open Space Requirements" of the County of San Miguel Land Use Code providing for adequate future ownership and maintenance of open space and common areas.

The provisions of this Article VI, Section 7 are applicable to all of the property and assets owned by the Association or any Sub-Association thereof but are not applicable to Property, assets and easements owned or reserved by Declarant.

(e) The Association may obtain and pay for the services of a managing agent to manage its affairs, or any part thereof, to the extent deemed advisable by the Board of Directors thereof. The Association may also employ other personnel deemed to be necessary or desirable for the proper operation of the assets of the Association (or Sub-Association) whether such personnel are furnished or employed directly by the Association or by any person, firm or entity with which the Association contracts. The Association may obtain and pay for legal and accounting services necessary or desirable in connection with its business and shall provide such operating statements, reports and budgets as it may deem advisable.

Section 8. Rural Cluster Subdivision Amendment. Declarant or its successors or assigns reserves the right to amend the Rural Cluster Subdivision filings from time to time as may be authorized by the applicable governmental entity.

Section 9. Easements.

(a) Easements for the installation and maintenance of utilities and drainage facilities, if any, are hereby reserved by Declarant for itself and its assignees and are dedicated to the public over the ten (10) feet adjacent to the boundaries of each Lot. No conveyance of a Lot by Declarant shall be deemed to be a conveyance or release of the foregoing easement in the absence of a specific expression of intent to do so. The Association is hereby granted the right to grant and convey to any person or firm easements and rights of way in, on, over or under any portion of Association property in carrying out any duty or power belonging to the Association.

(b) "Private Access Easement" refers to a private easement for roadway and utility purposes strictly for the use and enjoyment of property owners and their guests. Declarant expressly reserves for the benefit of all properties reciprocal easements for access, ingress and egress for all owners and Declarant to and from their respective lots; for installation and repair of utility services; for encroachments of improvements constructed by Declarant or authorized by the Board over Association assets; for drainage of water over, across and upon adjacent lots and property of the Association; and for necessary maintenance and repair of any improvement. Such easements may be used by the Declarant, its successors, assigns, the Association and all owners, their guests, tenants and invitees.

(c) "Common Open Space" refers to an easement for the use and enjoyment of all property owners and their respective guests, an area of which is identified on the plat. This Common Open Space is deed restricted in perpetuity to prohibit development potential other than agricultural, recreational and conservation purposes. The Declarant reserves the right to place all or portions of the Common Open Space into a Conservation Easement of its choice, until such date as the Common Open Space is transferred to the Association.

(d) "Open Space Easement" refers to private property dedicated to an open space easement on lots 28-37 for the use and enjoyment of all property owners and their respective guests, an area of which is identified on the plat. This Open Space Easement is deed restricted in perpetuity to prohibit development potential other than agricultural, recreational and conservation purposes. This area is part of and subject to the restrictions for the Gurley Elk Reserve described in Article VI, Section 10 below.

(e) All Gurley Lake Ranch Lot Owners and owners of other property, and guests and permittees, shall have an easement for pedestrian, horseback riding, snowmobiling and bicycling, but not for use of motorized vehicles except snowmobiles on the "Lake Access Easement", as shown on the Plat.

(f) The provisions of these CC & R's establishing Private Access Easements, Common Open Space and Open Space Easements shall be deemed perpetual and shall not be subject to expiration or revocation in the manner set forth below. In addition, the provisions of this Article shall be subject to amendment only in the case of the consent of all Lot Owners and the owners of

all other property benefiting from the Easements. To be effective, such consent shall be evidenced by a document, executed by all such Owners and holders of encumbrances on all affected property recorded in the records of San Miguel County, Colorado.

Section 10. The Gurley Elk Reserve. The Gurley Elk Reserve is a private wildlife Refuge created by the Gurley Lake Land and Cattle Company (GLLCC) to permanently protect over 600 acres of critical elk winter range between the east shore of historic Gurley Reservoir and Gurley Canyon Water Course and the rugged Beaver Canyon. The Reserve encompasses the majority of the Common Open Space and Open Space Easements identified on the plat. The Gurley Elk Reserve is subject to the following rules, regulations and restrictions.

(a) The Gurley Elk Reserve (GER) will be managed by the Gurley Lake Land & Cattle Company (GLLCC) for wildlife, grazing and recreation and the GLLCC will make management decisions and collect fees for maintenance and upkeep of the Refuge until such time as 75 percent of the lots in GLR Development have been sold. At this time the management of the GER will be turned over to the GLR Owner's Association.

(b) The Reserve is open exclusively to the lot owners and guests of Gurley Lake Ranch for horseback riding, biking, snowmobiling, skiing, hiking, fishing, camping, picnicking, and game viewing. Owners must accompany their guests and are responsible for their guest's behavior. Snowmobiling is permitted only when elk are not on winter range. Mule deer nursery areas have restricted use during June fawning time.

(c) No hunting is allowed on the Reserve but GLR lot owners may cross to hunt the public lands to the east.

(d) No harassment of birds or animals on the Refuge is permitted.

(e) All Pets must be on leash while on the Refuge at all times and be kept in complete control.

(f) Fires are permitted in designated camp and picnic sites only. Pack out your trash.

(g) Vehicles must stay on designated roads.

(h) Snowmobiling is not allowed when elk are present on the Refuge nor is any harassment of elk permitted.

(i) ~~The Gurley Lake Land & Cattle Company reserves the right to place the Gurley Elk Reserve into a conservation easement of its choice, provide however that the such conservation easement will not effect the use and enjoyment of the Reserve by property owners.~~

(j) No structures will be allowed within the Reserve without written authorization and approval by The Gurley Lake Land & Cattle Company and the Association. No structures shall be erected that interfere with the natural view and visual character of the reserve as viewed by the Gurley Lake Ranch Lots.

Section 11. Liability Insurance. The Association and Sub-Association shall be required to maintain liability insurance insuring against injury to persons or property as a result of use of the property of the Association. Such insurance shall be maintained with a company licensed to do business in the State of Colorado and shall have minimum amounts of liability for injury or damage to persons or property in the amount of ONE MILLION DOLLARS (\$1,000,000), with such amount to be adjusted periodically and increased if the same is required in the reasonable judgment of the Board of Directors of the Association and if such increased amounts of insurance are available for purchase at such time.

Section 12. No Representations. Except as expressly set forth herein, Declarant makes no representations regarding use of the property of the Association or within the Subdivision and the restrictions placed thereon by these Covenants or by the County of San Miguel, or by other

governmental authorities. Further, Declarant makes no representations as to the existence, preservation, or permanence of any view from any Lot.

Section 13. Notices. Any notice required to be sent to any Owner under the provisions of this Declaration shall be deemed to have been properly sent when mailed, postage prepaid, to the last known address of the person who appears as such Owner of the records of the Association at the time of such mailing. Each Owner shall keep the Association informed of any address changes.

Section 14. Singular and Plural. Words used herein, regardless of the number and gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context requires.

Section 15. Cumulative Remedies. Each remedy provided herein is cumulative and not exclusive. The Association, without waiving its right to foreclose an assessment lien, may at its option bring a suit to enforce and/or collect a delinquent assessment obligation or any violation of any provision of the Declaration.

Section 16. Liberal Construction. The provisions of this Declaration shall be liberally construed to promote and effectuate the purposes hereof.

Section 17. Captions. All captions and titles used in this Declaration are intended solely for convenience of reference and shall not affect that which is set forth in any of the provisions hereof.

Section 18. Transfer Fee. A fee of \$300 is due and payable at the time of the transfer of any legal or equitable interest in any lot except a transfer made to related persons for estate planning purposes or in lieu of foreclosure or by virtue of law through any judicial or administrative proceeding or a transfer made by Declarant. The transfer fee shall be paid to Gurley Lake Ranch Owners Association and commingled but accounted for separately from other assets of the Association. The transfer fee shall be used in such manner as the Association may determine to maintain the Gurley Elk Reserve and the common open spaces and trails. The primary purpose of the fee shall be the enhancement of wildlife habitat on the Reserve. The Board of Directors of the Association shall provide an accounting annually to the Association as to the income and expenses of the transfer fee fund. Payment of the fee is subject to the lien and collection remedies herein provided for the Association and the Association is authorized to take such action as required to assure the recovery of the transfer fee.

Section 19. Transfer of Common Area to Association. The Common Open Space shall be conveyed in fee to the Association within 90 days of completion of sale, transfer or conveyance of seventy five percent (75%) of the Gurley Lake Ranch Lots. Said conveyance shall be conveyed upon free and clear of all liens and encumbrances, except this Declaration, easements and utility rights of record of the date of conveyance, the Gurley Elk Reserve and any Conservation Easement associated with the Reserve, or any other easements reserved by Declarant for the benefit of the Property.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, have hereunto set their hands and seals this 28th day of JULY, 1997.

Gurley Lake Land and Cattle Company
A Colorado General Partnership

William S. Nix, General Partner
General Partner

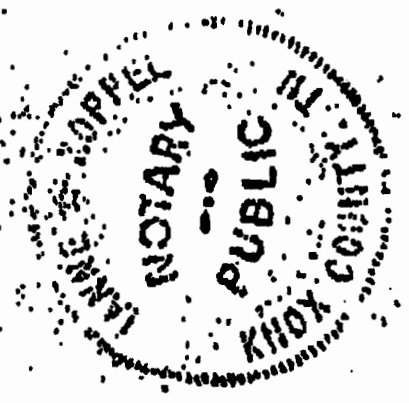
STATE OF TENNESSEE }

COUNTY OF KNOX }

Acknowledged before me this 28th day of JULY, 1997 by
W.H.S. NIX General Partner of Gurley Lake Land and Cattle Company, a Colorado
General Partnership.

Witness my hand and official seal
My Commission expires: APRIL 2, 2001

Janine Koppel
Notary Public



Legal Description:

**GURLEY LAKE RANCH
FILING 2
San Miguel County, State of Colorado**