



**DECLARATION OF PROTECTIVE COVENANTS  
FOR  
COYOTE RUN**

**Routt County, Colorado**

Yampa Valley Development, LLC, a Colorado limited liability company (“Declarant”) is the owner of all of that real property in Routt County, Colorado, which is platted as a subdivision called COYOTE RUN, the plat of which is filed as File No. **13245** of the Routt County real property records (the “Plat”). All of the real property described in Exhibit A, attached hereto and made a part hereof, is referred to in this Declaration as the “Property” or “Properties”.

Declarant desires to establish on the Property a Planned Community (also referred to herein as “Subdivision”) under the Colorado Common Interest Ownership Act, C.R.S. §§38-33.3-1-101, et seq. (the “Act”), and Declarant hereby submits the Property as described on Exhibit A to the Act as it may be amended from time to time. Declarant hereby makes and declares the following limitations, restrictions, requirements, burdens, and uses upon and of the Property and all parts thereof and upon the owners of lots within and dwellings and buildings erected on the Property as restrictive and protective covenants running with the land (“Declaration”), and as binding upon Declarant and all parties having any right, title or interest in any part of the Property, their heirs, successors and assigns, to inure to the benefit of each Lot Owner thereof. Declarant has caused to be incorporated the Coyote Run Owners Association (hereinafter called the “Association”), a Colorado non profit corporation, for the purpose of exercising the functions of an association under the Act and this Declaration and for the purposes described in its Articles of Incorporation (“Articles”).

1. **Definitions.** As used herein the following words and terms shall have the following meanings:

1.01 “**Association**” shall mean the Coyote Run Owners Association, Inc., a Colorado non-profit corporation, which shall consist of all owners of Lots (as defined below).

1.02 “**Building Envelope**” shall mean the area within each Lot, shown or labeled as such on the Plat, within which the Dwelling shall be located.

1.03 “**Bylaws**” shall mean the Coyote Run Owners Association, Inc. Bylaws as adopted and amended from time to time.

1.04 “**Common Area**” shall mean that portion of the Common Property designated by the Declarant and shown on the Plat, which shall be held or possessed by the Association for the use and benefit of all of the Owners, unless otherwise owned, held and/or used in accordance with Section 8.1.

1.05 “**Common Property**” shall mean all real and personal property and interests in property which are at any time owned, leased or otherwise held or possessed by the Association for the use and benefit of some or all of the Owners, including without limitation, all roads and

rights-of-way, the Common Area, Open Space, trails, roads, and any improvements located thereon unless otherwise provided herein. Such interests may include, without limitation, estates in fee, for terms of years and easements.

1.06 “**Common Expenses**” shall refer to any estimated or actual expenses or liabilities incurred or anticipated to be incurred by or on behalf of the Association, together with any allocations to reserves, which may include but shall not be limited to:

(a) maintenance, management, operation, repair and replacement of the Common Property, including but not limited to the Common Area, Open Space, and all other areas of the Property which are maintained by the Association.

(b) maintenance and repair of the roadways, right of ways, signage, landscaping, and area constituting the principal entrance and roads throughout the Properties;

(c) costs of management and administration of the Association, including, but not limited to, compensation paid by the Association to managers, accountants, attorneys and employees;

(d) the cost of utilities, including but not limited to electricity, gas, septic, trash pick-up and disposal, and fire protection and security services, which are provided to the Association and not individually metered or assessed by Lot, and landscaping maintenance and other services which generally benefit and enhance the value and desirability of the Subdivision and which are provided by, or on behalf of, the Association;

(e) costs of any premiums and/or deductibles for fire, casualty, liability, errors and omissions, Workers’ Compensation and all other insurance covering the Common Property and the Association and costs of any other insurance obtained by the Association;

(f) reasonable reserves for contingencies, replacements and other proper purposes as deemed appropriate by the Association, which reserves shall be adequate to meet the costs and expenses of maintenance, repair and replacement of the Common Property which must be maintained, repaired, or replaced on a periodic basis;

(g) taxes, if any, paid by the Association;

(h) amounts paid by the Association for discharge of any lien or encumbrance levied against the Common Property or portions thereof;

(i) costs of enforcement of the Declaration, Articles, Bylaws and rules and regulations, including court costs and attorney fees;

(j) any and all other expenses incurred by the Association for any reason whatsoever in connection with the Common Property (excepting reconstruction costs and capital improvements, as otherwise provided herein), or the costs of any other item or items designated by, or to be provided or performed by, the Association pursuant to this Declaration, the Articles,

by, or to be provided or performed by, the Association pursuant to this Declaration, the Articles, Bylaws, rules and regulations, or in furtherance of the purposes of the Association or in the discharge of any duties or powers of the Association.

1.07 **“Open Space”** refers to the portion of the Common Property designated by the Declarant, and shown on the Plat, which shall remain primarily undeveloped and utilized for open space. The Association shall have the right, but not the obligation, to construct and maintain pedestrian trails, parks and other amenities for the benefit of Lot Owners upon such portions of the Property.

1.08 **“Declarant Control Period”** shall mean the period of Declarant control, which terminates no later than the earlier of:

(a) sixty (60) days after conveyance, on a cumulative basis, of seventy-five percent (75%) of all Lots in the ordinary course of business to Lot Owners who are not the Declarant;

(b) two (2) years after the last conveyance of a Lot by the Declarant to a Lot Owner in the ordinary course of business; or

(c) two (2) years after any right to add new Lots under this Declaration was last exercised (collectively the “Turnover Date”).

1.09 **“Dwelling”** shall mean a building constructed for and occupied by one family for residential purposes.

1.10 **“Executive Board”** shall refer to the board of directors of the Coyote Run Owners Association, Inc., designated to act on behalf of such Association.

1.11 **“Governing Documents”** shall refer collectively to those documents which govern the operation of the Association, the Properties, and the Subdivision, including: (a) Articles; (b) Bylaws; (c) Coyote Run Owners Association, Inc. Rules and Regulations; (d) all recorded plats affecting the Properties; and (e) this Declaration, as one or more of the same may be amended from time to time. Each and every provision of the Governing Documents shall be given the force and effect as if set forth in this Declaration.

1.12 **“Lot”** shall mean a separately described part of the Property designated as a Lot by number on the Plat. Each Lot within the Property may be used and occupied only for residential purposes, and only one single-family dwelling structure may be constructed on a Lot.

1.13 **“Outbuilding”** shall mean any storage shed, garage, barn or similar Structure not attached to a Dwelling on a Lot.

1.14 **“Owner”** shall refer to the record owner, whether one or more persons or entities, of fee simple title to any Lot, but excluding those having such interest merely as security for the performance of an obligation.



1.15 **“Structure”** shall mean a building, driveway, fence, outbuilding, parking area, improvement, wall, foundation, walkway, gazebo, patio, deck, utility line, or other fixture or improvement affixed and situated on a Lot with the intent that it remain indefinitely.

1.16 **“Turnover Date”**. See Declarant Control Period.

2. **General Purpose.** This Declaration is made for the purpose of regulating development and use of, and construction and occupancy in, the Property, in order to keep the Property, insofar as possible, desirable, attractive, beneficial, and suitable to residents, and to guard against fires and casualties and unnecessary interference with the natural beauty of the Property, and to enhance the mutual benefit, health, welfare, and protection of the Owners and residents of Lots.

3. **Uses.** Each Lot shall be used only for single-family residential purposes, and only one single-family Dwelling may be constructed within each Lot. All uses of the Property shall be in conformance with the Governing Documents, zoning, subdivision, and other applicable ordinances, rules and regulations of Routt County, Colorado.

4. **Prohibited Activities and Affirmative Obligations.** Without limiting other provisions of this Declaration, all Owners and all residents, occupants and users of Dwellings and other Structures within the Property, their families, tenants, guests and invitees, shall comply with and be subject to the following:

4.1 **Mobile Homes and Trailers.** No mobile home or trailer shall be erected, placed or constructed, whether temporarily or permanently, on the Property at any time. No tent, teepee, shack, camper, boat, trailer, or any other temporary moveable Structure shall be used for residential occupancy at any time on any part of the Property, except as may be specifically authorized in writing by the Association.

4.2 **Signs.** No signs, billboards, or other advertising Structure of any kind shall be erected, constructed or maintained on any Lot for any purpose whatsoever, except one “For Sale” sign on any Lot and except for signs or bollards identifying residences.

4.3 **Trash and Screening of Items.** No trash, ashes or other refuse shall be thrown or dumped on the Property. There shall be no burning or other disposal of refuse on the Property without the written consent of the Association. Each Owner shall provide suitable, bear-proof receptacles for the temporary storage and collection of refuse, and all such receptacles shall be screened from public view and protected from disturbance.

4.4 **Trailers, Campers, Boats and Vehicles.** No campers, camper shells, snowmobiles, boats, boat trailers, trailers, commercial vehicles, abandoned automobiles, equipment or machinery shall be parked or stored on any part of the Property for more than seven (7) days unless parked or stored in a garage or on a hard surface parking area (e.g. asphalt or concrete) and totally screened from public view by privacy fencing and landscaping, such fencing not to exceed 800 square feet.

4.5 Dogs and Cats. A reasonable number of dogs, cats and other household pets shall be permitted on the Property subject to the conditions and restrictions set forth herein and in the rules and regulations of the Association. No dogs shall be allowed or permitted to run at large within the Property, and all dogs shall at all times remain under the control of an individual. Dogs shall not be permitted to create any noise or other noxious activity that may be a public nuisance.

4.6 Livestock. No livestock shall be raised, kept, or maintained on the Property, specifically including but not limited to poultry, feedlot and swine operations, without the express written consent of the Association.

4.7 Towers, Satellite Dishes and Antennae. No exterior towers, poles, satellite dishes or antennae in excess of 24" in diameter shall be constructed, placed or maintained at any time on the Property or on any Structure. Satellite dish television reception antennae not in excess of 24" in diameter may be permitted if screened from public view and from the view of other Lots.

4.8 Hunting, Firearms and Fireworks. Hunting or the discharge of firearms or fireworks of any type is not permitted on the Property.

4.9 Nuisance. No noxious or offensive activity shall be carried on within the Property, nor shall anything be done or permitted which may be or may become an annoyance or nuisance in the Property.

4.10 Commercial Operations. No Dwelling, Lot, or any other part of the Property may be used for commercial purposes at any time, except for such "home office" business activities which must exhibit the following: (i) the existence or operation of the business activity is not apparent or detectable by sight, sound, or smell from outside the Lot; (ii) the business activity conforms to all applicable zoning requirements; (iii) the business activity does not involve door-to-door solicitation of residents; (iv) the business activity does not, in the Executive Board's reasonable judgment, generate a level of vehicular or pedestrian traffic or a number of vehicles being parked within the Subdivision which is noticeably greater than that which is typical of Lots in which no business activity is being conducted; and (v) the business activity is consistent with the residential character of the Subdivision and does not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of other residents of the Subdivision, as may be determined in the sole discretion of the Executive Board.

4.11 Leases. The Owner of any Dwelling which is leased must include in every lease a reference to this Declaration and an obligation on the part of the lessee to abide by all the restrictions herein contained upon use of the leased property.

4.12 Wildfire Protection. All Owners shall comply with the Colorado State Forest Service guidelines for creating and maintaining defensible space as well as mitigating potential wildfire hazards as set forth and distributed by the Oak Creek Fire District.

4.13 Noxious Weed Control. All Owners shall comply with the Colorado Noxious Weed Act and applicable Routt County guidelines on the control and elimination of noxious weeds.

4.14 Storage Tanks. All storage tanks for propane and/or other substances shall be located underground.

**5. Re-subdivision and Boundary Adjustments.**

5.1 No Lot within the Property shall ever be re-subdivided or further subdivided, nor shall a divided interest in any Lot ever be conveyed, mortgaged or encumbered, except and unless by court order in partition pursuant to Colorado law; provided, however, that this Section shall not apply to, nor prohibit, consolidation of Lots and/or ownership of any Lot in undivided interests as tenants in common or joint tenancy, or creation of future interests, or grants, or reservation of easements for limited purposes.

5.2 Boundary lines of Lots may only be relocated by amendment to the Plat in accordance with Routt County regulations and upon the consent of the Owner of such Lots and the Executive Board. In order to relocate the boundary lines between two Lots, the Owner of such Lot or Lots shall submit an application to the Executive Board, containing any requested information by the Executive Board and any and all information required by the Act. The Executive Board shall approve, approve with condition or deny such application, and communicate such decision to the applicant within a reasonable time after submission.

5.3 No Partition. The Common Property shall be owned by the Association. No Owner, group of Owners, or the Association shall bring any action for partition or division of the Common Property.

**6. Architectural Control.**

6.1 No construction, reconstruction, exterior addition, change or alteration to the Dwelling shall be made until the plans and specifications showing the nature, kind, shape, heights, color, 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 by the Executive Board of the Association or by an architectural review committee comprised of three (3) or more representatives appointed by the Executive Board ("Architectural Committee"). No Lot may be graded, cleared, marred, changed or altered in any way unless in strict compliance with the plans and specifications for the development of the Lot that have been approved by the Architectural Committee. All Structures on Lots shall be erected, constructed and placed on the Lot only in full compliance with the approved plans and specifications. No material changes in or deviations from the approved plans and specifications shall be made without prior written consent of the Architectural Committee.

6.2 Approval of Construction Plans. Two complete sets of plans and specifications for the proposed Structure, including in the case of Dwellings, front, side, and rear elevations, general floor plans, exterior color schemes, and material types, and two site plans indicating the



anticipated location of such Structure or altered Structure on the Lot, shall be furnished to the Architectural Committee or Executive Board. It is recommended that Lot Owner and such Owner's architect meet at least a majority of members of the Architectural Committee or Executive Board prior to commencement of work on the plans and specifications. In addition, it is recommended that Owners submit preliminary site and design plans early in the design process so that the Owner can obtain feed back prior to undertaking the costs involved in preparing full architectural plans. The site plan shall include but not be limited to the following information:

- (a) 2' contour intervals.
- (b) Location of major vegetation and landscaping features, including major rock outcroppings, trees and shrubs to be retained or removed.
- (c) Building setback lines.
- (d) Approximate location of proposed utility lines, appurtenances and easements for Dwellings.
- (e) Approximate grading plan of the entire area to be affected by the construction, including spot elevations in critical drainage areas.
- (f) Approximate location of driveway, parking areas and Structures.
- (g) Building Envelope for the Lot.

In passing upon any plans and specifications submitted to it, the Committee may consider any factors it deems relevant, in its sole discretion, including the following (inclusion of this listing does not preclude the Committee from considering other factors it deems relevant though not in this listing):

- (a) The purposes, limitations and provisions of this Declaration, any architectural control guidelines adopted by the Executive Board, and applicable law;
- (b) Suitability of the Structure and the materials of which it is to be constructed to the site upon which it is to be located;
- (c) The nature of neighboring improvements and Structures as compared to the nature and design and materials of the proposed Structure;
- (d) The quality and safety of the materials to be used in any proposed Structure, which must be of substantial quality and complementing the natural setting in which the materials are to be used;
- (e) The effect any proposed Structure on the outlook and views from neighboring property;
- (f) The health, welfare and protection of the Owners of Lots;
- (g) Whether the Structure will be so similar or so dissimilar to others in the vicinity that monetary or aesthetic values may be impaired; and

(h) Whether the proposed Structure will maintain, insofar as feasible, the natural character of the land and whether the Structure will blend into the natural background rather than stand out against it.

The Architectural Committee or Executive Board may charge a reasonable uniform fee, not to exceed \$250.00 (which may be adjusted for increases in the CPI after 2003), for the review of plans and specifications, which fee shall be paid in advance.

Approval or disapproval, or approval with conditions, of plans and specification by the Architectural Committee or Executive Board shall be in writing and signed or initialed by a majority of the Architectural Committee or Executive Board. No plans or specifications shall be deemed approved unless such approval has been so made in writing. Any changes or modification requested by the Committee shall be performed and revised plans and specifications submitted and approved by the Committee before commencement of construction. If the Architectural Committee or Executive Board does not approve or disapprove, or approve with conditions, the plans and specifications within sixty (60) days after submission of the plans and specifications, such plans and specifications shall be deemed approved without conditions. The decision of the Architectural Committee or Executive Board to approve, disapprove or approve with conditions, any plans and specifications submitted to it pursuant to this Section may be appealed to the Executive Board of the Association by written notice, but such decision shall be deemed final unless reversed within thirty (30) days by the affirmative vote of a majority of all of the members of the Executive Board. The approval or disapproval of plans and specifications shall in no way be deemed to be a precedent requiring the Architectural Committee or Executive Board to approve or disapprove, as applicable, any subsequently filed plans and specifications which are identical or similar to those first approved or disapproved. Each set of plans and specifications is deemed unique, and the decisions of the Architectural Committee or Executive Board on any such plans and specifications shall not bind the Architectural Committee or Executive Board to any course of conduct in the future which is not a part of the plans and specifications and Lot to which the prior decision related.

No review or approval by the Architectural Committee or Executive Board of plans, specifications or other matters shall constitute an express or implied warranty of any nature as to the plans, specifications or other matter in question, including whether such plans and specifications are complete or correct or whether any Structure to be built pursuant thereto is properly designed or engineered or satisfies the requirements of applicable law. No member of the Committee shall have any liability whatsoever for failure or refusal to approve plans, specifications or other matters provided such person acts in good faith.

The Association may from time to time, by the affirmative vote of a majority of the Executive Board, adopt and from time to time amend architectural guidelines consistent with and supplementing the provisions of this Declaration, and shall deliver a copy of such guidelines amendments thereto to the Lot Owners at the time of such adoption. Thereafter, the Association, the Architectural Committee and the Executive Board, and all Lot Owners shall comply with such guidelines until and unless they are revoked or amended.





6.3 Parking; Paving of Driveways and Parking Areas. Plans and specifications for construction of any Dwelling or Structure on any Lot shall include provisions for off-street parking sufficient for all occupants of the Dwelling on such Lot and all persons using such Lot, and such off-street parking requirement shall be maintained so long as such Dwelling remains on such Lot. All driveways shall be paved (including but not limited to asphalt and concrete), no later than one year after completion of construction.

6.4 Landscaping. Improvements shall be landscaped after construction of a Dwelling on the Lot. Surface scars, cut and fill slopes created due to any construction, utility installation, and all other grading shall be reclaimed with vegetative cover. Vegetation shall compliment native plant material affected by the construction or grading and shall be installed no later than the next planting season following the end of construction or grading. Cut and fill slopes shall be recovered with topsoil and shall not exceed a 3:1 slope. The landscaping plan for any Lot, including location and type of all major trees, shrubs and other plantings and landscape features, must be approved in advance by the Committee. The initial landscaping plan for a Lot shall have among its goals, energy conservation, creation of privacy, and mitigation of wildfires. The initial landscaping plan shall include the planting of not less than five (5) trees of not less than 2" caliper, unless otherwise approved by the Executive Board or the Architectural Committee.

6.5 Fences. Fences, walls or similar type barriers may only be constructed in the rear portion of a Lot, beginning ten feet (10') back from the front of a Dwelling and extending to the rear boundary of a Lot. Any fence, wall or similar type barrier to be constructed, erected or maintained on a Lot shall not exceed sixty inches (60") in height and shall not interfere with or encroach upon any trail easements or right of ways. Chain link fence shall not be allowed. Any and all fences which may be existing or installed and maintained on the perimeter of the Property shall be of a type approved by the Colorado Division of Wildlife.

6.6 Lighting. All exterior lighting within Lots shall be downcast and opaquely shielded.

6.7 Outbuildings. Outbuildings may be permitted on a Lot upon approval by the Executive Board or Architectural Committee, and subject to continuing monitoring and revocation by the Association. Outbuildings shall not exceed 150 square feet in size and shall conform with the Dwelling in design and materials.

6.8 Elevations, Floor Space and Garage Space. Each Dwelling on a Lot shall have a minimum fully enclosed habitable floor area (as measured by reference to exterior walls) devoted to living purposes, exclusive of porches, garages, balconies, decks, terraces, cellars, basements, carports and lofts, of 1,800 square feet and a maximum fully enclosed habitable space of 6,000 square feet; provided however that architectural guidelines may contain additional restrictions on the size of each building footprint. No Dwelling shall have more than two (2) garage doors in a row. No Structure shall be higher than two (2) stories above the ground, unless otherwise approved in advance by the Committee.



6.9 Building Setbacks. All Dwellings and Outbuildings shall be set back 10 feet or more from any Lot boundary line which adjoins another Lot, unless a variance from such setback limitation is granted by the Architectural Committee and Routt County. Lots are also subject to any setback requirements of Routt County from time to time established and any setback requirements and building envelope limitations noted on the Plat.

6.10 Building Exteriors, Roofs, and Walls. The exterior walls of each Dwelling and Outbuilding on a Lot shall be constructed of stone, stucco or natural materials, such as approved wood siding, logs and stone. The style and colors of all Dwellings and Outbuildings, including roofs and chimneys, shall harmonize with the natural surroundings, and Outbuildings on Lots must be design coordinated with the Dwelling on the Lot. The color, material and style of roofing materials must be approved in writing by the Committee. Garishly colored or reflective roofing material shall not be permitted or installed on any Structure. Roof pitches shall be a minimum of 6:12 ratio.

6.11 Relocation of Building Envelopes. The location of the boundary lines of all Building Envelopes are subject to relocation and adjustment by amendment of the Plat at the request of the Owner of the Lot containing such Building Envelope but only with the joint written approval of the Executive Board and the County.

**7. Maintenance.**

7.1 General. Except as otherwise provided herein, the maintenance and repair of each Lot, including but not limited to landscaping, the interior and exterior of the Dwelling and Outbuildings, and improvements constructed thereon shall be the responsibility of the Lot Owner. If the Lot Owner fails to conduct such maintenance and repairs, the Association has the right, but not the obligation to undertake such maintenance and repairs and assess any costs involved in the maintenance and repairs against the Lot as a specific Assessment.

7.2 Maintenance of Common Property. The Association shall undertake responsibility for the landscaping and maintenance of the Common Property, including but not limited to the Common Area and Open Space, unless the option for a community center is exercised as provided in Section 8.1.

7.3 Lot Owners' Negligence. Notwithstanding anything to the contrary contained in this Article, in the event that the need for maintenance or repair of the Common Property is caused by the willful or negligent act or omission of any Lot Owner, or by the willful or negligent act or omission of any member of such Lot Owner's family or of a tenant, guest or invitee of such Lot Owner, any costs, expenses and fees incurred by the Association for such maintenance, repair or reconstruction shall be a specific Assessment to which such Lot Owner's Lot is subject and shall become a lien against such Lot Owner's Lot. A determination of the negligence or willful act or omission of any Lot Owner or any member of a Lot Owner's family or of a tenant, guest or invitee of any Lot Owner, and the amount of the Lot Owner's liability therefor, shall be determined by the Association at a hearing after notice to the Lot Owner, provided that any such determination which assigns liability to any Lot Owner pursuant to the terms of this Section may be appealed by said Lot Owner to a court of law.

**8. Common Property.**

8.1 Community Center. The Common Area is subject to an option granted to the Stagecoach Property Owners Association ("SPOA") to transfer the Common Area to SPOA as the location of a community center to benefit all lots within the SPOA, including but not limited to Lots within the Subdivision. If the Stagecoach Property Owners Association exercises the option it shall be responsible for all costs associated with the transfer, construction and maintenance upon the Common Area. Such option shall contain a limitation that if construction of the community center is not commenced within three (3) years from the date the Plat is recorded, then such option shall terminate.

8.2 Conveyance of Common Property. Unless the Common Area is otherwise transferred pursuant to Section 8.1 above, Declarant shall grant and convey to the Association by written instrument recorded with the Clerk and Recorder of Routt County, Colorado, the Common Area and Open Space as shown and described on the Plat and perpetual and non-exclusive easements for purposes of ingress and egress and utilities as shown and described on the Plat. From time to time, Declarant may, but shall not be obligated to, convey to the Association by written instrument recorded with the Clerk and Recorder of Routt County, Colorado, certain parcels of the Property as Common Property for use by all of the Owners. The Common Property shall be designated for the common use and enjoyment of the Owners, as more fully set forth in Section 9.1 below, subject to the limitations set forth in that Section.

8.3 Maintenance. The Association shall maintain and keep the Common Property in good repair, and the cost of such maintenance shall be a Common Expense, funded as provided in Section 12. This maintenance shall include, but shall not be limited to, upkeep, repair and replacement, subject to any insurance then in effect, of all landscaping and improvements located in the Common Property. In the event the Association does not maintain or repair the Common Property, Declarant shall have the right, but not the obligation, to do so at the expense of the Association.

8.4 No use shall be made of the Common Property that will in any manner violate the statutes, rules or regulations of any governmental authority having jurisdiction over the Common Property.

8.5 No Lot Owner shall place any structure whatsoever upon the Common Property, nor shall any Lot Owner engage in any activity which will temporarily or permanently deny free access to any part of the Common Property to all Owners.

8.6 The use of the Common Property, Common Area and the Open Space shall be subject to such rules and regulations as may be adopted from time to time by the Executive Board.

9. **Easements.**

9.1 **Owner's Easement of Enjoyment.** Every Owner has a right and easement of enjoyment in and to the Common Property, which shall be appurtenant to and shall pass with the title to every Lot subject to the provisions herein.

9.2 **Recorded Easements.** The Property shall be subject to all easements as shown on the Plat, any amendments thereto, any recorded plat affecting the Property, and any other easements of record as of the date of recordation of this Declaration.

9.3 **Access Easement.** Every Owner has an easement and right for purposes of ingress and egress for utilities, over, across, on and under the roadway, and right-of-way shown on the Plat as Coyote Run Ct.

9.4 **Utility and Drainage Easements.** In addition to the specific utility easements shown on the Plat, there is hereby created a general easement upon, across, over, in, and under the Common Property for ingress and egress and for installation, replacement, repair and maintenance of all utilities, including but not limited to water, sewer, gas, telephone, electrical and cable communications systems. By virtue of this easement, it shall be expressly permissible and proper for the companies providing such services to install and maintain necessary equipment, wires, circuits and conduits under and over the Common Property. No water, sewer, gas, telephone, electrical, or communications lines, systems, or facilities may be installed or relocated on the surface of the Common Property unless approved by Declarant prior to the Turnover Date, or after such termination, by the Association. Such utilities may be temporarily installed above ground during construction, if approved by Declarant.

Declarant also reserves for itself and its successors and assigns, and grants to the Association and its agents, employees, successors and assigns, an easement to enter on any portion of the Common Property for the purpose of modifying the grade of any drainage channels on the Common Property to improve the drainage of water.

Any entity using the utility and drainage easements provided for herein shall use its best efforts to install and maintain the utilities and drainage facilities provided for without disturbing the uses of the Owners. The Association and Declarant shall prosecute the installation and maintenance activities as promptly as reasonably possible; and in the case of utility work, shall restore the surface to its original condition as soon as possible after completion of its work. Should any entity furnishing a service covered by this general easement request a specific easement by separate recordable document, either Declarant or the Association shall have, and are hereby given the right and authority to grant such easement upon, across, over or under any part or all of the property without conflicting with the terms of this Declaration. This general easement shall in no way affect, void, extinguish or modify any other recorded easement affecting the Property.

9.5 **Declarant's Rights Incident to Construction.** Declarant hereby reserves an easement for construction, utilities, drainage, ingress and egress over, in, upon, under and across the Common Property, together with the right to store materials on the Common Property and to



make such other use of the Common Property as may be reasonably necessary or incident to the construction of Dwellings on the Lots or other structures on the Property or other real property owned by Declarant; provided, however, that no such rights shall be exercised by Declarant in a way which unreasonably interferes with the occupancy, use, enjoyment or access to the Common Property by the Owners.

9.6 Reservation of Easement, Exceptions and Exclusions. Declarant reserves to itself and hereby grants to the Association the concurrent right to establish from time to time, by declaration or otherwise, utility and other easements, permits or licenses over the Common Property, for purposes including but not limited to streets, paths, walkways, drainage, recreation areas, parking areas, conduit installation areas, and to create other reservations, exceptions and exclusions for the best interest of all the Owners and the Association, in order to serve all the Owners within the Subdivision. Such reservation to the Declarant and Association shall include the right to grant an easement or license for a community center as provided in Section 8.1.

9.7 Maintenance Easement. An easement is hereby reserved by Declarant, and granted to the Association and any member of the Executive Board and their respective officers, agents, employees and assigns, upon, across, over, in and under the Property and a right to make such use of the Property as may be necessary or appropriate to make such emergency repairs or to perform the duties and functions which the Association is obligated or permitted to perform pursuant to the Governing Documents, including the right to enter upon any Lot for the purpose of performing maintenance to the landscaping or the exterior of the Dwelling on such Lot, as required by the Governing Documents.

9.8 Association as Attorney-In-Fact. Each Owner, by his acceptance of a deed or other conveyance vesting in him an interest in a Lot, does irrevocably constitute and appoint the Association and/or Declarant with full power of substitution as the Owner's true and lawful attorney in the Owner's name, place and stead to deal with the Owner's interest in order to effectuate the rights reserved by Declarant or granted to the Association, as applicable, with full power, right and authorization to execute and deliver any instrument affecting the interest of the Owner and to take any other action which the Association or Declarant may consider necessary or advisable to give effect to the provisions of this Section and this Declaration generally. If requested to do so by the Association or Declarant, each Owner shall execute and deliver a written acknowledged instrument confirming such appointment. No Owner shall have any rights against the Association or Declarant or any of their officers or directors with respect thereto, except in the case of fraud or gross negligence.

9.9 Delegation of Use. Any Owner may delegate his right of enjoyment to the Common Property to the members of his family, his tenants, guests, licensees and invitees, but only in accordance with and subject to the limitations of the Governing Documents.



**10. Special Declarant Rights and Development Rights.**

10.1 Special Declarant Rights and Development Rights. Declarant hereby reserves the right, from time to time, until ten (10) years from the date of recording this Declaration, for itself and for parties described in subsection (f) below, to perform the acts and exercise the rights hereinafter specified as follows:

(a) Completing of Improvements. The right to complete improvements indicated on any Plat or site map.

(b) Sales Management and Marketing. The right to maintain upon, and to remove from, the Common Property and Lots owned by the Declarant, as the Declarant may choose, and in such number, size and location as may be reasonably required by the Declarant convenient or incidental to the construction on, management of, or sale or rental of Lots:

- (i) signs identifying the Subdivision and advertising the sale of Lots or in any way related to the business of Declarant;
- (ii) model residences constructed or to be constructed on Lots;
- (iii) sales or management offices and construction offices which, to the extent they are on a Lot as defined in this Declaration, are hereby declared to be personal property, removable by Declarant, as applicable, promptly upon the Declarant ceasing to be a Lot Owner;
- (iv) parking areas, lighting and temporary parking facilities necessary or desirable in marketing to prospective Lot Owners.

(c) Easements. The right to establish by dedication or otherwise, or to revise, amend or relocate those easements described and included in Section 9, to the extent that they are on or over Common Property, or within real estate which may be added to the Subdivision.

(d) Dedications. The right to establish, from time to time, by dedication or otherwise, on or over the Common Property, utility and other easements for purposes including but not limited to streets, paths, walkways, drainage, recreation areas, parking areas, conduit installation areas, and to create other reservations, exceptions and exclusions for the benefit of and to serve the Lot Owners within the Subdivision.

(e) Merger. The right to merge or consolidate the Subdivision with another common interest community of the same form of ownership.

(f) Transfer Declarant Rights and Special Declarant Rights. The right to transfer, convey or assign any and all development rights and other special Declarant rights reserved by the Declarant to any person or group of persons succeeding Declarant.

(g) Exercise Declarant Control. The right to exercise those powers described below in Section 11, to appoint and remove officers and members of the Executive Board.



(h) Withdraw Real Estate. The right to withdraw from the Property subject to this Declaration the real estate described on Exhibit B attached hereto and incorporated herein.

10.2 Exercise of Declarant Rights. No assurances are made herein regarding fixing the boundaries of those portions of the Properties that may be the subject of an exercise of Declarant Rights. If any Declarant Rights or other special Declarant Right reserved by the Declarant is exercised in any portion of the Properties, it is not required that such Declarant Rights or special Declarant Right be exercised in all or any other portion of the remainder of the Properties except as set forth in this Declaration. No assurances are made herein regulating the order or time in which such portions may be subjected to the exercise of each of the Declarant Rights and other special Declarant Rights reserved by the Declarant. In exercising the Declarant Rights to add real estate or add unspecified real estate, Declarant shall comply with the applicable provisions of this Declaration and the Act concerning annexation of land.

10.3 Supplemental Declaration. If Declarant elects to exercise its Declarant Rights regarding the merger of the Subdivision or the withdrawal of Lots pursuant to this Section 10, Declarant shall file a Supplemental Declaration and Supplemental Plat in the real property records of Routt County no later than ten (10) years from the date of recording of this Declaration. Such Supplemental Declaration shall set forth the real property to be withdrawn, together with any covenants, conditions, restrictions and easements particular to such property and the reallocation of interests appurtenant to each Lot.

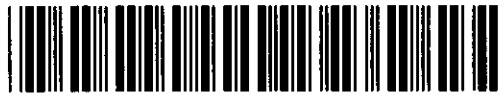
10.4 Interpretation. Recording of a Supplemental Declaration and Supplemental Plat in the real property records of Routt County shall automatically:

(a) Vest in each existing Lot Owner the reallocated interest appurtenant to its Lot; and

(b) Vest in each existing mortgagee a perfected security interest in the reallocated interest appurtenant to the encumbered Lot.

Upon the recording of an Supplemental Declaration: (i) the number of Lots shall be adjusted to the specific number of Lots set forth in the Supplemental Declaration; (ii) the definitions used in this Declaration shall automatically be extended to encompass and to refer to the Subdivision as so adjusted; and (iii) any additional improvements and Common Property shall be added to and become a part of the Properties for all purposes. Reference to the Declaration or Plat in any instrument shall be deemed to include all Supplemental Declarations or Plats without specific reference thereto.

10.5 Termination of Declarant Rights. The Declarant Rights reserved pursuant to this Article, shall expire ten (10) years from the date of recording this Declaration, unless the expansion and development rights are reinstated or extended by the Association, subject to whatever terms, conditions and limitations the Executive Board may impose on the subsequent exercise of the expansion and development rights of Declarant.



## 11. Homeowners Association.

11.1 Membership in Association. Each Owner of an undivided fee simple interest in a Lot (including Declarant with respect to Lots from time to time owned by Declarant, but not including the Association with respect to Lots at any time owned by the Association) shall be a member of the Association and shall remain a member until such Owner ceases to be an Owner. Each Owner of an undivided fee simple interest in a Lot amounting to less than the entire fee interest in such Lot, including a co-owner as tenant in common or joint tenant, shall be a member of the Association, however, each Lot is entitled to only one vote. Each member shall comply strictly with the provision of this Declaration and of the Articles, Bylaws and rules and regulations of the Association.

11.2 Votes. The Owner of each Lot shall be allocated one (1) vote for each Lot owned. The Association shall not be entitled to vote with respect to any Lot owned by the Association and no Lot owned by the Association or by any governmental entity shall be allocated any votes during the period of such ownership.

11.3. Enforcement. Each Owner and each Owner's family, guests, invitees and tenants shall be bound by and shall comply with this Declaration and the Articles, Bylaws and rules and regulations of the Association. This Declaration and the Articles and Bylaws may be enforced by the Association in appropriate proceedings at law or in equity, including without limitation, an action to restrain or enjoin any violation or threatened violation and to recover damages. In any such action or proceeding in which the Association is the primarily prevailing party, the Association shall be entitled to an award for its costs and expenses of the action, including reasonable attorneys' fees. Nothing herein shall be deemed to limit or restrict the right of Owners to enforce in appropriate cases this Declaration, the Articles, or Bylaws. Without limiting other remedies, the Association may from time to time establish and collect uniform liquidated damage sums for violation of specific provisions of this Declaration or the Articles or Bylaws. At the option of the Association, and after notice to the Owner involved, any such liquidated damage sum shall be a special assessment against such Owner's Lot, for which the Association shall have the lien and collection rights provided in this Declaration. During any period that a violation of this Declaration or the Articles or Bylaws is continuing, the Association may suspend the voting privileges of the Owner of the Lot with respect to which such violation has occurred. Suspension of voting privileges may be imposed only after the Association has given at least three (3) days prior written notice to the Owner and any registered first lienor of the affected Lot. No suspension of voting privileges shall affect the rights of any registered first lienor pursuant to a proxy granted prior to the suspension and of which the Association has received notice pursuant to the Association's Bylaws. The Association may levy fines for violation of the Declaration, Articles, Bylaws and/or rules and regulations, not to exceed \$100.00 per day while the violation is occurring.

11.4. Power and Authority. The Association shall have all of the power and authority necessary and proper to manage the business and affairs of the Subdivision, pursuant to this Declaration, the Act, the Articles, Bylaws and rules and regulations. The Association shall act through its Executive Board. The Association shall have among its purposes and powers the protection and improvement of the Property, the maintenance and care of the Common Property,





including but not limited to the Open Space, the enforcement, on behalf of the Owners, of this Declaration, the Articles, Bylaws, rules and regulations of the Association and applicable resolutions of a governmental authority, and the Association shall have all of the powers, authority and duties permitted under the Act and have the power generally to do everything necessary or proper for the health, welfare, safety, benefit, or enjoyment of the members. If at any time such Association shall be dissolved or shall become defunct and inoperative, all fee owners of all interests in Lots in the Property from time to time shall jointly be responsible for maintenance of property interests which had been owned by the Association, and any and all costs of maintenance thereof in such event shall be borne by the Owners of each Lot in proportion to the total number of Lots within the Subdivision. The Executive Board of the Association may contract with or employ any managing agent for the Association (including Declarant or any affiliate of Declarant), to perform any of the duties, services, powers and responsibilities of the Association, subject to the Act, this Declaration, the Articles, Bylaws and rules and regulations.

11.5. Powers of the Executive Board.

(a) The Executive Board shall have all the powers, authority and duties necessary to enforce the provisions of the Declaration and promulgate reasonable rules and regulations as to the use of the Properties, which may modify, limit, create exceptions to, or expand the initial use restrictions set forth in this Declaration.

(b) The Executive Board shall have all the powers, authority and duties permitted pursuant to the Act.

(c) The Executive Board shall have all the powers, authority and duties granted or delegated to it by the Governing Documents.

(d) The Executive Board shall have any powers available to boards of directors of other Colorado nonprofit corporations.

11.6. Manager. The Executive Board of the Association may contract with or employ any managing agent for the Association (including Declarant or any affiliate of Declarant), to perform any of the duties, services, powers and responsibilities of the Association, subject to the Act and the Governing Documents.

11.7 The Declarant shall have the powers reserved in C.R.S. Section 38-33.3-303(5) of the Act to appoint and remove officers and members of the Executive Board during the Declarant Control Period. During the Declarant Control Period:

(a) Not later than sixty (60) days after conveyance, on a cumulative basis, of twenty five percent (25%) of the Lots to Owners other than Declarant, at least one member and not less than twenty five percent (25%) of the members of the Executive Board must be elected by Owners other than the Declarant.



(b) Not later than sixty (60) days after conveyance, on a cumulative basis, of fifty percent (50%) of the Lots to Owners other than Declarant, not less than thirty-three and one-third percent (33-1/3%) of the members of the Executive Board must be elected by Owners other than the Declarant.

11.8 At any time prior to the Turnover Date, the Declarant may relinquish the right to appoint and remove members of the Executive Board and officers, but may require Declarant approval of actions of the Executive Board or the Association specified by the Declarant in such relinquishment notice which shall be recorded and executed by Declarant. As to such actions, Declarant may give its approval or disapproval at its sole discretion and option, and its disapproval shall work to invalidate such action by the Executive Board or the Association.

11.9 No later than the Turnover Date, the Lot Owners (including Declarant) shall elect an Executive Board of at least three (3), but no more than five (5) members, at least a majority of whom must be Lot Owners other than Declarant, and the Executive Board shall elect the officers, with such Executive Board members and officers to take office upon election. Within sixty (60) days after Lot Owners elect a majority of the members of the Executive Board, Declarant shall deliver to the Association all property of the Lot Owners and of the Association held or controlled by Declarant, including without limitation those items specified in C.R.S. Section 38-33.3-303(9) of the Act.

**12. Association Assessments and Budgets.**

12.1 Assessments Levied by the Association. The Association shall fix, determine, levy, assess and collect general assessments from the Owners of all Lots on an annual basis for payment of Common Expenses of the Association (hereinafter called "Annual Assessments"), based upon the Association's advance budget of the cash requirements needed by it to provide for the management of the Subdivision and the administration and performance of the Association's duties during such assessment year, and to fund and contribute to any reserves deemed appropriate by the Executive Board. The Association may also fix, determine, levy, assess and collect special assessments authorized by and in accordance with, the Act, this Declaration or the Articles or Bylaws of the Association (hereinafter called "Special Assessments", and together with Annual Assessments and Default Assessments shall be referred to as "Assessments"). All monetary fines assessed against an Owner pursuant to the Governing Documents or any expenses of the Association which are the obligation of an Owner or which are incurred by the Association on behalf of the Owner pursuant to the Governing Documents, shall be a Default Assessment and shall become a lien against such Owner's Lot which may be foreclosed or otherwise collected as provided in this Declaration. Notice of the amount and due date of such Default Assessment shall be sent to the Owner subject to such assessment at least thirty (30) days prior to the due date. Assessments shall commence the first day of the first quarter after conveyance of the first Lot to an Owner other than Declarant. Notwithstanding any provision that may be contained in this Declaration to the contrary, for so long as Declarant is the owner of any Lot, Declarant shall not be liable for assessments against such Lot, provided that Declarant funds any deficit in the operating expenses of the Association. Declarant may at any time commence paying such assessments as to all Lots owned by Declarant and thereby terminate its obligations to fund deficits in the operating expenses of the Association.



12.2 Determining Proportionate Share of Assessments. Each Annual Assessment (including each Assessment for a reserve) and each Special Assessment (other than increases in insurance as a result of individual Owners' actions) shall be allocated among the Owners in proportion to each Owner's "Allocated Interest", which is a fraction, the numerator of which is one and the denominator of which is the total number of Lots within the Property (currently 1/25 or 4%), provided, however that the Owner of Lot 25 shall not be responsible for any costs associated with the maintenance and repair of the right of way known as Coyote Run Court. The Owner of Lot 25 shall be solely responsible for the costs of maintenance and repair of the driveway providing access to Lot 25. Special Expenses apportioned to one or more but less than all of the Lots shall be apportioned to such Lots at the time of assessment.

12.3 Procedures for Payment. The Association shall establish procedures by which the Assessments shall be made known to and paid by the Owners. Such procedures may include the determination and levying of such Assessments as a periodic and advance (but not less often than annually) installment billing of an annual budget, including funding of reserves, in which event Association expenses shall be deemed to have been severally incurred as of the respective dates of the installment billings. Unpaid general and special Assessments more than thirty (30) days past due shall bear interest from the date the same became due until paid at the rate established by the Executive Board from time to time, not to exceed twenty-one percent (21%) per annum. The Association may also levy uniform late charges on delinquent Owners, and may collect from delinquent Owners all costs and expenses of collecting Assessments, including court costs, witness and expert fees, discovery costs and reasonable attorney's fees, whether or not suit is brought (any and all of which are referred to in this Declaration as "Collection Costs"). All interest, late charges and collection costs shall be Default Assessments against delinquent Owner(s) and such Owners' Lot(s).

12.4 Obligation to Pay Assessments. The Owner of each Lot shall be personally obligated to pay the full amount of any and all Assessments against such Owner's Lot(s), including without limitation, such Owner's pro rata share of Association expenses allocated to such Lot(s). In addition, each Owner shall be personally obligated to pay to the Association all of the Association's collection costs incurred in connection with the collection of assessments or other amounts payable by such Owner to the Association. If a Lot is owned by two (2) or more persons, all such Owners shall be personally, jointly and severally obligated to pay all of the foregoing amounts to the Association. No Owner may exempt himself from liability for payment of Annual or Special Assessments or other amounts due to the Association by waiver of the use or enjoyment of the Common Property of the Association, or by abandonment of such Owner's Lot(s).

12.5 Effect of Nonpayment; Assessment Lien. All unpaid Assessments, fines for violation of this Declaration or the Articles, Bylaws or rules and regulations, interest, late charges or other amounts levied against an Owner or an Owner's Lot pursuant to this Declaration and all attorney's fees, costs of discovery and suit incurred in connection with enforcement of this Declaration, the Articles, Bylaws or rules and regulations or to collect any amount owing to the Association (whether or not suit is brought), shall each and all constitute a continuing lien on such Lot pursuant to and as granted by C.R.S. §38-33.3-316 in favor of the Association, as secured party. Such lien of the Association on the Lot shall be prior and superior to all other



security interests and non-consensual liens and encumbrances on the Lot EXCEPT as provided in C.R.S. 38-33.3-316(2), as amended from time to time. The recording of this Declaration constitutes record notice and perfection of the statutory lien. No further recordation of any claim of Lien for Assessments is required; however, a claim may be recorded at the Association's option. The Association's lien against a Lot as described herein, may be foreclosed by the Association in like manner as foreclosure of a mortgage on real estate under Colorado law. The Association shall be entitled to purchase the Lot at the foreclosure sale, and thereafter to acquire, hold, lease, mortgage or convey the same. By accepting a deed to an interest in a Lot, each Owner shall conclusively be deemed to have waived any homestead or similar exemption that may otherwise be applicable with respect to the Association's lien pursuant to this Declaration. Any first lienor of a Lot may (but shall not be required to) pay any unpaid Assessments, accrued interest, late payment charges, fines, fees, interest or collection costs due with respect to such Lot, and upon such payment such first lienor shall have a lien on such Lot for the amount so paid of the same rank as the lien described herein and shall be subrogated to the rights and remedies of the Association to collect such amount.

12.6 Suspension of Voting Rights. The Association may, during the period any Assessment or fine is past due and unpaid by an Owner, suspend the voting rights and privileges in the Association allotted to such Lot; provided, however, that such suspension may be imposed only after at least three (3) days' advance written notice given by the Association to the delinquent Owner. No suspension of voting privileges shall affect the rights of any First Lienor pursuant to a proxy granted to such lienor prior to the suspension and of which the Association has received notice pursuant to the Association's Bylaws or rules and regulations.

12.7 Liability of Transferee. In case of sale or other voluntary transfer of a Lot or any interest therein, the transferee shall be jointly and severally liable with the transferor for all unpaid Assessments, interest, late payment charges, collection costs and other amounts payable to the Association with respect to such Lot which are accrued and unpaid as of the date of transfer. If any lienor (including a first lienor) obtains title to a Lot by a voluntary deed in lieu of foreclosure, then such lienor shall be jointly and severally liable for all such amounts accrued as of the date of transfer, and such lienor shall be deemed an Owner for all purposes from and after such transfer. If a first lienor obtains title to a Lot by sheriff's deed or public trustee's deed upon foreclosure of the first lien against such Lot, then such first lienor shall not be liable for such unpaid amounts accrued against such Lot prior to the date of transfer, but such first lienor shall be deemed an Owner for all purposes from and after the date of transfer. For purposes of the foregoing, the date of transfer shall be the earlier of the date of issuance to the first lienor of a deed to the Lot(s) or the expiration of the period of redemption allowed to the Owner and to all subsequent lienors entitled to redeem in the foreclosure proceeding.

12.8 Budget. The Treasurer or the managing agent of the Association if so empowered, shall prepare annually and submit to the Executive Board a proposed budget for the Association for the ensuing fiscal year. The Executive Board shall make reasonable efforts to adopt the budget for the Association for the ensuing year not later than thirty (30) days after the commencement of such fiscal year, and shall in any event so adopt such budget prior to the annual meeting of Owners. The Executive Board shall also determine the periodic intervals of the Annual Assessments (and Special Assessments, if applicable) to be levied to collect the



income required by the budget, but not less frequently than quarter-annually. Within thirty (30) days after adoption by the Executive Board of any proposed budget for the Association, the Executive Board shall mail, by ordinary first-class mail, a copy of the budget, as adopted, or a summary thereof, to all Owners and shall set a date for a meeting, which may be the annual meeting of Owners, to consider ratification of the budget, such meeting to be not less than fourteen (14) nor more than sixty (60) days after mailing of the copy or summary of the budget. Unless at that meeting Owners having a majority of the votes of all Owners reject the budget, the budget is ratified, whether or not a quorum is present. In the event that the proposed budget is rejected by the affirmative vote of Owners having a majority of the votes of all Owners, the periodic budget last ratified by the Owners shall be continued until such time as the Owners ratify a subsequent budget proposed by the Executive Board.

12.9 Estoppel Certificate. Within ten (10) days after receipt of a written request from any Owner or mortgagee of a Lot or from any prospective mortgagee, purchaser or other prospective transferee of a Lot, or from any title insurer insuring or proposing to insure such Lot, the Association shall issue a written itemized statement to the requesting party setting forth, along with any other information the Association may choose to include, the amount of any unpaid Assessments, interest, late payment charges and collection costs due with respect to the Lot(s) in question.

12.10 Contribution to Working Capital and Reserves. Upon the initial acquisition of record title to a Lot from Declarant, each Owner shall make a non-refundable contribution to the working capital and reserves of the Association in an amount equal to one-fourth of the amount of the Annual Assessment as determined by the Executive Board for that Lot for the year in which the Owner acquired title.

**13. Insurance.**

13.1 Insurance on Common Elements. Commencing not later than the time of the first conveyance of a Lot to an Owner other than the Declarant, the Association shall maintain to the extent reasonably available, insurance covering all insurable improvements located or constructed upon the Common Property. Such policies and endorsements thereon or copies thereof shall be deposited with the Association. The Association shall generally advise the Lot Owners of the coverage of said policies in order to permit the Lot Owners to determine which particular items are included within the coverage so that the Lot Owners may insure themselves pursuant to Section 13.6 below. Except as otherwise set forth in the Act at C.R.S. Section 38.33.3-313, the Association shall maintain the following types of insurance, to the extent that such insurance is reasonably available, considering the availability, cost, and risk coverage provided by such insurance, and the cost of said coverage shall be paid by the Association as a Common Expense:

(a) A multi-peril type policy covering all insurable improvements within the Common Property providing, at a minimum, fire and extended coverage, and all other coverage in kinds and amounts customarily acquired or required for projects similar in construction, location and use, including without limitation, perils normally covered by an "all-risk" policy, in an amount determined by the Association.



(b) A policy of comprehensive public liability insurance covering all of the Common Property in an amount determined by the Association, but not less than One Hundred Thousand Dollars (\$100,000.00) per occurrence, for personal injury or death, and/or property damage. The scope of such coverage shall include all coverage in the kinds and amounts customarily acquired or required for projects similar in construction, location and use, including without limitation, liability for non-owned and hired automobiles, liability for property of others, liability arising in connection with the operation, maintenance or use of the Common Property, liability assumed by contract or contractual liability, and liability arising out of any employment contracts of the Association.

(c) The Association shall, if required pursuant to the applicable provisions of C.R.S. Section 38-33.3-313, obtain fidelity coverage against dishonest acts on the part of directors, officers, managers, trustees, agents, employees or volunteers responsible for handling funds belonging to or administered by the Association. If a management agent handles funds of the Association, then fidelity coverage shall also be obtained for the officers, employees or agents thereof handling or responsible for Association funds, if required pursuant to the applicable provisions of said section. The fidelity bond or insurance must name the Association as the named insured and shall be written to provide protection in an amount no less than the lesser of (i) one-half times the Association's estimated annual operation expenses plus the Association's reserves, (ii) three months aggregate Annual Assessments plus the Association's reserves, or (iii) the estimated maximum amount of funds, including the Association's reserves, in the custody of the Association (and its management agent) at any one time. In connection with such coverage, an appropriate endorsement to the policy to cover any Property who serves without compensation shall be added if the policy would not otherwise cover volunteers.

(d) A Workers' Compensation policy, if required.

(e) A policy of "Directors and Officers" liability insurance to the extent reasonable and available, in the Executive Board's discretion. Further, the Association at its cost and expense, shall obtain and maintain directors and officers liability insurance in full force and effect with coverage of at least One Hundred Thousand Dollars (\$100,000.00) or such other amount as the Executive Board shall approve for all Association directors, officers and committee members and its manager, for any and all errors and/or omissions that occur during their tenure in office or employment.

(f) Such other insurance and in such amounts as the Association shall determine, from time to time, to be desirable, or as may be required by C.R.S. Section 38-33.3-313 of the Act.

Notwithstanding the foregoing, the Association shall endeavor to obtain, to the extent reasonable and available, or shall discontinue, such insurance coverage as two-thirds (2/3) of the Lot Owners shall direct; provided, however, the Association shall not discontinue casualty and public liability coverage, as required by Subsections (a) and (b) above.



13.2 Required Provisions. The insurance policies purchased by the Association shall, to the extent reasonable and available, contain all provisions required by C.R.S. Section 38-33.3-313(4).

13.3 Non-Liability of Association/Executive Board. Notwithstanding the duty of the Association to obtain insurance coverage, as stated herein, neither the Association nor any Executive Board member, nor the Declarant, shall be liable to any Lot Owner, Mortgagee or other person, if any risks or hazards are not covered by insurance, or if the appropriate insurance is not obtained because such insurance coverage is not reasonably obtainable on the Association's behalf, or if the amount of insurance is not adequate, and it shall be the responsibility of each Lot Owner to ascertain the coverage and protection afforded by the Association's insurance and to procure and pay for such additional insurance coverage and protection as the Lot Owner may desire.

13.4 Insurance Claims. The Association is hereby irrevocably appointed and authorized, subject to the provisions contained herein, to adjust all claims arising under insurance policies purchased by the Association and to execute and deliver releases upon the payment of claims, and to do all other acts reasonably necessary to accomplish any of the foregoing. The Executive Board has full and complete power to act for the Association in this regard, and may, at its discretion, appoint an authorized representative, or enter into an insurance trust agreement, wherein the trustee shall have authority to negotiate losses under any policy purchased by the Association.

13.5 Benefit. Except as otherwise provided herein, all insurance policies purchased by the Association shall be for the benefit of, and any proceeds of insurance received by the Association or any insurance trustee shall be held or disposed of in trust for, the Association or the Lot Owners as any of their interests may appear.

In the event of damage to or destruction of all or a portion of the Common Property as a result of fire or other adversity or disaster, the insurance proceeds, if sufficient to reconstruct or repair the damage, shall be applied by the Association to such reconstruction and repair. If the insurance proceeds with respect to such Common Property damage or destruction are insufficient to repair and reconstruct the damage or destruction, the Association may levy a special Assessment in the aggregate amount of such deficiency and shall proceed to make such repairs or reconstruction unless: (a) the Planned Community is terminated; or (b) repair or replacement would be illegal under any state or local statute or ordinance governing health and safety. The Assessment as to each Lot shall be equal to the Assessment against every other Lot. Such Assessment shall be due and payable as provided by resolution of the Executive Board, but not sooner than sixty (60) days after written notice thereof. The Assessment provided for herein shall be a debt of each Lot Owner and a lien on its Lot, and may be enforced and collected in the same manner as any Lien for Assessment provided for in this Declaration. If the entire Common Property is not repaired or replaced, the insurance proceeds attributable to the damaged Common Property must be used to restore the damaged area to a condition compatible with the remainder of the Properties. No distributions of insurance proceeds shall be made unless made jointly payable to the Lot Owners (and First Mortgagees of their respective Lots, if any).

13.6 Other Insurance to be Maintained by Lot Owners. Insurance coverage on the furnishings and other items of personal property belonging to an Owner, public liability insurance coverage upon each Lot, and hazard insurance coverage on the Improvements constructed on each Lot shall be the responsibility of the Owner thereof. No Owner shall maintain any insurance, whether on its Lot or otherwise, which would limit or reduce the insurance proceeds payable under the casualty insurance maintained by the Association in the event of damage to the improvements or fixtures on the Common Property.

13.7 Annual Review of Insurance Policies. All insurance policies carried by the Association shall be reviewed at least annually by the Executive Board to ascertain that the coverage provided by such policies adequately covers those risks insurable by the Association.

14. Association as Attorney-In-Fact. Each Owner hereby irrevocably appoints the Association as the Owner's true and lawful attorney-in-fact for the purposes of dealing with any improvements covered by insurance written in the name of the Association pursuant to Section 13 upon their damage or destruction as provided in this Article, or a complete or partial taking as provided in Section 15 below. Acceptance by grantee of a deed or other instrument of conveyance from Declarant or any other Owner conveying any portion of the Property shall constitute appointment of the Association as the grantee's attorney-in-fact, and the Association shall have full authorization, right and power to make, execute and deliver any contract, assignment, deed waiver, or other instrument with respect to the interest of any Owner which may be necessary to exercise the powers granted to the Association as attorney-in-fact.

15. Mortgagee's Rights. The following provisions are for the benefit of holders, insurers or guarantors of First Mortgages on Lots. To the extent applicable, necessary or proper, the provisions of this Section 15 apply to this Declaration and also to the Articles and Bylaws.

15.1 Approval Requirements. Unless at least sixty-seven percent (67%) of the First Mortgagees (based on one vote for each Mortgage owned) and at least sixty-seven percent (67%) of the Owners (other than Declarant) have given their prior written approval, the Association shall not be entitled to:

(a) By act or omission seek to abandon, partition, subdivide, encumber, sell, or transfer all or part of the Common Property (provided, however, that the granting of easements for public utilities or for other public purposes not inconsistent with the intended use of such Common Property shall not be deemed a transfer within the meaning of this clause);

(b) Change the method of determining the obligations, Assessments, dues or other charges which may be levied against an Owner;

(c) By act or omission reduce, waive or abandon the responsibility of the Association for maintenance of the Common Property;

(d) Fail to maintain fire and extended coverage on the insurable property on the Common Property in an amount not less than 100 percent of the current replacement cost; or





(e) Use physical damage insurance proceeds for losses to improvements in the Common Property for other than the repair, replacement or reconstruction of such property.

15.2 Title Taken by Mortgagee. Any First Mortgagee who obtains title to the Lot and any improvements on the Lot pursuant to remedies exercised in enforcing the Mortgage, including foreclosure of the Mortgage or acceptance of a deed in lieu of foreclosure, will be liable for all Assessments due and payable as of the date title to the Lot (i) is acquired or (ii) could have been acquired under the statutes of Colorado governing foreclosures, whichever is earlier. Such Mortgagee will not be liable for any unpaid dues or charges attributable to the Lot which accrue prior to the date the Mortgagee acquired title or could have acquired title under the Colorado foreclosure statutes, whichever is earlier. Sale or transfer of any Lot pursuant to a deed in lieu of foreclosure for the purpose of enforcing a First Mortgage shall extinguish the lien of such Assessments as to installments which became due prior to such sale or transfer, and the amount of the extinguished lien may be reallocated and assessed to all Lots, as a Common Expense, at the direction of the Executive Board.

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

15.4 Distribution of Insurance or Condemnation Proceeds. In the event of a distribution of insurance proceeds or condemnation awards allocable among the Lots for losses to, or taking of, all or part of the Common Property, neither the Owner nor any other person shall take priority in receiving the distribution over the right of any First Mortgagee.

16. Number of Lots. The number of initial Lots in the Subdivision shall be twenty-five (25). The total number of Lots subject to this Declaration shall be twenty-five (25). The Lots are identified by number on the Plat.

17. Variance. A variance from or exception to Sections 3, 4 and 6 of the provisions hereof, may be granted in writing by the Association, so long as such variance does not violate applicable resolutions, rules, and regulations of Routt County, Colorado.

18. Effect and Duration of Covenants. This Declaration shall run with and bind the Property and shall inure to the benefit of the Association and Owners of any real property subject to this Declaration, their respective legal representatives, heirs, successors and assigns. This Declaration shall be effective for a term of forty (40) years after and from the date this Declaration is recorded in the real property records of Routt County, Colorado, and thereafter this Declaration shall automatically be extended for successive periods of ten (10) years each, unless there has been recorded prior to the commencement of any such ten-year period, an instrument terminating this Declaration, executed and acknowledged in recordable form by the then-Owners as provided below in Section 19 (a).



19. **Amendment.** This Declaration may be amended only as follows:

(a) By the written agreement and consent of sixty-seven percent (67%) or more of all of the votes in the Association entitled to be cast, and the recording of such amendment in the real property records of Routt County, Colorado, except that the provisions of Sections 12.2, 12.5, 16 and 17 may only be amended upon the unanimous written consent of all of the Owners of all of the Lots in the Property. This Declaration shall not be terminated except by the unanimous written consent of all of the Owners of record of all of the Lots in the Property; or

(b) By Declarant for the following purposes: (i) for any reason and with respect to any Section or provision herein, but only if such amendment or alteration is made and recorded prior to the conveyance of the first Lot in the Subdivision; (ii) to expand the Property to include additional Lots and Common Property pursuant to Section 10, or (iii) to withdraw real estate from the Property pursuant to Section 10. In furtherance of the foregoing, a power coupled with an interest is hereby reserved and granted to Declarant to make or consent to such amendments or supplemental declarations on behalf of each Owner. Each deed, mortgage, or other evidence of obligation or other instrument affecting a Lot and the acceptance thereof shall be deemed to be a grant and acknowledgement of, and consent to, the reservation of the Declarant rights to make or consent to such amendments or supplemental declarations during the period of such Declarant rights. No such amendment or supplemental declaration made by Declarant shall impair the lien of a First Mortgage upon any Lot or any warranties made by an Owner or Mortgagee in order to induce any of the above agencies or entities to make, purchase, insure or guarantee a mortgage on such Lot.

20. **Enforcement.** If any person or entity shall violate or threaten to violate any of the provisions of this Declaration, then, in addition to other remedies, the Association or any person or persons owning any interest in any Lot in the Property may institute proceedings at law or in equity to enforce the provisions of this Declaration, to restrain or enjoin the person or entity violating or threatening to violate them, and to recover damages, actual and punitive, together with reasonable attorneys' fees and costs of discovery and suit, for such violation or threatened violation.

21. **Limitation on Liability.** The Declarant and the Association shall exercise their own judgment in administering, enforcing and interpreting the provisions of this Declaration and shall not be liable to any Owner or other person for actual or alleged acts or omissions, failure, mistakes in judgments or non-enforcement in connection with actions taken or admitted to be taken pursuant to this Declaration, unless such acts or omissions constitute gross negligence or a willful abuse of discretion

22. **Registration of Owners and First Lienors.** Each Owner and each First Lienor shall register his mailing address with the Association as provided in the Bylaws. Periodic statements for Annual Assessments, notices of Special Assessments, notices of meetings, and other routine notices from the Association to an Owner shall be sent by regular mail, postage prepaid, addressed to the name of the Owner at such registered mailing address. Any Owner may give written notice to other Owners in the same manner. All other notices or demands intended to be



served by the Association upon an Owner shall be sent by certified mail, postage prepaid, addressed to the name of the Owner at such registered mailing address or at the address of such Owner as shown in the records of the Routt County Assessor. All notices, demands or other communications intended to be served upon the Association shall be sent by certified mail, postage prepaid, to the address of the Association as designated by the Bylaws of the Association. The Association shall at all times keep and maintain up-to-date records of the names and addresses of all Owners and First Lienors of Lots subject to this Declaration.

**23. Conflict of Provisions.** In case of any conflict between this Declaration, and the Articles or the Bylaws, this Declaration shall control. In case of any conflict between the Articles and the Bylaws, the Articles shall control.

**24. Fair Housing.** No Lot Owner shall, either directly or indirectly, forbid or restrict the conveyance, encumbrance, leasing, mortgaging, or occupancy of its Lot to any person of a specified race, sex, adulthood, marital status, color, religion, ancestry, physical handicap, or national origin.

**25. Binding Arbitration.** In case of any claim or dispute between the Declarant, its builder, general contractor, broker, its agents or employees, on the one hand and any Lot Owner(s), on the other hand, which claim or dispute relates to the right and/or duties of the parties under the Governing Documents, or relates to the design or construction of the Subdivision or any part thereof, the procedure shall be as follows:

The aggrieved party or parties shall notify the other party or parties of the grievance, in writing. When the aggrieving party receives such a notice, it shall promptly respond with an investigation, inspection meeting, discussion, or other action reasonably appropriate to the circumstances. Appropriate action shall include, without limitation, prompt communication with the aggrieved party or parties, and a proposed course of action to resolve the problem. All parties involved in the matter shall negotiate in a good faith attempt to amicably resolve the problem. If the parties are unable to resolve the problem within a reasonable period of time (not to exceed ninety (90) days after the first notice of claim or dispute) the matter shall be submitted to binding arbitration pursuant to the rules of the American Arbitration Association, with one arbitrator to be chosen by mutual agreement of the parties, or in the event that the parties cannot agree on one arbitrator, then each party shall designate one arbitrator and all such designated arbitrators shall designate one arbitrator to arbitrate the dispute. If the dispute or claim involves a sum not in excess of the jurisdictional limit of the Small Claims Court, the aggrieved party shall have the option of taking the matter to Small Claims Court in lieu of binding arbitration.

**26. Safety and Security.** All Owners and occupants of a Lot and their respective guests and invitees, shall be responsible for their own personal safety and the security of their property within the Subdivision. Owners are hereby notified that the Property has been and may continue to be occupied by wildlife from time to time, including but not limited to, bears, elk and deer. Owners are advised to take precautions to ensure the safety of persons, property and wildlife from such occupancy.





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Kay Weinland Routt County, CO DECL GOV R 156.00 D 0.00

**EXHIBIT A**  
**To Declaration of Protective Covenants for**  
**Coyote Run**

**Legal Description of the Property:**

The real property shown and described as COYOTE RUN, according to the Plat thereof in File No. 13245 recorded in the Routt County real property records.



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Kay Weinland Routt County, CO DECL COV R 156.00 D 0.00

**EXHIBIT B**  
**To Declaration of Protective Covenants for**  
**Coyote Run**

Real Estate subject to withdrawal from the Property subject to the Declaration:

Lot 25, Coyote Run Subdivision, according to the Plat thereof in File  
No. ~~13245~~ recorded in the Routt County real property records.



JOINDER AND SUBORDINATION OF LENDER

First National Bank of the Rockies ("Lender"), the beneficiary under that certain Deed of Trust recorded at Reception No. 579198 in the office of the Clerk and Recorder of Routt County, Colorado, for itself and its successors and assigns, approves the foregoing Declaration of Protective Covenants for Coyote Run ("Declaration"), which affects the property encumbered by the above Deed of Trust, and, for good and valuable consideration, agrees that no foreclosure or other enforcement of any remedy pursuant to any of the Deeds of Trust of which Lender is a beneficiary shall impair, invalidate, supersede or otherwise affect the covenants, conditions, restrictions and easements established by the Declaration or any amendment or supplement thereto and further agrees that any and all of its rights and interest under the Deed of Trust shall be and hereby are declared to be junior and subordinate to the provisions of the Declaration.

First National Bank of the Rockies

By: *Kelli E. Loomis*