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***THIRD
AMENDED AND RESTATED DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
GRAYHAWK KNOLLS***

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**THIRD AMENDED AND RESTATED
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
GRAYHAWK KNOLLS**

THIS THIRD AMENDED AND RESTATED DECLARATION is effective as of December 29, 2018.

RECITALS:

A. On December 29, 1998, Frank H. Walsh submitted the real property described on Exhibit A to that certain Second Amended and Restated Declaration of Covenants, Conditions and Restrictions for Grayhawk Knolls recorded in the real property records of Larimer County, Colorado at Reception No. 98114145, as amended ("Original Declaration") to its covenants, conditions and restrictions;

B. The Owners within the Grayhawk Knolls Community desire to amend and restate the Original Declaration by virtue of this Third Amended and Restated Declaration of Covenants, Conditions and Restrictions for Grayhawk Knolls ("Declaration"), and intend, upon the recording of this Declaration, that all prior recorded declarations, amendments and supplements thereto shall be superseded and replaced by this Declaration; and

C. The Original Declaration provides for and allows for this Declaration in Section 7.01, which provides as follows:

This Declaration shall remain in full force and effect, shall run with the land and shall be binding on all persons having any interest in any lot in the Subdivision for a period of twenty (20) years from the date this Declaration is recorded and thereafter shall be automatically extended for successive periods of ten (10) years unless an instrument signed by at least sixty percent (60%) of the then-owners of lots in the Subdivision has been recorded agreeing to change or terminate the Declaration in whole or in part.

D. All Owners are aware of the provisions of the Original Declaration allowing for amendment, by virtue of the record notice of the Original Declaration, by acts and disclosures, newsletters or notices of the Association and by other means;

E. The amendments within this Declaration have been prepared and determined by the Association and by the Owners that have approved this Declaration to be reasonable and not burdensome;

F. The purposes of the amendments in this Declaration are to remove unreasonable restrictions on the community, remove developer "boilerplate" language that is no longer applicable to the Community, remove provisions that do not allow the Board to efficiently operate the community or deal with community concerns, remove provisions that do not comply with current state law, add provisions that provide the proper tools for the Association to effectively solve problems, add provisions to provide the Association with sufficient power to create and successfully enforce Rules and Regulations, and add provisions that reflect beneficial state law provisions.

G. The purpose of the Association as provided in the Declaration is to preserve the value and desirability of the Community and the Lots and to further the interests of the residents of the Community and Members of the Association; and

H. Pursuant to the requirements set forth in Section 7.01 of the Original Declaration, Owners of at least 60% of the Lots in the Subdivision subject to the Original Declaration have approved this Declaration, or alternatively, a court order entered by the District Court for Larimer County, Colorado pursuant to C.R.S. §38-33.3-217(7), has been entered approving this Declaration.

NOW THEREFORE, the Original Declaration is replaced and superceded by the covenants, servitudes, easements and restrictions set forth below:

ARTICLE 1 DEFINED TERMS

Section 1.1 Defined Terms.

Each capitalized term in this Declaration shall have the meaning specified or used in the Act, unless otherwise defined in this Declaration or the context requires otherwise:

(a) Act shall mean the Colorado Common Interest Ownership Act, C.R.S. §38-33.3-101 *et. seq.*, as it may be amended.

(b) Architectural Review Committee or ARC means the committee appointed by the Board of Directors for the purpose of implementing the architectural review provisions of this Declaration and architectural guidelines for the Community to insure proper use, appropriate improvement, and harmonious additions, alterations and improvements within the Community.

(c) Assessment shall include all Common Expense Assessments and any other expense levied to Lots pursuant to this Declaration or the Act, including interest, late fees, attorney fees, fines, and costs.

(d) Association shall mean Grayhawk Knolls Homeowners' Association, a Colorado nonprofit corporation, and its successors and assigns.

(e) Board or Board of Directors shall mean the body, regardless of name, designated in the Governing Documents to act on behalf of the Association.

(f) Common Area or Common Elements shall refer to the Open Space, road rights-of-way, front entrance landscaped areas, and any other real property owned by the Association.

(g) Common Expenses shall mean and refer to all expenditures made and liabilities incurred by or on behalf of the Association, together with any allocation by the Association to reserves.

(h) Community or Grayhawk Knolls Community or Planned Community shall mean the planned community known as "Grayhawk Knolls," and the real property subject to this Declaration and as further defined by the recorded Plats and the legal descriptions contained in this Declaration, and the Members of the Association.

(i) Conservation Easement shall mean the legal contract that prevents development of, and damage to, Tracts A through G, inclusive, as shown on the Plat. Tract A and G are not under the control of the Association. A copy of the Conservation Easement is attached as Exhibit B.

(j) Declaration shall mean and refer to this Third Amended and Restated Declaration of Covenants, Conditions and Restrictions for Grayhawk Knolls, as amended, recorded in the office of the Clerk and Recorder of Larimer County, Colorado.

(k) Governing Documents shall mean this Declaration, the Plat, the Articles of Incorporation, the Bylaws, any Maps and any Rules and Regulations of the Association, as all of the foregoing may be amended from time to time.

(l) Lot shall mean and refer to any of the Lots and plots of land shown upon any recorded subdivision Map or Plat of the Property, together with all appurtenances thereto and improvements now or hereafter located thereon, with the exception of the Common Area and Open Space.

(m) Member shall mean any Owner. The terms "Member" and "Owner" may be used interchangeably.

(n) Open Space shall mean shall refer to Tracts B through F, inclusive, as shown on the Plat that are owned by the Association and subject to the Conservation Easement and the existing power line easement except where it crosses street right-of-ways.

(o) Open Space Committee or OSC shall mean the committee appointed by the Board of Directors for the purpose of implementing the provisions of the Conservation Easement and assisting the Board of Directors to ensure that the Open Space is used consistent with the terms and intent of the Conservation Easement.

(p) Owner shall mean the owner of record title, whether one or more persons or entities, to any Lot or Unit which is a part of the Property, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

(q) Pet shall mean and include cats, dogs, birds, reptiles or other household animals, as may be further defined in or supplemented by the Rules and Regulations.

(r) Plat or Map shall mean and refer to the plat(s) and/or map(s) of the Property and improvements that are subject to this Declaration and which are designated in the Plat or Map recorded in the records of the Office of the Clerk and Recorder of Larimer County. More than one plat, map or supplement thereto may be recorded, and, if so, then the term "Plat" or "Map" shall collectively mean and refer to all of such plats, maps and supplements thereto.

(s) Property shall mean the property described in or which is subject to the Declaration together with all easements, rights, and appurtenances thereto and the buildings and improvements erected or to be erected thereon.

(t) Rules and Regulations shall mean any written instruments, however identified, which are adopted by the Association for the regulation and management of the Community and/or clarification of the Governing Documents, including any amendment to those instruments.

ARTICLE 2 NAMES & DESCRIPTION OF PROPERTY/EASEMENTS

Section 2.1 Name and Type.

The type of Common Interest Community is a Planned Community. The name of the Planned Community is Grayhawk Knolls. The name of the Association is the "Grayhawk Knolls Homeowners' Association."

Section 2.2 Rural Area Issues.

The area surrounding the Community is rural in nature and Owners and occupants should be aware of some unique issues that may be encountered. During certain times of the year, mosquitoes may present a significant nuisance. The County does not have a mosquito control program, so any spraying or other control will be the responsibility of the Owners.

Wildlife such as skunks, snakes, coyotes, and prairie dogs occur more frequently than in more built-up urban areas. Lot Owners should be aware of these occurrences and be prepared to address them if they arise. The County is not able to mitigate nuisances if they develop, although information on managing these issues is available through Colorado Parks and Wildlife.

Farming practices on adjacent properties, including Tract G, can produce odors, noise, and dust. These are a normal part of agriculture and should be expected to occur. Current Larimer County policy is not to interfere with agricultural operations which do not violate its Zoning Resolution.

Section 2.3 Property.

The Planned Community is located in Larimer County, State of Colorado. The Property of the Planned Community is described in *Exhibit A* of this Declaration, in the Original Declaration, in the Plat, and/or is consistent with the common scheme and plan for the creation and operation of the Community. The number of Lots currently included in the Community is 25. Easements for utilities and other purposes over and across the Lots and any Common Area may be as shown upon a recorded Plat and on any recorded Map of the Planned Community, and as may be established pursuant to the provisions of this Declaration, or granted by authority reserved in any recorded document.

Section 2.4 Owners' Easements of Enjoyment.

Subject to the terms and conditions of the Conservation Easement, every Owner shall have a right and easement of enjoyment in and to any Common Area and such easement shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

- (a) the right of the Association to promulgate and publish Rules and Regulations consistent with the Conservation Easement with which each Owner and their tenants, invitees, licensees and guests shall strictly comply;
- (b) the right of the Association, to suspend the voting rights and the right to use the Open Space during any period of violation of any other provision of the Governing Documents; provided that suspension of voting and use rights shall be automatic during any period that an Owner is in default in payment of any Common Expense Assessment;
- (c) the right, power and authority of the Association to grant any easement, right-of-way, license, lease, dedication or similar interest through, over or in the Common Area;
- (d) the right of the Association to transfer or convey ownership of any Common Area, provided that any transfer or conveyance of any Common Area shall be subject to the prior approval of 67% of the total Association vote;

(e) the right of the Association to close or limit the use of any Common Area for purposes of maintenance, repair, conservation, restoration or at the request of the Conservation Easement Agency; and

(f) the right of the Association to change use of, add or remove improvements to the Common Area pursuant to any approval required by the Conservation Easement.

Section 2.5 Delegation of Use.

Owners may delegate their right of enjoyment to any Common Area to the members of their family, their tenants, guests, or contract purchasers who reside at their Lot. If the Owner delegates rights to use the Common Area to tenants or contract purchasers who reside at their Lot, the Owner shall not be entitled to use the Common Area.

Section 2.6 Disclaimer of Liability.

The Association shall be and remain wholly free and clear of any and all liability to, or claims by, all Owners and all persons and entities, of whatever kind or character, whether sounding in contract or tort, deriving from the occurrence of any injury or damage to any person or property on, or in respect to the use and operation of, the Common Area or any of its improvements, fixtures, and facilities. It shall be the affirmative duty and responsibility of each Owner, and each user of the Common Area, to continuously inspect the same for any defects or perils or other unsafe conditions or circumstances, prior to and during such use or enjoyment thereof; and all users of, and visitors to, the Common Area and its improvements and facilities shall use, enjoy, and visit, the same at their own risk and peril.

Section 2.7 Easements for the Association.

Each Lot shall be subject to an easement in favor of the Association, acting through the Board of Directors (including its agents, employees and contractors) to allow for their performance of obligations in this Declaration, provided that the easement granted and the use thereof shall not unreasonably interfere with or impair the use of any improvements constructed on a Lot and shall be exercised only after reasonable notice to the Owner of the Lot.

Section 2.8 Utility, Map and Map Easements.

Easements for utilities and other purposes over and across the Lots and Common Areas may be as shown upon the Plat or Map of the Community, and as may be established pursuant to the provisions of this Declaration, or granted by authority reserved in any recorded document. All terms and conditions of any applicable plat maps are incorporated into this Declaration, including but not limited to the Grayhawk Knolls P.U.D. recording in the real property records for Larimer County, Colorado at Reception Number 98046466.

Section 2.9 Conservation Easement and Plat Map.

The Property and the properties of two adjacent landowners are subject to a Conservation Easement granted in perpetuity by the Declarant in favor of Larimer Land Trust, a Colorado nonprofit corporation, and its successors (at the time of recording, Colorado Open Lands). Tracts A and G on the Plat are owned by Windsor Reservoir and Canal Company and Patrick and Doris Stratton, respectively. The Association owns Tracts B (undeveloped portion) through F and has responsibility for their stewardship under the terms of the Conservation Easement. The Conservation Easement has authority over the Association's use and enjoyment of the Open Space, except for the power line easement. The agency holding the Conservation Easement shall monitor the Open Space at reasonable times and has the right to limit the Association's use of part or all of the property subject to the easement. The terms of the Conservation Easement are incorporated herein by reference, and in the event of any conflict between the terms of the Conservation Easement and this Declaration, the terms of the Conservation Easement shall control.

ARTICLE 3 THE ASSOCIATION

Section 3.1 Membership.

Every person who is a record Owner of a fee interest in any Lot which is subject to this Declaration shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot. Ownership of such Lot shall be the sole qualification for such membership. Each Owner shall be allocated one vote for each Lot owned which shall be cast as a single vote and shall not be subject to fractional voting.

Section 3.2 General Purposes and Powers of the Association.

The Association, through its Board of Directors, shall perform functions and manage the Grayhawk Knolls Community as provided in this Declaration so as to protect the value and desirability of the Grayhawk Knolls Community and the Lots. Subject to the terms of the Conservation Easement, the Association shall be responsible for the maintenance, repair, replacement and improvement of any Common Area. Any purchaser of a Lot shall be deemed to have assented to, ratified and approved such designation and management. The Association shall have all power necessary or desirable to effectuate such purposes.

Section 3.3 Authority of the Association.

The business affairs of the Community shall be managed by the Association. The Association shall be governed by the Act, this Declaration, the Plat or Map, its Articles of Incorporation and Bylaws, and any Rules and Regulations adopted by the Board of Directors. All corporate or other powers of the Association, unless otherwise specified or expressly reserved to the Members in the Governing Documents, shall be exercised by or under the authority of the Board of Directors, and the business and affairs of the Association shall be managed under the direction of the Board of Directors. The Board of Directors may, by written resolution, delegate authority to a managing agent for the Association, provided no such delegation shall relieve the Board of final

responsibility. The Association may exercise any right or privilege and shall perform all duties and obligations expressly granted or reasonably necessary or implied in the Governing Documents to effect such right or privilege or to satisfy such duty or obligation.

Section 3.4 Allocated Interests.

The Common Expense liability and votes in the Association allocated to each Lot are set as follows:

- (a) the percentage of liability for Common Expenses, equally;
- (b) the number of votes in the Association, equally.

Section 3.5 Managing Agent.

The Association may employ or contract for the services of a managing agent to whom the Board may delegate certain powers, functions, or duties of the Association, as provided in the Bylaws of the Association. The Board shall not be liable for any omission or improper exercise by a managing agent of any duty, power, or function so delegated by written instrument executed by or on behalf of the Board.

Section 3.6 Right to Notice.

Notice of matters affecting the Community shall be given by the Association or through access to Association records, as further provided in the Bylaws or as otherwise provided by the Board of Directors.

Section 3.7 Indemnification.

To the full extent permitted by law, each officer, director, committee member or volunteer of the Association shall be indemnified by the Association against all expenses and liabilities including attorney fees, reasonably incurred by or imposed upon them in any proceeding to which they may be a party, or in which they may become involved, by reason of being or having been an officer, director, committee member or volunteer of the Association, or any settlements thereof, whether or not they are an officer, director, committee member or volunteer at the time such expenses are incurred; except in such cases wherein such officer, director, committee member or volunteer is adjudged guilty of breaching his or her duty of care (as set forth in the Act) in the performance of his or her duties.

Section 3.8 Security Disclaimer.

The Association may, but shall not be required to, from time to time, provide measures or take actions which directly or indirectly improve security in the Community; however, each Owner, for himself or herself and his or her tenants, guests, licensees and invitees, acknowledges and agrees that the Association is not a provider of security and shall have no duty to provide security in the Community. Furthermore, the Association does not guarantee that non-residents will not gain access to the Community and commit criminal acts in the Community, nor does the Association guarantee

that criminal acts in the Community will not be committed by residents. It shall be the responsibility of each Owner to protect his or her person and property and all responsibility to provide such security shall lie solely with each Owner. The Association shall not be held liable for any loss or damage by reason of failure to provide security or the ineffectiveness of measures taken.

Section 3.9 Education and Training.

As a Common Expense, the Association shall, in accordance with the Act, provide education and training opportunities for Owners, residents and occupants, including providing funding and permitting use of facilities for such purposes. The Association shall provide education and training activities as a tool for fostering Owner, resident and occupant awareness of governance, operations and concerns of the Community and of the Association. Appropriate educational topics include dispute or conflict resolution, issues involving the Governing Documents, and education or topics benefitting or contributing to operation or governance of the Community and the rights and responsibilities of Owners and the Association. The Association may also fund and support education and training for officers and directors.

ARTICLE 4 COVENANT FOR ASSESSMENTS FOR COMMON EXPENSES

Section 4.1 Creation of Association Lien and Personal Obligation to Pay Assessments for Common Expenses.

Each Owner, by acceptance of a deed for a Lot, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to covenant and agree to pay to the Association annual Assessments for Common Expenses and such other Assessments as imposed by the Association. The Association annual Common Expense Assessments and such other Assessments as imposed by the Association, including fees, charges, late fees, attorney fees, fines and interest charged by the Association, and additional fees charged by the managing agent, including but not limited to, administration and witness fees, and/or any other charges that may be assessed and/or levied or may be agreed to in the process of collecting past due Assessments, including but not limited to, credit card convenience fees from whatever source, shall be a charge on each Lot and shall be a continuing lien upon the Lot against which each such Assessment or charge is made. If any Assessment is payable in installments, the full amount of the Assessment is a lien from the time the first installment becomes due. The personal obligation to pay any past due sums due the Association shall not pass to a successor in title unless expressly assumed by them. No Owner may become exempt from liability for payment of the Assessments for Common Expenses by waiver of the use or enjoyment of the Common Area or by abandonment of the Lot against which the Assessments for Common Expenses are made. All Assessments shall be payable in the amounts specified in the levy thereof, and no offsets or reduction thereof, except as provided in this Declaration, shall be permitted by any reason including, without limitation, any claim that the Association or the Board of Directors is not properly exercising its duties and powers under this Declaration. Except as provided in this Declaration, all Assessments for Common Expenses shall be assessed against all Lots equally.

Section 4.2 Basis of Assessments.

Common Expense Assessments may be made on an annual basis against all Lots and shall be based upon the Association's advance budget of the cash requirements needed by it to provide for the administration and performance of its duties during such Assessment year.

Section 4.3 Annual Assessment.

The budget for annual Assessments shall be submitted to the Owners for ratification pursuant to Section 303(4) of the Act and as set forth in the Bylaws, as the Bylaws may be amended from time to time. The budget may be vetoed by a majority of the total Association vote. Assessments for Common Expenses shall be due and payable in monthly, quarterly, or annual installments, or in any other manner, as determined by the Board of Directors. The omission or failure of the Board of Directors to levy the Assessment for any period shall not be deemed a waiver, modification or a release of the Owners from their obligation to pay.

Section 4.4 Special Assessments.

In addition to other authorized Assessments, the Association may levy Special Assessments from time to time to cover previously unbudgeted expenses or expenses in excess of those budgeted, including, without limitation, the costs of any construction, restoration, or unbudgeted repairs or replacements of capital improvements that are not covered by the general reserve fund. The proposed Special Assessment shall be submitted to the Owners for ratification pursuant to Section 303(4) of the Act and as set forth in the Bylaws, as the Bylaws may be amended from time to time. The proposed Special Assessment may be vetoed by a majority of the total Association vote. Special Assessments may be payable in installments extending beyond the fiscal year in which the Special Assessment is approved. The Board shall have the right to require that Special Assessments be paid in advance of the provision of the subject services or materials.

Section 4.5 Supplemental Assessments.

The Association shall have the right to add to any Owner's Assessment as provided in this Article the following:

- (a) Those amounts expended by the Association for the benefit of any individual Lot or any occupant thereof, including but not limited to: improvement, repair, replacement or maintenance specific to a Lot;
- (b) Improvement, repair, replacement or maintenance caused by the negligent or willful acts of any Owner, his or her guest, employee, licensee, lessee or invitee as set forth in this Declaration;

(c) All fines and costs assessed against an Owner pursuant to the Governing Documents; and

(d) Any other expenditures or charges which the Board, in its sole discretion, chooses to allocate to a Lot and are reasonably determined to be allocable to a particular Lot.

Section 4.6 Application of Payments.

All sums collected on a delinquent account referred to an attorney shall be remitted to the Association's attorney until the account is brought current. All payments received on an account of any Owner or the Owner's Lot shall be applied to payment of any and all legal fees and costs (including attorney fees), expenses of enforcement and collection, late fees, returned check fees, lien fees and other costs owing or incurred with respect to such Owner pursuant to the Governing Documents, prior to application of the payment to any special or regular Assessments due or to become due with respect to such Owner.

Section 4.7 Effect of Non-Payment of Assessments.

(a) Any Assessment, charge or fee provided for in this Declaration, or any monthly or other installment thereof, which is not fully paid within 15 days after the due date thereof, as established by the Board of Directors, shall bear interest at the rate established by the Board of Directors, on a per annum basis to accrue monthly from the due date, and the Association may assess a reasonable late fee thereon as determined by the Board of Directors.

(b) Failure to make payment within 30 days of the due date thereof shall cause the total amount of such Owner's Common Expense Assessment for the remainder of that fiscal year to become immediately due and payable at the option of the Board. The Board may, in its discretion, decelerate the Member's annual Assessment.

(c) Further, the Association may bring an action at law or in equity, or both, against any Owner personally obligated to pay such overdue Assessments, charges or fees, or monthly or other installments thereof, and may also proceed to foreclose its lien against such Owner's Lot. An action at law or in equity by the Association against an Owner to recover a money judgment for unpaid Assessments, charges or fees, or monthly or other installments thereof, may be commenced and pursued by the Association without foreclosing, or in any way waiving the Association's lien therefor.

(d) Foreclosure or attempted foreclosure by the Association of its lien shall not be deemed to estop or otherwise preclude the Association from thereafter again foreclosing or attempting to foreclose its lien for any subsequent Assessment, charges or fees, or monthly or other installments thereof, which are not fully paid when due. The Association shall have the power and right to bid on or purchase any Lot at foreclosure or other legal sale, and to acquire and hold, lease, mortgage, convey or otherwise deal with the same. If a foreclosure

action is filed to foreclose any Assessment lien, and an Owner abandons or leaves vacant his or her Lot, the Board may take possession and rent said Lot or apply for the appointment of a receiver for the Lot without prior notice to the Owner. The rights of the Association shall be expressly subordinate to the rights of any holder of a first lien security interest as set forth in its deed of trust or mortgage (including any assignment of rents), to the extent permitted under the Act.

Section 4.8 Lien Priority.

The lien of the Association under this Section is prior to all other liens and encumbrances on a Lot except: (1) liens and encumbrances recorded before the recordation of the Declaration; (2) a first lien security interest on the Lot (except as allowed by the Act with regard to the limited lien priority allowed to the Association); and (3) liens for real estate taxes and other governmental assessments or charges against the Lot. This Section does not affect the priority of mechanics' or materialmen's liens. The lien of the Association under this Article is not subject to the provision of any homestead exemption as allowed under state or federal law. Sale or transfer of any Lot shall not affect the lien for said Assessments or charges except that sale or transfer of any Lot pursuant to foreclosure of any first lien security interest, or any proceeding in lieu thereof, including deed in lieu of foreclosure, or cancellation or forfeiture shall only extinguish the lien of Assessment charges as provided by applicable state law. No such sale, transfer, foreclosure, or any proceeding in lieu thereof, including deed in lieu of foreclosure, nor cancellation or forfeiture shall relieve any Lot from continuing liability for any Assessment charges thereafter becoming due, nor from the lien thereof.

**ARTICLE 5 COVENANTS AND RESTRICTIONS ON USE, ALIENATION
AND OCCUPANCY**

Section 5.1 Flexible Application of the Subsequent Covenants and Restrictions.

All Lots within the Community shall be held, used and enjoyed subject to the following limitations and restrictions. The strict application of the following limitations and restrictions in any specific case may be modified or waived, in whole or in part, by the Board of Directors or by an appropriate committee (subject to review by the Board of Directors) if such strict application would be unreasonable or unduly harsh under the circumstances. Any such modification or waiver must be in writing.

Section 5.2 Authority.

All provisions of the Governing Documents and Conservation Easement shall apply to Owners and their guests, tenants, invitees and licensees. Owners and their successors and assigns, by acceptance of a deed to their Lot, acknowledge that they have been given notice, and that:

(a) The ability of Owners to use their Lots may be limited by the provisions in the Governing Documents.

(b) The Board may, from time to time, adopt and amend definitions of words, phrases and terms used in this Declaration and other Governing Documents.

(c) The Board may establish penalties for the infraction of all regulations and Owners will be responsible for fines assessed against their tenants, guests and invitees for violations of the restrictions.

(d) All fines imposed are collectable as Assessments.

(e) In furtherance of the provisions of this Declaration, Conservation Easement, and the general plan, Rules and Regulations concerning and governing the Community or any portion thereof may be adopted, amended, or repealed from time to time by the Board of Directors. The Board of Directors may establish and enforce penalties for the infraction thereof.

Section 5.3 Use/Occupancy.

All Lots within the Community shall be used only for those uses and/or purposes as allowed by the local zoning, control and regulation, and permitted by this Declaration, subject to any Rules and Regulations adopted by the Association. Lots shall not be used for any purpose other than a residential dwelling except as set forth in this Section. Home occupations shall be allowed so long as the home occupations are incidental and secondary to the use of the Lot and do not change the residential character thereof, comply with local zoning ordinances and regulations, and comply with this Declaration. External advertising of any kind is prohibited. In no instance shall a home occupation be visible externally, and on-site employees of an in-home business shall be limited to members of the Owner's household. Uses which have one or more of the following characteristics are not permitted: (a) commercial manufacturing or fabrication of any kind; (b) storage of hazardous materials which are prohibited by law; (c) increased traffic or parked vehicles beyond that reasonable and customary to a residential dwelling use; (d) permanent or long term parking of heavy equipment, including semi-trailers; (e) the use or rental of any structure on a Lot for any transient, hotel, motel, bed and breakfast, restaurant, bar or other commercial purposes.

Section 5.4 Leasing and Occupancy.

Any Owner shall have the right to lease or allow occupancy of a Lot upon such terms and conditions as the Owner may deem advisable, subject to restrictions of this Declaration, subject to restrictions of record and subject to the following:

(a) "Leasing" or "Renting" for the purposes of this Declaration, is defined as regular, exclusive occupancy of a Lot by any person other than the Owner; provided, however, for the purposes of this Declaration, leasing shall not include the occupancy of the Lot by the child or parent of an Owner.

(b) Short term occupancies and rentals (of less than 90 days) of Lots shall be prohibited, without prior written permission from the Association.

(c) All leases or rental agreements shall be in writing and shall provide that the leases or rental agreements are subject to all terms of the Governing Documents. Owners are required to provide tenants with copies of the current Declaration, Articles of Incorporation, Bylaws and any Rules and Regulations of the Association.

(d) Each Owner who leases his or her Lot shall provide the Association, upon request, a copy of the current lease and tenant information, including the names of all occupants, vehicle descriptions, including license plate numbers, and any other information reasonably requested by the Association or its agents.

(e) Each Owner is encouraged to conduct full background checks, including credit and criminal reports, for each lease applicant.

(f) All occupancies, leases and rental agreements of Lots shall state that the failure of the tenant, lessee, renter or their guests to comply with the terms of the Governing Documents shall constitute a default of the occupancy, lease or rental agreement and of this Declaration and such default shall be enforceable by either the Association or the landlord, or by both of them.

(g) Leases shall be for or of the entire Lot.

(h) All Owners who reside at a place other than the Lot shall provide to the Association an address and phone number(s) where the Owner can be reached in the case of emergency or other Association business. It is the sole responsibility of the Owner to keep this information current.

(i) The Association shall have the authority to adopt Rules and Regulations regarding leasing, including the implementation of this restriction, and for implementation of other restrictions in the Declaration and as allowed by law.

Section 5.5 Maintenance of Lots and Improvements.

Owners are responsible for the maintenance, repair and replacement of the property and improvements located within their Lot boundaries. The exteriors of all residences, outbuildings, and other buildings within the Community shall be maintained in good, attractive condition by the Owners thereof. All residences shall be repainted or restained periodically, as needed. The

Association may require an Owner to paint or stain his or her residence or other buildings.

Section 5.6 Landscaping Requirements and Restrictions.

The landscaping of each Lot shall be maintained by the Owner in a good, neat, attractive and well-kept condition, whether xeriscaped or with turf, which shall include lawns mowed, hedges, shrubs, and trees pruned and trimmed, and removal of weeds and debris. If any landscaping is installed which violates the requirements of this Declaration, the Association may give the Owner written notice to remove such landscaping within no more than 30 days and the Owner shall remove such landscaping within said period. Failure to comply with any such request of the Association shall be a violation of this Declaration and shall be enforceable pursuant to the terms of this Declaration.

Section 5.7 Land Use and Building/Residence Types/Sizes.

No lot shall be used except as the site of a detached single family dwelling. Said dwelling may include a private garage having doors accommodating not more than four cars or other permitted vehicles, abreast of one another. The minimum square footage for a one level Ranch Style home shall be not less than 1800 square feet. The minimum square footage for a two story home shall be 2400, comprised of at least 1400 square feet on the main level and 1000 square feet on the upper level. No modular or factory built homes shall be permitted on any of the Lots. All dwellings must be approved by the Architectural Review Committee prior to building.

Section 5.8 Rebuilding.

Any structure which is destroyed in whole or in part by fire, windstorm, or from any other act of God must be rebuilt, or all debris must be removed and then the Lot restored to a sightly condition, within six months of the time the damage occurs.

Section 5.9 Restrictions on Animals.

No animals or livestock including but not limited to horses, goats, sheep, or poultry may be raised, kept, or bred on any Lot except a reasonable number of Pets, as determined by the Board, may be kept on a Lot, if the Pet is not a nuisance to other residents. No resident shall maintain or keep any Pet which, in the sole discretion of the Board, is considered to be a danger to the Owners, management staff or occupants in the Community or is otherwise considered to be a dangerous breed, as may be further defined in the Rules and Regulations. If a Pet is deemed a nuisance by the Association, the resident having control of the Pet shall be given a written notice to correct the problem and if not corrected, that resident will be required to remove the Pet from the Community pursuant to, and in accordance with, any dispute resolution procedures as may be set forth in this Declaration or the Rules and Regulations, if any. Pets may not be kept for any commercial purposes. When not in a fenced yard, Pets must be under control at all times in the Community with either an electronic collar, verbal command or leash. Feces left by Pets upon the Common Area or other Lots must be removed promptly by the owner of the Pet or the person responsible for the Pet. Owners shall hold the Association harmless from any claim resulting from any action of their Pets or the Pets

of their tenants, guests or other invitees.

Section 5.10 Antennae.

"Permitted Antennas" are defined as (a) an antenna which is less than one meter in diameter and is used to receive direct broadcast satellite service, including direct-to-home satellite services, or is used to receive or transmit fixed wireless signals via satellite; (b) an antenna which is less than one meter in diameter and is used to receive video programming services via multipoint distribution services, including multichannel multipoint distribution services, instruction television fixed services, and local multipoint distribution services or is used to receive or transmit fixed wireless signals other than via satellite; (c) an antenna which is designed to receive broadcast television broadcast signals; or (d) other antennas which are expressly permitted under applicable federal statutes or regulations. In the event a Permitted Antenna is no longer expressly permitted under applicable federal statutes or regulations, such antenna will no longer be a Permitted Antenna for purposes of this Section.

Permitted Antennas shall be installed in the least conspicuous location available on a Lot which permits acceptable signals, without unreasonable delay or increase in the cost of installation, maintenance or use of the Permitted Antenna. The Association may adopt rules regarding location and installation of Permitted Antennas, subject to limitations of applicable federal law. Except as allowed by federal statutes and regulation, no exterior television or any other antennae, microwave dish, satellite dish, satellite antenna, satellite earth station or similar device of any type shall be erected, installed or maintained on a Lot.

Section 5.11 Tanks.

No tanks of any kind (either elevated or buried), except for small portable tanks associated with an outdoor gas grill, fireplace, or firepit, septic tanks and propane tanks for heating garages or outbuildings shall be erected, placed or permitted upon any Lot without the prior written approval of the ARC.

Section 5.12 Nuisances.

No nuisance shall be permitted within the Grayhawk Knolls Community, nor any use, activity or practice which is the source of unreasonable annoyance or embarrassment to, or which unreasonably offends or disturbs, any Owner or which may unreasonably interfere with the peaceful enjoyment or possession or the proper use of a Lot or any Common Area, or any portion of the Grayhawk Knolls Community by residents. Further, no improper, offensive or unlawful use shall be permitted within the Grayhawk Knolls Community or any portion thereof. All valid laws, ordinances and regulations of all governmental bodies having jurisdiction over the Grayhawk Knolls Community or a portion thereof shall be observed.

Section 5.13 Vehicular Parking, Storage, and Repairs.

(a) Parking upon any Open Space is prohibited unless necessary for maintenance and is subject to the terms of the Conservation Easement.

(b) Parking upon the street and street right-of-ways shall be regulated by the Association.

(c) The following may not be parked or stored within the Community, unless such parking or storage is within a garage on a Lot, is authorized in writing by the Association, or is otherwise exempted by Colorado law: oversized vehicles, pickup and other trucks over one ton, commercial vehicles, trailers, camping trailers, boat trailers, hauling trailers (except for landscape trailers no larger than six (6) feet by twelve (12) feet and sides no taller than two (2) feet, which shall be permitted), boats or accessories thereto, self-contained motorized recreational vehicles, or other oversized types of vehicles or equipment as prohibited by rule or regulation. With the exception of RV's and camping trailers, the foregoing may be parked as a temporary expedience for loading, delivery of goods or services, or emergency; provided, however, overnight parking of the same is prohibited. RV's and camping trailers of members shall be permitted in the Community for up to two weeks for loading and unloading and for visitors. RV's and camping trailers of guests shall not be parked on any one Lot more than 14 days total in any calendar year. This restriction shall not apply to trucks or other commercial vehicles temporarily located within the Community which are necessary for construction or for the maintenance of any Common Area, Lots, or any improvement located thereon.

(d) No abandoned, unlicensed or inoperable automobiles or vehicles of any kind shall be stored or parked on a Lot or within the Community unless parked or stored within a garage. An "abandoned or inoperable vehicle" shall be defined by Colorado statutes governing inoperable or abandoned vehicles on public streets, or as defined by rule or regulation adopted by the Association.

(e) No parked vehicle may impede the safe and efficient use of the streets by residents, obstruct emergency access to/from the Community, or interfere with the reasonable needs of other residents to use their driveway, Community streets or guest parking, if any.

(f) No activity such as, but not limited to, maintenance, repair, rebuilding, dismantling, repainting, or servicing of any kind of vehicle, trailer or boat, may be performed or conducted outside of garages. This provision shall not be deemed to prevent washing and polishing of a vehicle, together with those activities normally incident and necessary to such washing and polishing. Minor repairs may be performed, provided they may be completed the day commenced and all equipment and parts are removed upon completion of the work. No vehicles may be left unattended on jacks or jack stands.

(g) If any vehicle is parked on any portion of the Community in violation of this Section or in violation of the Association's Rules and Regulations, the Board may place a notice on the vehicle specifying the nature of the violation and stating that after 72 hours the vehicle may be towed or booted. The notice shall include the name and telephone number of a person to contact regarding the alleged violation. If 72 hours after such notice is placed on the vehicle the violation continues or thereafter occurs again within six months of such notice, the vehicle may be towed or booted in accordance with the notice, without further notice to the vehicle owner or user, and the owner thereof shall be solely responsible for all towing and storage charges.

(h) If a vehicle is blocking another vehicle or access to another Owner's or occupant's Lot, is obstructing the flow of traffic, is parked on any grassy area, or otherwise creates a hazardous condition, no notice shall be required and the vehicle may be towed or booted immediately.

(i) If a vehicle is towed or booted in accordance with this subparagraph, neither the Association nor any officer or agent of the Association shall be liable to any person for towing and storage costs or for any claim of damage as a result of the towing or booting activity. The Association's right to tow or boot is in addition to, and not in limitation of all other rights of the Association, including the right to assess fines. Notwithstanding anything to the contrary in this Section, the Board may elect to impose fines or use other available sanctions, rather than exercise its authority to tow or boot.

Section 5.14 Use of Common Area.

There shall be no obstruction of any Common Area, nor shall anything be kept or stored on any part of any Common Area without the prior written approval of the Association. Nothing shall be altered on, constructed in, or removed from any Common Area without the prior written approval of the Association, or of the grantee of the Conservation Easement if the conserved land is involved.

Section 5.15 No Annoying Lights, Sounds or Odors.

No light shall be emitted from any portion of the Community which is unreasonably bright or causes unreasonable glare, and no sound shall be emitted from any portion of the Community which would reasonably be found by others to be noxious or offensive. Without limiting the generality of the foregoing, no exterior spot lights, searchlights, speakers, horns, whistles, bells or other light or sound devices shall be located or used on any portion of the Community except with the prior written approval of the Association. All exterior lighting shall be down-directed to prevent the luminaries from being visible from off-site.

Section 5.16 No Hazardous Activities or Materials.

No activity shall be conducted on and no improvement or materials shall be constructed on or stored within any Property within the Community which is or might be unsafe or hazardous to any person or property. Without limiting the generality of the foregoing, no firearms shall be discharged upon any Property within the Community; provided, however, BB guns and pellet guns are permissible. No open fires shall be lighted or permitted on any Property within the Community except in a contained barbeque unit while attended and in use for cooking purposes or within an interior or exterior fireplace/fire pit designed to prevent dispersal of burning embers unless otherwise prohibited by governmental ordinances. No Owner or Owners shall permit any condition on his Lot or Lots which creates a fire hazard or is in violation of applicable fire prevention regulations.

Section 5.17 Restrictions on Clotheslines and Storage.

Except for retractable clotheslines which comply with reasonable aesthetic regulations adopted by the Board and except as otherwise permitted by Colorado law, no clotheslines, shops, farming, construction or other equipment, storage or storage areas shall be installed, allowed, kept, maintained or permitted on any Lot unless the same, in each instance, is expressly permitted in writing by the Association. Owners shall deem to hold the Association harmless from any claim resulting from any clotheslines, drying areas or yards, service yards, shops, equipment, storage or storage areas maintained on their Lot.

Section 5.18 Restriction on Signs and Advertising Devices.

(a) Except as provided in this Section, no sign, poster, billboard, advertising device or display of any kind shall be erected or maintained anywhere on a Lot except such sign or signs as may be approved in writing by the Association. (b) Signs intended to impact the outcome of an election must be displayed in accordance with the Association's Rules and Regulations. (c) One professionally lettered "For Sale" or "For Rent" sign not to exceed three feet by two feet on the Lot and at the front entrance of the community and one professionally lettered security or alarm system sign not exceeding one square foot may be displayed on a Lot.

Section 5.19 Outbuildings and Temporary Structures.

An "outbuilding" shall mean an enclosed or covered structure not directly attached to the dwelling it serves. No outbuilding or temporary structure, including sheds, playhouses, trailers, mobile homes, tents (except for temporary overnight use), shacks, or detached garages or carports, shall be allowed on any Lot unless approved in writing by the Architectural Review Committee. Further, no outbuilding or temporary structure shall be used on any Lot at any time for residential purposes, either temporarily or permanently. No outbuilding shall be greater in height than the residence and the aggregate footprint area of all outbuildings shall not exceed one times the area of the main residence (i.e. the concrete foundation of the house including the garage and porches that are on the foundation stem wall, not including decks).

Section 5.20 Trash Removal Restriction.

All residents shall have their trash picked up by the same trash company on the same day of the week as designated by the Association. Nothing in this Section shall prohibit a resident from hauling trash or debris for themselves. Each resident shall be responsible for payment directly to the trash removal company for servicing the resident's Lot. Trash cans and receptacles shall be stored in garages or out of sight except the night before and the day of trash pick-up. All equipment for the storage or disposal of such materials shall be kept in a clean and sanitary condition. No garbage cans, trash cans or receptacles shall be maintained in an exposed or unsightly manner.

Section 5.21 No Subdivision.

No Lot shall be subdivided or utilized for more than one detached single family dwelling (with approved associated outbuildings and structures). Boundary adjustments between neighboring Lots shall be allowed, subject to the reasonable approval of the Architectural Review Committee and Larimer County, so long as the total number of Lots within the Community is not thereby increased.

Section 5.22 Open Space.

(a) Any activity on or use of the Open Space inconsistent with the Conservation Values set forth in the Conservation Easement is prohibited. The Board shall appoint an Open Space Committee ("OSC") to monitor use of the Open Space and institute and manage stewardship practices.

(b) Restriction of Use or Access. Upon recommendation of the OSC, the Board may restrict or prohibit use or access to any or all of the Open Space for purposes of conservation, restoration, repair, or maintenance. The agency holding the Conservation Easement has the right to limit similar use or access and require restoration of any areas or features damaged as the result of any activity inconsistent with the purpose of the Easement.

(c) Vehicular Access. Access to the Open Space, including Geist Reservoir, by motorized vehicles, including recreational off-road vehicles, snowmobiles, automobiles, motorboats and jet skis is prohibited, except for maintenance purposes. Bicycles are permitted only on the improved trail connecting Hawks Nest Way and Grayhawk Road and are there restricted to the gravel portion of the trail. The use of motor vehicles to load/unload non-motorized watercraft at the reservoir is not permitted. The Association may regulate vehicle access on the power line easement north of Grayhawk Road.

(d) Foot Access. Walking, jogging, and running on the Open Space are allowable activities. The OSC with approval from the Conservation Easement agency may have trails mowed from time to time in areas of the Open Space for the use and enjoyment of the members.

(e) Mowing by Members. With the exception of a strip up to 15 feet wide adjacent to a Member's Lot, no Member or agent of the Member shall mow anywhere on the Open Space without first obtaining approval from the OSC or Board

(f) Geist Reservoir. Fishing is allowed at Geist Reservoir. Fishermen shall remove all hooks, line, and other fishing paraphernalia from the area when they are done. The use of non-motorized watercraft is permitted, but the use of motorized vehicles for the purpose of unloading or loading watercraft at the Reservoir is prohibited. There are two livestock watering easements permitting two landowners on the north side of the reservoir to water livestock without interference. The Association may adopt Rules and Regulations regarding the use of Geist Reservoir, and may suspend enjoyment rights as provided in this Declaration.

(g) Grazing. Seasonal or temporary grazing of livestock (cattle, goats, sheep, etc.) is a permitted activity on the Open Space if it is part of a stewardship plan approved by the agency holding the Conservation Easement. Fencing, watering devices, and duration of permitted grazing shall be part of such a plan.

(h) Hunting and Shooting. No hunting or shooting shall be permitted in the Open Space. However, this restriction shall not interfere with any law enforcement or wildlife agencies in the performance of their duties.

Section 5.23 Sight Distance at Intersections.

No fence, wall, hedge, or shrub planting which obstructs sight lines at elevations between 2 and 6 feet above the roadway shall be placed or permitted to remain on any corner Lot within the triangular area formed by the street property lines and a line connecting them at points 25 feet from the intersection of the street property lines extended. The same sight line limitation shall apply on any Lot within 10 feet from the intersection of a street property line within the edge of a driveway pavement. No tree shall be permitted to remain within such distances of such intersections unless the foliage line is maintained at a sufficient height to prevent obstruction of such sight line.

Section 5.24 Prohibition of Commercial Marijuana Distribution and Growing.

No Owner or occupant of a Lot may utilize such Lot for the purpose of growing or distributing marijuana or medical marijuana for commercial purposes. This prohibition may further be clarified by the Board of Directors through Rules and Regulations.

Section 5.25 Hunting Prohibited.

No hunting of big game animals shall be permitted on any Lot.

Section 5.26 Smoking Prohibition.

No Owner or occupant shall smoke in the Open Space.

Section 5.27 Placement and Usage of Rain Barrels.

Rain barrels are permitted but must be approved by the ARC.

Section 5.28 Driveways and Culverts.

No driveway shall be installed serving any Lot or tract from any road or street within the Community unless said driveway shall have a culvert installed in accordance with the Engineering Drawings approved by Larimer County. The Owner of said Lot or tract shall be responsible for the proper installation and maintenance of the culvert and driveway so it will not interfere with proper drainage and material shall not be tracked onto the Road. The sweeping of the road from spillage or recycled asphalt or gravel is encouraged to help prevent damage to the road surface.

Section 5.29 Garages.

Each detached single family dwelling shall include a garage accommodating at least two automobiles.

Section 5.30 Setbacks and Building Envelopes.

All houses and outbuildings shall be located within the building envelopes shown on each Lot on the Plats. Where the septic envelope is located within the building envelope, no house or building shall be constructed which interferes with the septic tank envelope unless the Owner shall have first obtained a permit for a septic system located elsewhere on the site from Larimer County. No building shall be located closer than 40 feet to any street right-of-way boundary.

Section 5.31 Compliance with Governing Documents.

Each Owner shall comply strictly with the provisions of this Declaration, the Articles of Incorporation, Bylaws, the Conservation Easement, and the Rules and Regulations of the Association, as amended.

Section 5.32 Compliance With Other Laws.

No improper, offensive or unlawful use shall be permitted within the Community or any portion thereof. All valid laws, ordinances and regulations of all governmental bodies having jurisdiction over the Community or a portion thereof shall be observed.

Section 5.33 Restriction on Mining and Drilling.

No Property within the Community shall be used for the purpose of mining, quarrying, drilling, boring or exploring for or removing oil, gas, or other hydrocarbons, minerals, rocks, stones, gravel or earth.

Section 5.34 Use of the Words Grayhawk Knolls and Grayhawk Knolls Homeowners' Association.

No Owner or resident shall use the words Grayhawk Knolls or Grayhawk Knolls Homeowners' Association or the logo of the Community or Association, if any, or any derivative thereof, in connection with any goods, materials or services, the use of which is likely to cause confusion, mistake or deception as to the source or origin of such goods, materials or services, without the prior written consent of the Association.

ARTICLE 6 ARCHITECTURAL REVIEW

Section 6.1 Required Approval.

All permanent and temporary structures, buildings, fences, improvements, landscaping, painting, staining, roofing, green energy improvements and all other items, improvements, and components set forth in the Association's architectural guidelines shall not be constructed, erected, installed, altered, or changed without the prior written approval of the ARC. Submissions for approval will be accepted as provided in the architectural guidelines.

Section 6.2 Acknowledgment of Owners.

Owners acknowledge, accept and agree to the following:

(a) Owners will not commence construction or installation of an improvement until they have submitted improvement plans and specifications and received written approval from the ARC;

(b) Owners shall immediately comply with any request by the Association for additional information relating to an improvement prior to the ARC's approval of a request and/or prior to the completion of an improvement. Failure to comply with such a request by an Owner shall result in the withdrawal of ARC approval, if previously granted;

(c) ARC approval does not constitute approval of the local building or zoning department, drainage design or structural soundness;

(d) Owners, by submitting an application for approval, hereby certify: (i) they will construct or modify improvements located only on their own Lot or upon Property which they have permission to construct, modify or improve; and (i) they will not violate any easements, rights-of-way, or other rights appurtenant to such Property.

(e) Owners shall notify the ARC of completion of the improvement's installation or construction within five days of such completion;

(f) Upon completion of an improvement, Owners authorize the ARC or its representative(s) to enter onto the Lot for exterior inspection, with the Owner having the right to be present at the inspection;

(g) Failure of an Owner to notify the ARC of completion of an approved improvement, or refusal to allow inspection, shall result in the withdrawal of the ARC's approval;

(h) If the improvement as built does not conform to the improvement as approved by the ARC, the ARC's approval will be deemed withdrawn, and upon written request of the ARC, Owners shall, at their own expense and cost, promptly bring the improvement into compliance with the submitted and approved plans and specifications;

(i) In the event of withdrawal of ARC approval for any reason(s) cited in this Section, and upon written request from the ARC, the Owner, at his or her expense and cost, shall promptly restore the Lot to substantially the same condition as it existed prior to commencement of the improvement's installation or construction, and such withdrawal will be deemed to toll the statute of limitations as it pertains to the improvement until such time as the improvement is brought into compliance.

Section 6.3 Architectural Criteria.

The ARC shall exercise its reasonable judgment to the end that all attachments, improvements, construction, landscaping and alterations to improvements on a Lot or landscaping of a Lot shall comply with the requirements set forth in this Declaration. The approval or consent of the ARC on matters properly coming before it shall not be unreasonably withheld, and actions taken shall not be arbitrary or capricious. Approval shall be based upon, but not limited to, conformity and harmony of the exterior appearance of structures with neighboring structures, preservation of aesthetic beauty, and conformity with the specifications and purposes generally set out in this Declaration. Upon its review of such plans, specifications and submittals, the ARC may require that the applicant(s) reimburse the Board for actual expense incurred by it in its review and approval process.

Section 6.4 Establishment of the ARC.

The ARC shall consist of a minimum of three members appointed by the Board of Directors. The Board shall have the authority to remove any members of the ARC at their sole discretion.

Section 6.5 Architectural Guidelines.

The ARC may propose architectural guidelines from time to time, which guidelines must be approved by the Board of Directors and included in or with any Rules and Regulations of the Association.

Section 6.6 Reply and Communication.

The ARC shall reply to all submittals of plans made in accordance herewith in writing as soon as possible and practical after confirmation of receipt. In the event the ARC fails to take any action on submitted plans and specifications within 30 days after the ARC has received the plans and specifications, approval shall be deemed to be granted, provided, however, nothing in this Section shall authorize anyone to construct or maintain any structure or improvement that is otherwise in violation of this Declaration, the Rules and Regulations or any architectural guidelines adopted by the Board. All communications and submittals shall be addressed to the ARC in care of the Association.

Section 6.7 Conditions of Approval.

In the discretion of the Board or the ARC, an Owner may be required to enter into a written agreement establishing the approval of the application in recordable form acknowledged by such Owner on behalf of himself or herself and all successors-in-interest. As a condition of approval for a requested architectural change, modification, addition or alteration, an Owner, on behalf of himself or herself and his or her successors-in-interest, affirms and shall assume, unless otherwise agreed in writing, all responsibilities for maintenance, repair, replacement and insurance to and on such change, modification, addition or alteration.

Section 6.8 Commencement and Completion of Construction.

All improvements approved by the ARC must be commenced within one year from the date of approval. If not commenced within such time, then such approval shall be deemed revoked by the ARC, unless the ARC gives a written extension for commencing the work. Additionally, except with written ARC approval otherwise, and except for delays caused by strikes, fires, national emergencies, critical materials shortages or other intervening forces beyond the control of the Owner, all work approved by the ARC shall be completed within 18 months of commencement.

Section 6.9 Variances.

The Board may grant reasonable architectural or landscaping variances or adjustments from any conditions and restrictions imposed by this Declaration in order to overcome practical difficulties and unnecessary hardships arising by reason of the application of the conditions and restrictions contained in this Declaration or in architectural guidelines.

Section 6.10 Right to Appeal.

If the Board of Directors is not acting as the ARC, an Owner whose plans have been disapproved or conditionally approved may appeal any decision of the ARC to the Board of Directors. The Board of Directors shall review the decision of the ARC pursuant to the criteria set forth in this Article and/or the architectural guidelines. Any decision of the ARC may be overruled and reversed on appeal by a majority of the directors by a written decision setting forth the reasons for the reversal when the directors conclude that the ARC's decision was inconsistent with the criteria set forth in this Article and the guidelines.

Section 6.11 Waivers.

The approval or consent of the ARC, or appointed representative thereof, to any application for architectural approval shall not be deemed to constitute a waiver of any right to hold or deny approval or consent by the ARC as to any application or other matters subsequently or additionally submitted for approval or consent.

Section 6.12 Liability.

The ARC and the members thereof, as well as any representative of the Board designated to act on its behalf, shall not be liable in damages to any person submitting requests for approval or for any approval, or failure to approve or disapprove in regard to any matter within its jurisdiction under these covenants. Neither the Board nor the ARC shall bear any responsibility for ensuring the design, quality, structural integrity or soundness of approved construction or modifications, nor for ensuring compliance with building codes, zoning regulations and other governmental requirements. The Association will not make any investigation into title, ownership, easements, rights-of-way, or other rights appurtenant to Property with respect to architectural requests and shall not be liable for any disputes relating to the same.

Section 6.13 Enforcement.

Enforcement of these covenants, restrictions, charges and other provisions, as amended, may be by any proceeding at law or in equity against any person or persons violating or attempting to violate any such provision. The Association shall have the right, but not the obligation, to institute, maintain and prosecute any such proceedings. In any action instituted or maintained under this Section, the Association may be entitled to recover its costs and reasonable attorney fees incurred pursuant thereto, as well as any and all other sums awarded by the court. Failure of the Association to enforce any covenant or restriction contained in this Section shall in no event be deemed a waiver of the right to do so thereafter. In addition, or in the alternative, the Association shall have all other enforcement rights as set forth in this Declaration.

ARTICLE 7 INSURANCE/CONDEMNATION

Section 7.1 Insurance on the Lots.

Each Owner has the responsibility to obtain hazard insurance covering loss, damage or destruction by fire or other casualty to the improvements, installed or made to their Lot, or other property of that Owner located on such Lot, and liability insurance covering any injuries occurring to persons or property damages on a Lot.

Section 7.2 Insurance to be Carried by the Association.

The Association shall obtain and maintain in full force and effect, to the extent reasonably available and at all times, the insurance coverage set forth in this Declaration and as set forth in the Act, which insurance coverage shall include the following terms and shall be provided by financially responsible and able companies duly authorized to do business in the State of Colorado.

Section 7.3 Hazard Insurance on Common Area.

The Association shall obtain hazard insurance covering loss, damage or destruction by fire or other casualty to any insurable improvements installed or made to any Common Area and the other property of the Association.

Section 7.4 Association Liability Insurance.

The Association shall obtain public liability and property damage liability insurance covering any Common Area, in such limits as the Board may determine from time to time, and in all cases covering all claims for bodily injury or property damage. Coverage shall include, without limitation, liability for personal injuries and operation of automobiles on behalf of the Association.

Section 7.5 Association Fidelity Theft Insurance.

The Association may obtain fidelity coverage or fidelity bonds to protect against dishonest acts on the parts of its officers, directors, trustees and employees and on the part of all others who handle or are responsible for handling the funds of the Association, including persons who serve the Association with or without compensation. The fidelity coverage or bonds should be in an amount sufficient to cover the maximum funds that will be in the control of the Association, its officers, directors, trustees and employees, as required by law.

Section 7.6 Association Worker's Compensation and Employer's Liability Insurance.

The Association shall obtain worker's compensation and employer's liability insurance and all other similar insurance with respect to employees, if any, in the amounts and forms as may now or hereafter be required by law.

Section 7.7 Directors' and Officers' Personal Liability Insurance.

The Association shall obtain directors' and officers' personal liability insurance to protect the officers, directors, committee members and any person acting at the direction of the Board from personal liability in relation to their duties and responsibilities when acting as officers and directors and on behalf of the Association.

Section 7.8 Miscellaneous Terms Governing Insurance Carried by the Association.

The Association shall maintain, to the extent reasonably available, insurance policies with the following terms or provisions:

(a) All policies of insurance shall provide that each Owner is an insured under the policy with respect to liability arising out of such Owner's membership in the Association.

(b) All policies of insurance shall contain waivers of subrogation against any Owner or member of his or her household.

(c) All policies of insurance shall contain waivers of subrogation and waivers of any defense based on invalidity arising from any acts of an Owner and shall provide that such policies may not be canceled or modified without prior written notice to all of the Owners as provided by Colorado law and to the Association.

(d) If requested, duplicate originals of all policies and renewals thereof, together with proof of payments of premiums, shall be delivered to all holders of first lien security interests at least 10 days prior to the expiration of the then-current policies.

(e) All liability insurance shall name the Association, the Board, the manager or managing agent, if any, the officers of the Association, and Owners as insureds.

(f) Prior to the Association obtaining any blanket policy of casualty insurance on any Common Area, the Board may obtain an appraisal from a duly qualified real estate or insurance appraiser, which appraiser shall reasonably estimate the full replacement value of any Common Area and any improvements thereon, without deduction for depreciation, and/or consider other factors, for the purpose of determining the amount of the insurance to be effected pursuant to the provisions hereof. In the event the Association obtains casualty insurance on the Lots, then in no event shall that casualty insurance policy contain a co-insurance clause.

(g) All policies of insurance of the Association shall be primary, providing the primary insurance of the loss, if there is other insurance in the name of the Owner.

(h) All policies of insurance shall provide that the insurance thereunder shall not be invalidated, suspended, voidable or have any condition of recovery due to an act or omission by any Owner.

Section 7.9 Other Association Insurance.

The Association may obtain insurance against such other risks, of similar or dissimilar nature, including flood insurance, as it shall deem appropriate with respect to the Association responsibilities and duties.

Section 7.10 Insurance Premium.

Insurance premiums for insurance provided by the Association shall be a Common Expense to be included as a part of the annual Assessments levied by the Association.

Section 7.11 Annual Insurance Review.

The Board shall review the insurance carried by and on behalf of the Association at least annually, for the purpose of determining the amount of insurance required.

Section 7.12 Adjustments by the Association.

Any loss covered by an insurance policy described above shall be adjusted by the Association, and the insurance proceeds for that loss shall be payable to the Association and not to any holder of a first lien security interest. The Association shall hold any insurance proceeds in trust for the Association, Owners and holders of first lien security interests as their interests may appear. The proceeds must be distributed first for the repair or restoration of the damaged property, and the Association is not entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the damaged property has been completely repaired or restored.

Section 7.13 Duty to Repair.

Any portion of the Community for which the Association is required to insure under this Article which is damaged or destroyed must be repaired or replaced promptly by the Association, except as provided in the Act.

Section 7.14 Condemnation and Hazard Insurance Allocations and Distributions.

In the event of a distribution of condemnation proceeds or hazard insurance proceeds to the Owners, the distribution shall be as the parties with interests and rights are determined or allocated by record and pursuant to the Act.

Section 7.15 Responsibility for Payment of Deductible Amount.

Whether the Board, in its discretion, chooses to submit a claim under the Association insurance policies or not, the Association shall pay or absorb the deductible amount for any work, repairs or reconstruction for damage to Common Area or other property insured by the Association unless the damage is caused by the negligent or willful act or omission of an Owner, his family, guests, renters, or invitees, in which case the Association shall seek reimbursement of the deductible amount in compliance with and under the terms of the Declaration.

Section 7.16 Insurance Assessments.

If the proceeds of insurance are not sufficient to defray the costs of reconstruction and repair due to deductibles allocated to the Association or failure of the Association to maintain coverage to defray costs of repair and reconstruction which in the absence of insurance would be the maintenance responsibility of the Association, the deductible or additional cost shall be a Common Expense. Notwithstanding the Special Assessment procedure set forth in this Declaration, the insurance Assessment shall be ratified unless vetoed by Members holding at least 90% of the total votes entitled to be cast in the Association pursuant to Section 303(4) of the Act and as set forth in the Bylaws, as the Bylaws may be amended from time to time.

Section 7.17 Damage to or Destruction on Lots.

In the event of damage to or destruction of structures or improvements on a Lot, the Owner shall proceed promptly to repair or to reconstruct the damaged structure and improvements in a manner consistent with the original construction or such other plans and specifications as are approved in accordance with this Declaration, unless a determination not to rebuild is made by the Owner in cases of substantial damage or destruction. If the structure is substantially destroyed and a determination is made not to rebuild or to reconstruct, the Owner shall clear the Lot of all debris and return it to substantially the natural state in which it existed prior to the beginning of construction, and, thereafter, the Owner shall continue to maintain the Lot in a neat and attractive condition consistent with this Declaration.

ARTICLE 8 GENERAL PROVISIONS

Section 8.1 Compliance and Enforcement.

- (a) Every Owner and occupant of a Lot shall comply with the Governing Documents, and each Owner shall have the right to enforce the covenants and restrictions, as set forth in this Declaration.
- (b) The Association may enforce all applicable provisions of this Declaration, and may impose sanctions for violation of the Governing Documents. Such sanctions may include, without limitation:
 - (i) imposing reasonable monetary fines, after notice and opportunity for a hearing, which fine shall constitute a lien upon the violator's Lot;
 - (ii) suspending the right to vote and the right to use Open Space;
 - (iii) levying specific Assessments to cover costs incurred by the Association to bring a Lot into compliance with the Governing Documents; and

(iv) bringing suit at law or in equity to enjoin any violation or to recover monetary damages or both.

(c) In addition to any other enforcement rights, if an Owner fails to properly perform his or her maintenance responsibility, or otherwise fails to comply with the Governing Documents, the Association may record a notice of violation against the Owner and the Lot.

(d) All remedies set forth in the Governing Documents shall be cumulative of any remedies available at law or in equity. In any action to enforce the Governing Documents, the prevailing party shall be entitled to recover all costs, including, without limitation, attorney fees and court costs, reasonably incurred in such action.

(e) The decision of the Association to pursue enforcement action in any particular case shall be left to the Board's discretion, subject to the duty to exercise judgment and be reasonable, as provided for in this Declaration, and further restricted in that the Board shall not be arbitrary or capricious in taking enforcement action. A decision of the Association to pursue enforcement action shall not be construed as a waiver of the Association's right to enforce such provisions at a later time under other circumstances or preclude the Association from enforcing any other covenant, restriction or rule.

Section 8.2 Attorney Fees.

If an Owner fails to pay any Assessment as provided in this Declaration, the Association may require reimbursement for reasonable attorney fees and costs without the necessity of commencing a legal proceeding. If an Owner or an Owner's family member, guest, tenant, invitee or licensee fails to comply with any other provision of the Governing Documents, the Association may seek reimbursement for reasonable attorney fees and costs incurred as a result of such failure to comply, without the necessity of commencing a legal proceeding. In a legal proceeding in any way related to the Governing Documents or the Community, the court shall award to the party prevailing on each claim the prevailing party's reasonable attorney fees and costs incurred in asserting or defending the claim. Such reasonable attorney fees and costs, if awarded against an Owner shall be charged as an Assessment and shall constitute a lien against the Lot.

Section 8.3 Severability.

Each of the provisions of this Declaration shall be deemed independent and severable. If any provision of this Declaration or the application thereof to any person or circumstances is held invalid, the invalidity shall not affect other provisions or applications of this Declaration which can be given effect without the invalid provisions or applications.

Section 8.4 Term of Declaration.

The covenants and restrictions of this Declaration shall run with and bind the land in perpetuity.

Section 8.5 Amendment of Declaration by Owners.

Any provision, covenant, condition, restriction or equitable servitude contained in this Declaration may be amended, revised, removed or repealed, and new provisions, covenants, conditions, restrictions or equitable servitudes may be added, at any time and from time to time upon approval of Members holding at least 60% of the total votes in the Association and with the written consent of the Association. Notice of any meeting at which a proposed amendment will be considered shall state the fact of consideration and the subject matter of the proposed amendment. The amendment or repeal shall be effective upon the recordation in the office of the Clerk and Recorder of Larimer County of a certificate setting forth the amendment in full and certifying that the amendment has been approved as set forth above, and containing the written consent and approval of the Association.

Section 8.6 Captions.

All captions and titles used in this Declaration are intended solely for convenience of reference and shall not enlarge, limit or otherwise affect that which is set forth in any paragraph, section or article hereof.

Section 8.7 Interpretation.

The provisions of this Declaration shall be construed to effectuate their purposes of creating a uniform plan for promoting and effectuating the fundamental concepts as set forth in this Declaration. The Board of Directors shall have the authority to interpret the meaning of any provision contained in this Declaration. This Declaration shall be construed and governed under the laws of the State of Colorado.

Section 8.8 Singular Includes the Plural.

Unless the context otherwise requires, the singular shall include the plural, and the plural shall include the singular, and each gender referral shall be deemed to include the masculine, feminine and neuter.

Section 8.9 Challenge to this Amendment.

All challenges to the validity of this amendment or any future amendments must be made within one year after the date of recording of this document. The covenants and restrictions of this Declaration shall run with and bind the land in perpetuity.

Section 8.10 Non-Waiver.

Any forbearance or failure to enforce any provisions of this Declaration shall not operate as a waiver of any such provision or of any other provision of this Declaration or of any subsequent enforcement of such provision.

Section 8.11 Conflict of Provisions.

In case of conflict between this Declaration and the Articles or Bylaws, this Declaration shall control. In the case of conflict between the Articles and Bylaws, the Articles shall control.

The undersigned, being the president and the secretary of Grayhawk Knolls Homeowners' Association., hereby certify that the Association has obtained written approval of this Declaration from Owners of at least 60% of the Lots in the Subdivision subject to the Original Declaration, or alternatively, a court order entered by the District Court for Larimer County, Colorado pursuant to C.R.S. §38-33.3-217(7), has been entered approving this Declaration. Approvals obtained shall remain in effect until this Declaration is approved unless approval is expressly revoked in writing. Homeowner Approval documents will be recorded along with this Declaration.

GRAYHAWK KNOLLS HOMEOWNERS' ASSOCIATION,
a Colorado nonprofit corporation,

By:

Ronald H. Benson
President

ATTEST:

Secretary

Joel D. Lee

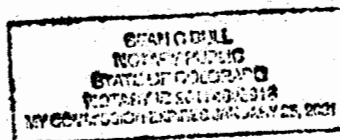
STATE OF COLORADO)
) ss.
COUNTY OF Larimer)

The foregoing Declaration was acknowledged before me by Ronald H. Benson, as President of Grayhawk Knolls Homeowners' Association, a Colorado nonprofit corporation, on this 26th day of December, 2018.

[Signature]

Notary Public

My commission expires: 01/25/2021



STATE OF COLORADO)
) ss.
COUNTY OF Larimer)

The foregoing Declaration was acknowledged before me by Joel D. Cox, as Secretary of Grayhawk Knolls Homeowners' Association, a Colorado nonprofit corporation, on this 26th day of December, 2018.

[Signature]

Notary Public

My commission expires: 01/25/2021

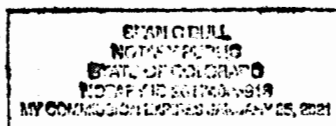


EXHIBIT A

PROPERTY

Tract B and Lot 1 of Grayhawk Knolls P.U.D., being a portion of Sections 25 and 26, all in Township 9 North, Range 69 West of the 6th P.M., County of Larimer, State of Colorado, recorded in the Office of the Larimer County Clerk and Recorder under Reception No. 98046466, as amended and supplemented by documents of record, if any.

EXHIBIT B

CONSERVATION EASEMENT

Attached.

RCPTN # 99010232 02/03/99 16:21:00 # PAGES - 11 FEE - \$56.00
M RODENBERGER RECORDER, LARIMER COUNTY CO STATE DOC FEE - \$.00

GRANT OF CONSERVATION EASEMENT

This Conservation Easement is made this 27th day of January, 1999 by Frank H. Walsh whose address is Post Office Box 30, 20478 Highway 6, Sterling, Colorado 80751, and Patrick J. Stratton and Doris M. Stratton whose address is 9631 North County Road 15, Fort Collins, Colorado 80524, and Windsor Reservoir and Canal Company, a Colorado Corporation, whose address is Box 206, Eaton, Colorado 80165, hereinafter collectively referred to as "Grantors", and Larimer Land Trust, a Colorado Nonprofit Corporation, having an address of 2629 Redwing Road, Suite 300, Fort Collins, Colorado, 80526, hereinafter referred to as "Grantee".

RECITALS:

A. Grantor, Frank Walsh, is the owner of certain real property described as follows:

Tracts B through F inclusive as shown on the Plat of Grayhawk Knolls P.U.D., filed in the office of the Larimer County Clerk and Recorder under Reception Number 98046466, being a portion of Sections 25 and 26, all in Township 9 North, Range 69 West of the 6th P.M., County of Larimer, State of Colorado.

B. Grantors, Patrick J. Stratton and Doris M. Stratton, are the owners of certain real property described as follows:

Tract G as shown on the Plat of Grayhawk Knolls P.U.D., filed in the office of the Larimer County Clerk and Recorder under Reception Number 98046466, being a portion of Sections 25 and 26, all in Township 9 North, Range 69 West of the 6th P.M., County of Larimer, State of Colorado.

C. Grantor, Windsor Reservoir and Canal Company, is the owner of certain real property described as follows:

Tract A as shown on the Plat of Grayhawk Knolls P.U.D., filed in the office of the Larimer County Clerk and Recorder under Reception Number 98046466, being a portion of Sections 25 and 26, all in Township 9 North, Range 69 West of the 6th P.M., County of Larimer, State of Colorado.

This Conservation Easement shall apply to Tracts A through G inclusive (hereinafter referred to as the "Protected Property") as shown on the Plat, except that this Easement shall not apply to the residential lots depicted on the Plat, or to the street rights-of-way or any power line easement that is depicted on the Plat and which may be shown as a part of said Tracts A through G, inclusive.

C. The Protected Property possesses natural, scenic, open space, agricultural, aesthetic and ecological value in its present state as a natural area, the foregoing being

Please return to: Harden, Hass, Haag & Hallberg, P.C.

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collectively referred to as "Conservation Values". Those Conservation Values are of great importance to the Grantors and to the future owners of the residential lots in Grayhawk Knolls, P.U.D.

D. In particular, the reservoir area as shown on said Plat is a specific Conservation Value which will be of great importance to the Grantors and to the future owners of the residential lots in Grayhawk Knolls, P.U.D.

E. Grantors intend that the Conservation Values of the Property be preserved and maintained by the continuation of land use patterns, including, without limitation, the existing farming operations on Tract G as depicted on said Plat. The farming operation is limited to Tract G and does not significantly impair or interfere with the Conservation Values described above.

F. Grantors further intend, as owners of the Property, to convey to Grantee the right to preserve and protect the Conservation Values of the Property in perpetuity.

G. Grantee is a publicly supported, tax-exempt nonprofit organization, qualified under Sections 501(c)(3) and 170(h) of the Internal Revenue Code, whose primary purpose is the preservation, protection, or enhancement of land in its natural, scenic, historical, agricultural, forested, and/or open space condition. The Grantee has also been in existence and qualified under the above references to the Internal Revenue Code for more than two years prior to the date of this Grant.

H. Grantee agrees, by the acceptance of this grant, to honor the intention of Grantors stated herein and to preserve and protect in perpetuity the Conservation Values of the Property for the benefit of this generation and the generations to come;

NOW, THEREFORE, in consideration of the above and the mutual covenants, terms, conditions, and restrictions contained herein, and pursuant to the laws of the State of Colorado, and in particular C.R.S. § 38-30.5-101 *et seq.*, Grantors hereby grant and convey to Grantee a conservation easement in perpetuity over the Property of the nature and character and to the extent hereinafter set forth ("Easement").

1. Purpose.

a. The purpose of this Easement shall be to insure that the Protected Property shall be retained forever in its present natural, scenic, and open condition and to prevent any use of the Property that would significantly impair or interfere with the Conservation Values of the Property.

b. However, as to Tract G, Grantors intend that the Easement will allow the continued use of the farming operation to the same level and extent carried on at the time of the signing of this easement. Grantors intend that this Easement will limit the use of the

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Property to the purposes of this Easement and to the present farming operation on Tract G and to any other activities which are consistent with the purpose of this Easement. However, as to Tract G, the permitted use will also include livestock access for drinking water to the creek and that small portion of the lakefront as the same is presently used.

c. The permitted use of Tract A will be for the operation of a ditch (including appurtenant facilities) to carry and distribute water for any lawful purpose including access to and upon the tract to improve, construct and maintain the ditch.

2. Rights of Grantee. To accomplish the purpose of this Easement, the following rights are conveyed to Grantee by this Easement:

a. To preserve and protect the Conservation Values of the Property;

b. To enter upon the Property at reasonable times in order to monitor compliance with and otherwise enforce the terms of this easement. Such entry shall be upon prior reasonable notice to the Grantors, unless Grantors have conveyed the Protected Property to the Property Owner's Association of Grayhawk Knolls, P.U.D., which association is to be formed in accordance with the declaration of protective covenants for Grayhawk Knolls, P.U.D., then no notice to the Association shall be deemed necessary. However, reasonable notice shall be given to the tenant farmer of the permitted farming operation on Tract G, and Grantee shall not unreasonably interfere with the Tract G farming operation or to the Grantors' use and quiet enjoyment of the Property.

c. To prevent any activity on or use of the Property that is inconsistent with the purpose of this Easement and to require the restoration of such areas or features of the Property that may be damaged by any inconsistent activity or use.

3. Prohibited Use. Any activity on or use of the Property inconsistent with the purpose of this Easement is prohibited. Without limiting the generality of the foregoing, the following activities and uses are expressly prohibited:

a. Construction of Buildings and Other Structures. The construction or reconstruction of any building or other structure or improvement, except that a barn may be constructed within the building envelope shown on Tract G of the Plat, including the right to maintain, repair, renovate, restore, improve or replace the same provided that such barn shall be built according to applicable building, zoning or subdivision regulations of Larimer County or any other governmental entity having jurisdiction over the Property as the same may be presently in force or may be amended or enacted from time to time hereafter.

b. Fences. Grantors may repair or replace existing fences, and new fences may be built for purposes of reasonable and customary management of livestock and wildlife, and for separation of ownership and uses.

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c. Subdivision. Grantors reserve the right to sell, convey and transfer Tract G to any third person, but such sale, conveyance or transfer shall otherwise be subject to this easement. Except for the foregoing, any division or subdivision of title to the Property, whether by physical or legal process, is prohibited.

d. Land Management. The Property shall be operated and managed in accordance with a land stewardship plan prepared and accepted with the mutual consent of Grantors and Grantee, which plan shall be updated no less frequently than every five years.

e. Timber Harvesting. Trees may be cut to control insects and disease, to control invasive non-native species, and to prevent personal injury and property damage. Dead trees may also be cut for firewood and other uses on the Property. Commercial timber harvesting on the Property shall be prohibited.

f. Mining. The mining or extraction of soil, sand, gravel, rock oil, natural gas, fuel, or any other mineral substance is prohibited; however, such prohibition is subject to any rights which the United States of America may own for retained mineral rights in that portion of the Protected Property situated in Section 26. Such prohibition is further subject to the rights of the Union Pacific Railroad which owns all of the mineral rights on that portion of the Protected Property situated in Section 25. Therefore, the parties acknowledge that the prohibitions against mining may not be applicable to those mining rights not owned by the Grantors at the time of the signing of this Conservation Easement. Grantors further covenant that no drilling will be initiated by the Grantors or Grantors' successors, grantees and assigns, but Grantors reserve the right to take any actions that Grantors may deem appropriate to protect the correlative mineral rights of the Grantor, their successors, grantees and assigns within the Protected Property.

g. Paving and Road and Trail Construction. No portion of the Property shall be paved or otherwise covered with concrete, asphalt, or any other paving material. No road or trail shall be constructed without the advance written permission of Grantee. Grantee shall give such permission within a reasonable time, unless Grantee determines that the proposed paving or covering of the soil, or the location of any road or trail, will substantially diminish or impair the Conservation Values of the Property or is otherwise inconsistent with this Deed, and such permission shall not be unreasonably withheld.

h. Trash. The dumping or uncontained accumulation of any kind of trash or refuse on the Property is prohibited.

i. Water Rights. The Grantors own adjudicated water rights for a spring and reservoir located on the Protected Property, and these water rights shall be conveyed to the homeowner's association for Grayhawk Knolls, P.U.D., upon formation of the association as provided in the declaration of protective covenants for the subdivision. The conveyance of said water rights will be subject to the provisions of this Conservation Easement as well as the Declaration of Protected Covenants for the development. Except as otherwise provided herein

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or in the Declaration of Protective Covenants for the use of the water for domestic purpose to the residential lots in Grayhawk Knolls, P.U.D., those water rights will be used to maintain and improve the Conservation Values of the Protected Property and the water rights shall not be transferred, encumbered, leased, sold or otherwise separated from the title to the Protected Property itself.

j. Commercial or Industrial Activity. No commercial or industrial uses shall be allowed on the Property, except for the farming activities as above set forth.

k. Vehicular Access. Access to the conservation easement property, including Geist Reservoir, by motorized vehicles, including recreational off-road vehicles, snowmobiles, bicycles, and automobiles; motorboats and jet skis is prohibited, except for maintenance and agricultural purposes.

4. Reserved Rights. Grantors reserve to themselves, and to their personal representatives, heirs, successors, grantees and assigns, all rights accruing from their ownership of the Property, including the right to engage in or permit or invite others to engage in all uses of the Property that are not expressly prohibited herein and are not inconsistent with the purpose of this Easement.

5. Notice of Intention to Undertake Certain Permitted Actions. The purpose of requiring Grantors to notify Grantee prior to undertaking certain permitted activities is to afford Grantee an opportunity to ensure that the activities in question are designed and carried out in a manner consistent with the purpose of this Easement. Whenever notice is required, Grantors shall notify Grantee in writing not less than thirty (30) days prior to the date Grantors intend to undertake the activity in question. The notice shall describe the nature, scope, design, location, timetable and any other material aspect of the proposed activity in sufficient detail to permit Grantee to make an informed judgment as to its consistency with the purpose of this Easement.

6. Grantee's Approval. Where Grantee's approval is required Grantee shall grant or withhold its approval in writing within thirty (30) days of receipt of Grantors' written request therefor. Grantee's approval may be withheld only upon a reasonable determination by Grantee that the action as proposed would be inconsistent with the purpose of this Easement.

7. Enforcement. Grantee shall have the right to prevent and correct or require correction of violations of the terms and purposes of this Deed. Grantee may enter the Property for the purpose of inspection for violations. If Grantee finds what it believes is a violation, Grantee shall immediately notify Grantors in writing of the nature of the alleged violation. Upon receipt of this written notice, Grantors shall either (a) restore the Property to its condition prior to the violation or (b) provide a written explanation to Grantee of the reason why the alleged violation should be permitted. If the condition described in clause (b) above occurs, both parties agree to meet as soon as possible to resolve this difference. If a

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resolution of this difference cannot be achieved at the meeting, both parties agree to meet with a mutually acceptable mediator to attempt to resolve the dispute. The parties agree to pursue mediation efforts in good faith and if after reasonable time the matter has not been resolved, the Grantee may bring an action in a court of competent jurisdiction for specific performance of this Agreement or for injunctive relief to enforce the terms hereof. Such remedies may also include a mandatory injunction to require restoration of the property to its condition prior to any violation.

8. Costs of Enforcement. In the event of litigation to enforce the terms of this Easement, the prevailing party shall recover his or its reasonable attorneys' fees and costs incurred in the prosecution or defense of such litigation. In the event that the Grantors violate the Agreement, Grantee shall also be entitled to recover any costs of restoration necessitated by Grantors' violation of the Easement.

9. Grantee's Discretion. Enforcement of the terms of this Easement shall be at the discretion of Grantee, and any forbearance by Grantee to exercise its rights under this Easement in the event of any breach of any term of this Easement by Grantors shall not be deemed or construed to be a waiver by Grantee of such term or of any subsequent breach of the same or any other term of this Easement or of any of Grantee's rights under this Easement. No delay or omission by Grantee in the Exercise of any right or remedy upon any breach by Grantors shall impair such right or remedy or be construed as a waiver.

10. Waiver of Certain Defenses. Grantors hereby waive any defense of laches, estoppel, or prescription.

11. Acts Beyond Grantors' Control. Nothing contained in this Easement shall be construed to entitle Grantee to bring any action against Grantors for any injury to or change in the Property resulting from causes beyond Grantors' control, including, without limitation, fire, flood, storm, and earth movement, or from any prudent action taken by Grantors under emergency conditions to prevent, abate, or mitigate significant injury to the Property resulting from such causes.

12. Access. No right of access by the general public to any portion of the Property is conveyed by this Easement, either expressly or by implication.

13. Costs and Liabilities. Grantors retain all responsibilities and shall bear all costs and liabilities of any kind related to the ownership, operation, upkeep, and maintenance of the Property, including the maintenance of adequate comprehensive general liability insurance coverage. Grantors shall keep the Property free of any liens arising out of any work performed for, materials furnished to, or obligations incurred by Grantors.

14. Taxes. Grantors shall pay before delinquency, all taxes, assessments, fees, and charges of whatever description levied on or assessed against the Property by competent authority (collectively "taxes"), including any taxes imposed upon, or incurred as a result of,

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this Easement, and shall furnish Grantee with satisfactory evidence of payment upon request. Grantee is authorized but not obligated to make or advance any payment of taxes, upon three (3) days prior written notice to Grantors, in accordance with any bill, statement, or estimate procured from the appropriate authority, without the need to inquire into the validity of the taxes or the accuracy of the bill, statement, or estimate. The obligation created by such payment shall bear interest until paid by Grantors at the lesser of the prime rate of interest from time to time charged by Norwest Bank of Denver or the maximum rate allowed by law.

15. **Hold Harmless.** Grantors shall hold harmless, indemnify, and defend Grantee and its members, directors, officers, employees, agents, and contractors and the heirs, personal representatives, successors, and assigns of each of them (collectively called the "Indemnified Parties") from and against all liabilities, penalties, costs, losses, damages, expenses, causes of action, claims, demands, or judgments, including, without limitation, reasonable attorneys' fees, arising from or in any way connected with: (1) injury to or the death of any person, or physical damage to any property, resulting from any act, omission, condition, or other matter related to or occurring on or about the Property, regardless of cause, unless due solely to the negligence of any of the Indemnified Parties; and (2) the presence or release of hazardous or toxic substances on, under or about the Property. For the purpose of this paragraph, hazardous or toxic substances shall mean any hazardous or toxic substance which is regulated under any federal, state or local law.

16. **Extinguishment.** If circumstances arise in the future such as render the purpose of this Easement impossible to accomplish, this Easement can only be terminated or extinguished, whether in whole or in part, by judicial proceedings in a court of competent jurisdiction. Each party shall promptly notify the other when it first learns of such circumstances. The amount of the proceeds to which Grantee shall be entitled, after the satisfactions of prior claims from any sale, exchange, or involuntary conversion of all or any portion of the Property subsequent to such termination or extinguishment, shall be determined, unless otherwise provided by Colorado law at the time, in accordance with paragraph 17 below.

17. **Proceeds.** This Easement constitutes a real property interest immediately vested in Grantee, which the parties stipulate to have a fair market value determined by multiplying the fair market value of the Property unencumbered by the Easement (minus any increase in value after the date of this grant attributable to improvements) by the ratio of the value of the Easement at the time of this grant to the value of the Property, without deduction for the value of the Easement, at the time of this grant. The values at the time of this grant shall be those values used to calculate the deduction for federal income tax purposes allowable by reason of this grant, pursuant to Section 170(b) of the Internal Revenue Code of 1954, as amended. For the purposes of this paragraph, the ratio of the value of the Easement to the value of the Property unencumbered by the Easement shall remain constant.

18. **Condemnation.** If the Easement is taken, in whole or in part, by exercise of the power of eminent domain, Grantee shall be entitled to compensation in accordance with

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applicable law. The Board shall be entitled to compensation from Grantee in an amount as determined in accordance with paragraphs 16 and 17 above.

19. Assignment. This easement is transferable, but Grantee may assign its rights and obligations under this Easement only to an organization that is (a) a qualified organization at the time of transfer under Section 170(h) of the Internal Revenue Code of 1954, as amended (or any successor provision then applicable), and the applicable regulations promulgated thereunder (b) authorized to acquire and hold conservation easements under Colorado law, and (c) the assignee, as a condition of the assignment, agrees to continue and carry out the conservation purposes of this Agreement.

20. Subsequent transfers. Grantors agree to incorporate the terms of this Easement in any deed or other legal instrument by which they divest themselves of any interest in all or a portion of the Property, including, without limitation, a leasehold interest. Grantors further agree to give written notice to Grantee of the transfer of any interest at least twenty one (21) days prior to the date of such transfer. The failure of Grantors to perform any act required by this paragraph shall not impair the validity of this Easement or limit its enforceability in any way. However, in no event shall any notice be required for the transfer of any of the residential shown on the Plat of Grayhawk Knolls, P.U.D which is not part of the legally described Protected Property.

21. Recordation. Grantee shall record this instrument in timely fashion in the official records of each county in which the Property is situated, and may re-record it at any time as may be required to preserve its rights in this Easement.

22. General Provisions.

a. Controlling Law. The interpretation and performance of this Easement shall be governed by the laws of the State of Colorado.

b. Liberal Construction. Any general rule of construction to the contrary notwithstanding, this Easement shall be liberally construed in favor of the grant to effect the purpose of this Easement and the policy and purpose of C.R.S. § 38-30.5-101 *et seq.* If any provision in this instrument is found to be ambiguous, an interpretation consistent with the purpose of this Easement that would render the provision valid shall be favored over any interpretation that would render it invalid.

c. Severability. If any provision of this Easement, or the application thereof to any person or circumstance, is found to be invalid, the remainder of the provisions of this Easement, or the application of such provision to persons or circumstances other than those as to which it is found to be invalid, as the case may be, shall not be affected thereby.

d. Entire Agreement. This instrument sets forth the entire agreement of the parties with respect to the Easement and supersedes all prior discussions, negotiations,

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understandings, or agreements relating to the Easement, all of which are merged herein.

c. No Forfeiture. Nothing contained herein will result in a forfeiture or reversion of Grantors' title in any respect.

f. Successors. The covenants, terms, conditions, and restrictions of this Easement shall be binding upon, and inure to the benefit of, the parties hereto and their respective personal representatives, heirs, successors, grantees and assigns and shall continue as a servitude running in perpetuity with the Property.

g. Termination of Rights and Obligations. A party's rights and obligations under this Easement terminate upon transfer of the party's interest in the Easement or Property, except that liability for acts or omissions occurring prior to transfer shall survive the transfer.

h. Captions. The captions in this instrument have been inserted solely for convenience of reference and are not a part of this instrument and shall have no effect upon construction or interpretation.

i. Amendment. If the circumstances arise under which an amendment to or modification of this instrument would be appropriate, Grantors and Grantee are free to jointly amend this instrument; provided that no amendment shall be allowed that will affect the qualifications of this instrument under any applicable laws. Any amendment must be consistent with the conservation purposes of this instrument and may not affect its perpetual duration. Any amendment must be in writing, signed by both parties and recorded.

j. Adequate insurance shall mean no less than \$500,000 per occurrence and the Grantee name as an "Additional Insured". Evidence of insurance must be provided to the Grantee and remain current.

k. Notices. Any notices required by this deed shall be in writing and shall be delivered personally or sent by Certified Mail, return receipt requested, to Grantors and Grantee, respectively, at the following addresses, unless either party has been notified by the other of a change of address:

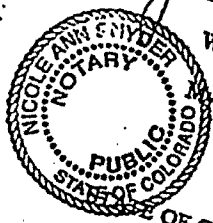
Grantors: Frank Walsh
Post Office Box 30
Sterling, Colorado 80751

Patrick J. and Doris M. Stratton
9631 North County Road 15
Fort Collins, Colorado 80524

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STATE OF COLORADO)
COUNTY OF Larimer)ss

The foregoing document was acknowledged before me this 20th day of January, 1998 by Patrick J. Stratton and Doris M. Stratton, Grantors.
Witness my hand and seal.
My commission expires: 11-26-01



[Signature]
Notary Public

STATE OF COLORADO)
COUNTY OF _____)ss

The foregoing document was acknowledged before me this 11th day of March, 1998 by E.R. Gustafson and Don E. Engel, as President and Secretary, respectively, of Windsor Reservoir and Canal Company, Grantor.
Witness my hand and seal.
My commission expires: 4-25-00



[Signature]
Notary Public

STATE OF COLORADO)
COUNTY OF LARIMER)ss

The foregoing document was acknowledge before me this 25 day of January, 1998 by Lauren Anne as Executive Director of Larimer Land Trust, Grantee.
Witness my hand and seal.
My commission expires: August 16, 2001



[Signature]
Notary Public

OWNER APPROVALS

Attached.